UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2019
or

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

For the transition period from _____ to _____

Commission file number: 814-00967

WHITEHORSE FINANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**45-4247759**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1450 Brickell Avenue, 31st Floor Miami, Florida	**33131**
(Address of Principal Executive Offices)	**(Zip Code)**

(305) 381-6999
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	WHF	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)
6.50% Notes due 2025	WHFBZ	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

As of August 9, 2019 the Registrant had 20,546,032 shares of common stock, $0.001 par value, outstanding.

WHITEHORSE FINANCE, INC.

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Part I. Financial Information

Item 1. Financial Statements

WhiteHorse Finance, Inc.
Consolidated Statements of Assets and Liabilities
(in thousands, except share and per share data)

	June 30, 2019 (Unaudited)	December 31, 2018
Assets		
Investments, at fair value		
Non-controlled/non-affiliate company investments	$ 525,192	$ 459,399
Non-controlled affiliate company investments	9,645	10,165
Total investments, at fair value (amortized cost $540,708 and $477,839, respectively)	534,837	469,564
Cash and cash equivalents	16,586	24,148
Restricted cash and cash equivalents	33,810	9,584
Interest receivable	5,256	4,616
Receivables from investments sold	2,083	5,608
Prepaid expenses and other receivables	545	575
Total assets	$ 593,117	$ 514,095
Liabilities		
Debt	$ 245,818	$ 175,953
Management and incentive fees payable	7,429	11,193
Distributions payable	7,294	7,294
Payables for investments purchased	13,698	445
Accounts payable and accrued expenses	1,327	2,322
Interest payable	1,507	1,562
Advances received from unfunded credit facilities	112	30
Total liabilities	277,185	198,799
Commitments and contingencies (See Note 7)		
Net assets		
Common stock, 20,546,032 and 20,546,032 shares issued and outstanding, par value $0.001 per share, respectively, and 100,000,000 authorized	21	21
Paid-in capital in excess of par	301,557	301,557
Accumulated undistributed earnings	14,354	13,718
Total net assets	315,932	315,296
Total liabilities and total net assets	$ 593,117	$ 514,095
Number of shares outstanding	20,546,032	20,546,032
Net asset value per share	$ 15.38	$ 15.35

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Operations (Unaudited)
(in thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Investment income				
From non-controlled/non-affiliate company investments				
Interest income	$ 12,746	$ 13,265	$ 27,238	$ 27,028
Fee income	2,926	788	4,083	2,980
From non-controlled affiliate company investments				
Dividend income	312	601	587	1,251
Total investment income	15,984	14,654	31,908	31,259
Expenses				
Interest expense	3,176	2,801	6,249	5,366
Base management fees	2,818	2,607	5,407	5,052
Performance-based incentive fees	2,055	3,891	3,806	6,035
Administrative service fees	159	175	317	350
General and administrative expenses	532	573	1,214	1,271
Total expenses, before fees waived	8,740	10,047	16,993	18,074
Base management fee waived	(220)	-	(397)	-
Total expenses, net of fees waived	8,520	10,047	16,596	18,074
Net investment income before excise tax	7,464	4,607	15,312	13,185
Excise tax	238	-	475	-
Net investment income after excise tax	7,226	4,607	14,837	13,185
Realized and unrealized gains (losses) on investments				
Net realized gains (losses)				
Non-controlled/non-affiliate company investments	-	73	(2,018)	73
Net realized gains (losses)	-	73	(2,018)	73
Net change in unrealized appreciation (depreciation)				
Non-controlled/non-affiliate company investments	937	1,950	2,925	(961)
Non-controlled affiliate company investments	56	12,424	(520)	20,610
Net change in unrealized appreciation	993	14,374	2,405	19,649
Net realized and unrealized gains on investments	993	14,447	387	19,722
Net increase in net assets resulting from operations	$ 8,219	$ 19,054	$ 15,224	$ 32,907
Per Common Share Data				
Basic and diluted earnings per common share	$ 0.41	$ 0.93	$ 0.74	$ 1.60
Dividends and distributions declared per common share	$ 0.36	$ 0.36	$ 0.71	$ 0.71
Basic and diluted weighted average common shares outstanding	20,546,032	20,531,948	20,546,032	20,531,948

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Changes in Net Assets (Unaudited)
(in thousands, except share and per share data)

	Common Stock		Paid-in Capital in Excess of	Accumulated Undistributed (Overdistributed)	Total Net
	Shares	Par amount	Par	Earnings	Assets
Balance at March 31, 2018	20,531,948	$ 20	$ 302,292	$ (8,796)	$ 293,516
Net increase in net assets resulting from operations:					
Net investment income after excise tax	-	-	-	4,607	4,607
Net realized gains (losses) on investments	-	-	-	73	73
Net change in unrealized appreciation (depreciation) on investments	-	-	-	14,374	14,374
Distributions declared	-	-	-	(7,289)	(7,289)
Tax reclassification of stockholders' equity	-	-	-	-	-
Balance at June 30, 2018	20,531,948	$ 20	$ 302,292	$ 2,969	$ 305,281
Balance at March 31, 2019	20,546,032	$ 21	$ 301,557	$ 13,429	$ 315,007
Net increase in net assets resulting from operations:					
Net investment income after excise tax	-	-	-	7,226	7,226
Net realized gains (losses) on investments	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	-	-	-	993	993
Distributions declared	-	-	-	(7,294)	(7,294)
Tax reclassification of stockholders' equity	-	-	-	-	-
Balance at June 30, 2019	20,546,032	$ 21	$ 301,557	$ 14,354	$ 315,932

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Changes in Net Assets (Unaudited) - continued
(in thousands, except share and per share data)

	Common Stock		Paid-in Capital in Excess of	Accumulated Undistributed (Overdistributed)	Total Net
	Shares	Par amount	Par	Earnings	Assets
Balance at December 31, 2017	20,531,948	$ 20	$ 302,292	$ (15,360)	$ 286,952
Net increase in net assets resulting from operations:					
Net investment income after excise tax	-	-	-	13,185	13,185
Net realized gains (losses) on investments	-	-	-	73	73
Net change in unrealized appreciation (depreciation) on investments	-	-	-	19,649	19,649
Distributions declared	-	-	-	(14,578)	(14,578)
Tax reclassification of stockholders' equity	-	-	-	-	-
Balance at June 30, 2018	20,531,948	$ 20	$ 302,292	$ 2,969	$ 305,281
Balance at December 31, 2018	20,546,032	$ 21	$ 301,557	$ 13,718	$ 315,296
Net increase in net assets resulting from operations:					
Net investment income after excise tax	-	-	-	14,837	14,837
Net realized gains (losses) on investments	-	-	-	(2,018)	(2,018)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	2,405	2,405
Distributions declared	-	-	-	(14,588)	(14,588)
Tax reclassification of stockholders' equity	-	-	-	-	-
Balance at June 30, 2019	20,546,032	$ 21	$ 301,557	$ 14,354	$ 315,932

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Six months ended June 30,	
	2019	**2018**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 15,224	$ 32,907
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Paid-in-kind income	(1,312)	(315)
Net realized (gains) losses on investments	2,018	(73)
Net unrealized appreciation on investments	(2,405)	(19,649)
Accretion of discount	(1,957)	(2,397)
Amortization of deferred financing costs	498	389
Acquisition of investments	(126,192)	(164,479)
Proceeds from principal payments and sales of portfolio investments	64,574	116,223
Net changes in operating assets and liabilities:		
Interest receivable	352	(409)
Prepaid expenses and other receivables	31	(1,301)
Receivables from investments sold	2,533	(919)
Payables for investments purchased	13,253	-
Management and incentive fees payable	(3,764)	834
Accounts payable and accrued expenses	(995)	432
Interest payable	(55)	132
Advances received from unfunded credit facilities	82	20
Net cash used in operating activities	(38,115)	(38,605)
Cash flows from financing activities		
Borrowings	76,700	85,100
Repayments of debt	(7,300)	(52,300)
Deferred financing costs	(33)	-
Distributions paid to common stockholders, net of distributions reinvested	(14,588)	(14,578)
Net cash provided by financing activities	54,779	18,222
Net change in cash, cash equivalents and restricted cash	16,664	(20,383)
Cash, cash equivalents and restricted cash at beginning of period	33,732	38,936
Cash, cash equivalents and restricted cash at end of period	$ 50,396	$ 18,553
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,805	$ 4,845

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of assets and liabilities that sum to the total of the same amounts presented in the consolidated statements of cash flows:

	June 30,	
	2019	**2018**
Cash and cash equivalents	$ 16,586	$ 14,461
Restricted cash	33,810	4,092
Total cash, cash equivalents and restricted cash presented in consolidated statements of cash flows	$ 50,396	$ 18,553

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments (Unaudited)
June 30, 2019
(in thousands)

Investment Type[1]	Spread Above Index[2]	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
North America								
Debt Investments								
Advertising								
Fluent, LLC								
First Lien Secured Term Loan	L+ 7.00% (0.50% Floor)	9.40%	03/26/18	03/27/23	10,219	$ 10,219	$ 10,219	3.23%
Air Freight & Logistics								
Access USA Shipping, LLC								
First Lien Secured Term Loan	L+ 8.00% (1.50% Floor)	10.40%	02/08/19	02/08/24	5,797	5,717	5,717	1.81
Application Software								
Newscycle Solutions, Inc.								
First Lien Secured Term Loan	L+ 7.00% (1.00% Floor)	9.40%	06/14/19	12/29/22	5,398	5,291	5,290	1.67
First Lien Secured Revolving Loan[7]	L+ 7.00% (1.00% Floor)	9.40%	06/14/19	12/29/22	193	190	190	0.06
					5,591	5,481	5,480	1.73
Automotive Retail								
Team Car Care Holdings, LLC								
First Lien Secured Term Loan[12]	base rate+ 7.01% (1.00% Floor)	12.49%	02/26/18	02/23/23	16,953	16,674	16,816	5.32
Broadcasting								
Alpha Media, LLC								
First Lien Secured Term Loan	L+ 6.00% (1.00% Floor)	8.48%	08/14/18	02/25/22	4,588	4,471	4,582	1.45
Multicultural Radio Broadcasting, Inc.								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.40%	12/28/17	12/28/22	17,059	16,820	17,059	5.40
Rural Media Group, Inc.								
First Lien Secured Term Loan	L+ 7.73% (1.00% Floor)	10.32%	12/29/17	12/29/22	7,133	7,036	7,048	2.23
					28,780	28,327	28,689	9.08
Cable & Satellite								
Bulk Midco, LLC								
First Lien Secured Term Loan	L+ 7.35% (1.00% Floor)	9.71%	06/08/18	06/08/23	15,000	14,823	13,977	4.42
Communications Equipment								
Sorenson Communications, LLC								
First Lien Secured Term Loan	L+ 6.50% (0.00% Floor)	8.83%	03/15/19	03/15/24	5,250	5,098	5,230	1.65
Data Processing & Outsourced Services								
FPT Operating Company, LLC/ TLabs Operating Company, LLC								
First Lien Secured Term Loan	L+ 8.25% (1.00% Floor)	10.69%	06/07/19	06/07/24	25,063	24,815	24,438	7.73
Department Stores								
Mills Fleet Farm Group, LLC								
First Lien Secured Term Loan	L+ 6.25% (1.00% Floor)	8.65%	10/24/18	10/24/24	14,925	14,659	14,196	4.49
Distributors								
Crown Brands, LLC								
First Lien Secured Term Loan	L+ 8.00% (1.50% Floor)	10.40%	01/28/19	01/25/24	5,876	5,741	5,735	1.82
First Lien Secured Delayed Draw Loan[7]	L+ 8.00% (1.50% Floor)	10.40%	01/28/19	01/25/24	-	-	(1)	-
					5,876	5,741	5,734	1.82
Diversified Support Services								
ImageOne Industries, LLC								
First Lien Secured Term Loan	L+ 10.00% (1.00% Floor)	12.40% (2.00 % PIK)	01/11/18	01/11/23	7,146	6,982	6,788	2.15
NNA Services, LLC								
First Lien Secured Term Loan	L+ 7.00% (1.50% Floor)	9.33%	10/16/18	10/16/23	10,172	9,997	10,078	3.19
Quest Events, LLC								
First Lien Secured Term Loan	L+ 6.00% (1.00% Floor)	8.33%	12/28/18	12/28/24	10,888	10,688	10,670	3.38
First Lien Secured Revolving Loan[7]	L+ 6.00% (1.00% Floor)	8.33%	12/28/18	12/28/24	-	-	(2)	-
					28,206	27,667	27,534	8.72

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments (Unaudited) - (continued)
June 30, 2019
(in thousands)

Investment Type[1]	Spread Above Index[2]	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Food Retail								
AG Kings Holdings, Inc.								
First Lien Secured Term Loan[8]	L+ 11.95% (1.00% Floor)	14.28 % (2.00 % PIK)	08/10/16	08/10/21	13,046	$ 12,808	$ 9,784	3.10%
Crews of California, Inc.								
First Lien Secured Term Loan	L+ 11.00% (1.00% Floor)	13.40 % (1.00 % PIK)	11/20/14	11/20/19	9,707	9,693	9,665	3.06
First Lien Secured Revolving Loan	L+ 11.00% (1.00% Floor)	13.40 % (1.00 % PIK)	06/05/15	11/20/19	5,198	5,187	5,175	1.64
First Lien Secured Delayed Draw Loan	L+ 11.00% (1.00% Floor)	13.40 % (1.00 % PIK)	03/27/15	11/20/19	2,788	2,783	2,776	0.88
					30,739	30,471	27,400	8.68
Health Care Facilities								
Grupo HIMA San Pablo, Inc.								
First Lien Secured Term Loan	L+ 11.00% (1.50% Floor)	13.58 %	04/01/18	04/30/19	17,603	17,349	16,489	5.22
Second Lien Secured Term Loan[8]	N/A	15.75 % (2.00 % PIK)	02/01/13	07/31/18	1,028	1,024	103	0.03
					18,631	18,373	16,592	5.25
Health Care Services								
Akumin Corp.								
First Lien Secured Term Loan	L+ 6.00% (1.00% Floor)	8.40 %	05/31/19	05/31/24	13,700	13,438	13,434	4.25
CHS Therapy, LLC								
First Lien Secured Term Loan A	L+ 8.50% (1.50% Floor)	10.93 %	06/14/19	06/14/24	6,861	6,725	6,724	2.13
First Lien Secured Term Loan B	L+ 8.00% (1.50% Floor)	10.43 %	06/14/19	06/14/24	7,389	7,242	7,241	2.29
First Lien Secured Delayed Draw Loan[7]	L+ 8.50% (1.50% Floor)	10.93 %	06/14/19	06/14/24	-	-	(32)	(0.01)
PMA Holdco, LLC								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.33 %	06/28/18	06/28/23	12,949	12,729	12,840	4.06
					40,899	40,134	40,207	12.72
Home Furnishings								
Sure Fit Home Products, LLC								
First Lien Secured Term Loan	L+ 9.50% (1.00% Floor)	11.83 %	10/26/18	07/13/22	5,390	5,301	5,304	1.68
Human Resources & Employment Services								
Pluto Acquisition Topco, LLC								
First Lien Secured Term Loan	L+ 6.56% (1.50% Floor)	9.14 %	01/31/19	01/31/24	12,480	12,251	12,365	3.91
Industrial Machinery								
FR Flow Control CB LLC								
First Lien Secured Term Loan B	L+ 6.00% (1.00% Floor)	8.39 %	05/10/19	06/28/26	7,380	7,232	7,232	2.29
First Lien Secured Term Loan C	L+ 6.00% (1.00% Floor)	8.39 %	05/10/19	06/28/26	2,870	2,813	2,813	0.89
					10,250	10,045	10,045	3.18
Internet Retail								
Clarus Commerce, LLC								
First Lien Secured Term Loan	L+ 8.34% (1.00% Floor)	10.78 %	03/09/18	03/09/23	17,100	16,950	17,100	5.41
Internet Services & Infrastructure								
London Trust Media Incorporated								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.58 %	02/01/18	02/01/23	10,638	10,523	10,638	3.37
StackPath, LLC & Highwinds Capital, Inc.								
First Lien Secured Term Loan[8]	L+ 9.50% (1.00% Floor)	12.14 % (12.14 % PIK)	04/03/19	02/02/24	15,240	15,005	11,430	3.62
					25,878	25,528	22,068	6.99
Investment Banking & Brokerage								
Arcole Acquisition Corp[5]								
First Lien Secured Term Loan A	L+ 7.25% (1.00% Floor)	9.77 %	11/29/18	11/30/23	6,592	6,485	6,522	2.06
First Lien Secured Term Loan B	L+ 14.50% (1.00% Floor)	17.02 % (1.50 % PIK)	11/29/18	11/30/23	1,837	1,808	1,818	0.58
JVMC Holdings Corp. (f/k/a RJO Holdings Corp)								

First Lien Secured Term Loan	L+ 6.50% (1.00% Floor)	8.90 %	02/28/19	02/28/24	16,624	16,469	16,532	5.23
First Lien Secured Delayed Draw Loan[7]	L+ 6.50% (1.00% Floor)	8.90 %	02/28/19	02/28/24	-	-	6	-
					25,053	24,762	24,878	7.87
IT Consulting & Other Services								
AST-Applications Software Technology LLC								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.40 % (1.00 % PIK)	01/10/17	01/10/23	4,235	4,178	4,108	1.30
Leisure Facilities								
Honors Holdings, LLC								
First Lien Secured Term Loan	L+ 8.80% (0.00% Floor)	11.45 %	07/17/18	07/17/23	7,500	7,409	7,500	2.37
Lift Brands, Inc.								
First Lien Secured Term Loan	L+ 7.00% (1.00% Floor)	9.33 %	04/16/18	04/16/23	10,803	10,631	10,501	3.32
First Lien Secured Revolving Loan[7]	L+ 6.00% (1.00% Floor)	11.50 %	04/16/18	04/16/23	203	200	191	0.06
Planet Fit Indy 10 LLC								
First Lien Incremental Term Loan	L+ 7.25% (1.00% Floor)	9.66 %	11/30/17	03/07/22	12,890	12,691	12,878	4.08
First Lien Initial Delayed Draw Loan	L+ 7.25% (1.00% Floor)	9.81 %	11/30/17	03/07/22	6,167	6,151	6,162	1.95
First Lien Initial Term Loan	L+ 7.25% (1.00% Floor)	9.72 %	11/30/17	03/07/22	130	129	130	0.04
					37,693	37,211	37,362	11.82
Office Services & Supplies								
Empire Office, Inc.								
First Lien Secured Term Loan	L+ 7.00% (1.50% Floor)	9.40 %	04/12/19	04/12/24	12,541	12,301	12,318	3.90
Other Diversified Financial Services								
Sigue Corporation[4]								
Second Lien Secured Term Loan	L+ 12.00% (1.00% Floor)	14.33 %	12/27/13	09/30/19	24,904	24,905	24,656	7.80

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments (Unaudited) - (continued)
June 30, 2019
(in thousands)

Investment Type[1]	Spread Above Index[2]	Interest Rate[3]	Acquisition Date[10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value[11]	Fair Value As A Percentage of Net Assets
Packaged Foods & Meats								
Lenny & Larry's, LLC								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.40 % (1.19 % PIK)	05/15/18	05/15/23	12,313	$ 12,122	$ 11,943	3.78%
Poultry Holdings, LLC								
First Lien Secured Term Loan	L+ 5.75% (1.00% Floor)	8.15 %	06/28/19	06/28/25	7,846	7,689	7,689	2.43
					20,159	19,811	19,632	6.21
Research & Consulting Services								
Nelson Worldwide, LLC								
First Lien Secured Term Loan	L+ 8.75% (1.00% Floor)	11.33 %	01/09/18	01/09/23	13,780	13,537	13,439	4.25
Restaurants								
LS GFG Holdings Inc.								
First Lien Secured Term Loan	L+ 6.00% (0.00% Floor)	8.40 %	11/30/18	11/19/25	10,288	10,005	9,969	3.16
Specialized Finance								
Golden Pear Funding Assetco, LLC[5]								
Second Lien Secured Term Loan	L+ 10.50% (1.00% Floor)	12.94 %	09/20/18	03/20/24	17,500	17,200	17,441	5.52
Oasis Legal Finance, LLC[5]								
Second Lien Secured Term Loan	L+ 10.75% (1.00% Floor)	13.19 %	09/09/16	03/09/22	20,000	19,805	20,000	6.33
					37,500	37,005	37,441	11.85
Systems Software								
arcserve (USA) LLC								
First Lien Secured Term Loan	L+ 6.00% (1.00% Floor)	8.52 %	05/01/19	05/01/24	8,750	8,581	8,581	2.72
First Lien Secured Revolving Loan[7]	L+ 6.00% (1.00% Floor)	8.52 %	05/01/19	05/01/24	- 8,750	- 8,581	- 8,581	- 2.72
Technology Hardware, Storage & Peripherals								
Source Code Midco, LLC								
First Lien Secured Term Loan	L+ 8.25% (1.00% Floor)	10.83 %	05/04/18	05/04/23	13,818	13,553	13,785	4.36
Trucking								
Sunteck / TTS Holdings, LLC								
Second Lien Secured Term Loan	L+ 9.00% (1.00% Floor)	11.41 %	12/15/16	06/15/22	3,500	3,467	3,500	1.11
Total Debt Investments					535,248	527,590	518,780	164.19
Equity Investments								
Advertising								
Fluent, Inc. (f/k/a Cogint, Inc.)[4][9]	N/A	N/A	11/28/17	N/A	187	560	1,017	0.32
Diversified Support Services								
Quest Events, LLC								
Preferred Units[4]	N/A	N/A	12/28/18	12/08/25	317	317	317	0.10
Food Retail								
Crews of California, Inc. Warrants [4]	N/A	N/A	11/20/14	12/31/24	-	-	11	-
Nicholas & Associates, LLC Warrants[4]	N/A	N/A	11/20/14	12/31/24	3	-	227	0.07
Pinnacle Management Group, LLC Warrants[4]	N/A	N/A	11/20/14	12/31/24	3	-	227	0.07
RC3 Enterprises, LLC Warrants[4]	N/A	N/A	11/20/14	12/31/24	3	-	227	0.07
					9	-	692	0.21
Health Care Services								
PMA Holdco, LLC Warrants[4]	N/A	N/A	06/28/18	06/28/28	8	-	452	0.14
Other Diversified Financial Services								
RCS Creditor Trust Class B Units[4][6]	N/A	N/A	10/01/17	N/A	143	-	5	-
SFS Global Holding Company Warrants[4]	N/A	N/A	06/28/18	12/28/25	-	-	-	-
Sigue Corporation Warrants[4]	N/A	N/A	06/28/18	12/28/25	16	2,212	3,167	1.00
					159	2,212	3,172	1.00

Specialized Finance								
NMFC Senior Loan Program I LLC Units [4] [5][6]	N/A	N/A	08/13/14	08/31/21	10,000	10,029	9,640	3.05
Trucking								
Fox Rent A Car, Inc. Warrants[4]	N/A	N/A	10/26/16	12/31/22	-	-	767	0.24
Total Equity Investments					10,680	13,118	16,057	5.06
Total Investments					545,928	$ 540,708	$ 534,837	169.25%

See notes to consolidated financial statements

(1) Except as otherwise noted, all investments are non-controlled/non-affiliate investments as defined by the Investment Company Act of 1940, as amended (the "1940 Act"), and provide collateral for the Company's credit facility.

(2) The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L"), which resets monthly, quarterly or semiannually, or the U.S. Prime Rate as published by the Wall Street Journal ("Prime" or "P"). The one, three and six-month LIBOR were 2.4%, 2.3% and 2.2%, respectively, as of June 30, 2019. The Prime was 5.5% as of June 30, 2019.

(3) The interest rate is the "all-in-rate" including the current index and spread, the fixed rate, and the payment-in-kind ("PIK") interest rate, as the case may be.

(4) The investment or a portion of the investment does not provide collateral for the Company's credit facility.

(5) Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets. Qualifying assets represented 91% of total assets as of the date of the consolidated schedule of investments.

(6) Investment is a non-controlled/affiliate investment as defined by the 1940 Act.

(7) The investment has an unfunded commitment in addition to any amounts presented in the consolidated schedule of investments as of June 30, 2019. See Note 7.

(8) The investment is on non-accrual status.

(9) The fair value of the investment was determined using observable inputs. See Note 4. There are no legal restrictions on sales of the investment.

(10) Except as otherwise noted, all of the Company's portfolio company investments, which as of the date of the consolidated schedule of investments represented 169% of the Company's net assets or 90% of the Company's total assets, are subject to legal restrictions on sales.

(11) Except as otherwise noted, the fair value of each investment was determined using significant unobservable inputs. See Note 4.

(12) The investment was comprised of two contracts, which were indexed to different base rates, L and P, respectively. The Spread Above Index and Interest Rate presented represent the weighted average of both contracts.

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments
December 31, 2018
(in thousands)

Investment Type[1]	Spread Above Index [2]	Interest Rate [3]	Acquisition Date [10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value [11]	Fair Value As A Percentage of Net Assets
North America								
Debt Investments								
Advertising								
Fluent, LLC								
First Lien Secured Term Loan	L+ 7.00% (0.50% Floor)	9.52%	03/26/18	03/27/23	10,771	$ 10,771	$ 10,771	3.42%
Outcome Health								
First Lien Secured Term Loan	L+ 9.50% (1.00% Floor)	12.31% (3.00% PIK)	12/22/16	12/22/21	7,943	7,581	6,408	2.03
					18,714	18,352	17,179	5.45
Automotive Retail								
Team Car Care Holdings, LLC								
First Lien Secured Term Loan [12]	base rate+ 7.99% (1.00% Floor)	10.54%	02/26/18	02/23/23	17,183	16,862	16,840	5.34
Broadcasting								
Alpha Media, LLC								
First Lien Secured Term Loan	L+ 6.50% (1.00% Floor)	9.00%	08/14/18	02/25/22	10,877	10,546	10,493	3.33
Multicultural Radio Broadcasting, Inc.								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.52%	12/28/17	12/28/22	17,882	17,597	17,739	5.63
Rural Media Group, Inc.								
First Lien Secured Term Loan	L+ 7.86% (1.00% Floor)	10.38%	12/29/17	12/29/22	7,000	6,888	6,860	2.18
					35,759	35,031	35,092	11.14
Cable & Satellite								
Bulk Midco, LLC								
First Lien Secured Term Loan	L+ 7.33% (1.00% Floor)	10.10%	06/08/18	06/08/23	15,000	14,801	14,700	4.66
Data Processing & Outsourced Services								
FPT Operating Company, LLC/ TLabs Operating Company, LLC								
First Lien Secured Term Loan	L+ 8.25% (1.00% Floor)	10.60%	12/23/16	12/23/21	25,394	25,096	24,707	7.84
Department Stores								
Mills Fleet Farm Group, LLC								
First Lien Secured Term Loan	L+ 6.25% (1.00% Floor)	8.77%	10/24/18	10/24/24	15,000	14,708	14,707	4.66
Diversified Support Services								
Account Control Technology Holdings, Inc.								
First Lien Secured Term Loan	L+ 8.75% (1.00% Floor)	11.28%	04/28/17	04/28/22	3,933	3,857	3,920	1.24
ImageOne Industries, LLC								
First Lien Secured Term Loan	L+ 10.00% (1.00% Floor)	12.52% (2.00% PIK)	01/11/18	01/11/23	7,264	7,082	6,683	2.12
NNA Services, LLC								
First Lien Secured Term Loan	L+ 7.00%	9.80%	10/16/18	10/16/23	10,434	10,234	10,202	3.24

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments - (continued)
December 31, 2018
(in thousands)

Investment Type[1]	Spread Above Index [2]	Interest Rate [3]	Acquisition Date [10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value [11]	Fair Value As A Percentage of Net Assets
Quest Events, LLC								
First Lien Secured Term Loan	L+ 6.00%	8.81%	12/28/18	12/28/24	10,942	$ 10,724	$ 10,724	3.40%
First Lien Secured Revolving Loan [7]	L+ 6.00%	8.81%	12/28/18	12/28/24	-	-	-	-
					32,573	31,897	31,529	10.00
Food Retail								
AG Kings Holdings, Inc.								
First Lien Secured Term Loan	L+ 9.95% (1.00% Floor)	12.75%	08/10/16	08/10/21	13,031	12,737	11,076	3.51
Crews of California, Inc.								
First Lien Secured Term Loan	L+ 11.00% (1.00% Floor)	13.44% (1.00% PIK)	11/20/14	11/20/19	10,354	10,320	10,251	3.25
First Lien Secured Revolving Loan	L+ 11.00% (1.00% Floor)	13.44% (1.00% PIK)	06/05/15	11/20/19	5,171	5,148	5,120	1.62
First Lien Secured Delayed Draw Loan	L+ 11.00% (1.00% Floor)	13.44% (1.00% PIK)	03/27/15	11/20/19	2,974	2,961	2,944	0.93
					31,530	31,166	29,391	9.31
Health Care Facilities								
Grupo HIMA San Pablo, Inc.								
First Lien Secured Term Loan	L+ 9.00% (1.50% Floor)	11.52%	04/01/18	05/31/19	14,065	14,065	11,955	3.79
Second Lien Secured Term Loan [8]	N/A	15.75% (2.00% PIK)	02/01/13	07/31/18	1,028	1,024	103	0.03
					15,093	15,089	12,058	3.82
Health Care Services								
PMA Holdco, LLC								
First Lien Secured Term Loan	L+ 7.50% (1.00% Floor)	10.30%	06/28/18	06/28/23	14,875	14,591	14,577	4.62
Home Furnishings								
Sure Fit Home Products, LLC								
First Lien Secured Term Loan	L+ 9.50% (1.00% Floor)	12.31%	10/26/18	07/13/22	5,530	5,424	5,392	1.71
Internet Retail								
Clarus Commerce, LLC								
First Lien Secured Term Loan	L+ 8.42% (1.00% Floor)	10.95%	03/09/18	03/09/23	17,100	16,930	17,100	5.42
Internet Services & Infrastructure								
London Trust Media Incorporated								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.53%	02/01/18	02/01/23	10,925	10,791	10,816	3.43
StackPath, LLC & Highwinds Capital, Inc.								
Second Lien Secured Term Loan	L+ 9.50% (1.00% Floor)	12.33%	02/03/17	02/02/24	18,000	17,673	14,760	4.68
					28,925	28,464	25,576	8.11

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments - (continued)
December 31, 2018
(in thousands)

Investment Type[1]	Spread Above Index [2]	Interest Rate [3]	Acquisition Date [10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value [11]	Fair Value As A Percentage of Net Assets
Investment Banking & Brokerage								
Arcole Acquisition Corp[5]								
First Lien Secured Term Loan A	L+ 7.25% (1.00% Floor)	9.96%	11/29/18	11/30/23	7,588	$ 7,451	$ 7,448	2.36%
First Lien Secured Term Loan B	L+ 14.50% (1.00% Floor)	17.21% (1.50% PIK)	11/29/18	11/30/23	1,870	1,837	1,836	0.58
JVMC Holdings Corp. (f/k/a RJO Holdings Corp)								
First Lien First Out Secured Term Loan	L+ 8.02% (1.00% Floor)	10.54%	05/05/17	05/05/22	12,488	12,300	12,726	4.04
First Lien Last Out Secured Term Loan	L+ 12.00% (1.00% Floor)	14.52%	05/05/17	05/05/22	4,625	4,555	4,713	1.49
					26,571	26,143	26,723	8.47
IT Consulting & Other Services								
AST-Applications Software Technology LLC								
First Lien Secured Term Loan	L+ 8.00% (1.00% Floor)	10.52% (1.00% PIK)	01/10/17	01/10/23	4,214	4,148	4,088	1.30
Leisure Facilities								
Planet Fit Indy 10 LLC								
First Lien Incremental Term Loan	L+ 7.25% (1.00% Floor)	10.04%	11/30/17	03/07/22	9,892	9,735	9,841	3.12
First Lien Initial Delayed Draw Loan	L+ 7.25% (1.00% Floor)	9.82%	11/30/17	03/07/22	6,183	6,163	6,153	1.95
First Lien Initial Term Loan	L+ 7.25% (1.00% Floor)	10.02%	11/30/17	03/07/22	130	129	130	0.04
Lift Brands, Inc.								
First Lien Secured Term Loan	L+ 7.00% (1.00% Floor)	9.80%	04/16/18	04/16/23	10,858	10,663	10,433	3.31
First Lien Secured Revolving Loan [7]	L+ 7.00% (1.00% Floor)	9.09%	04/16/18	04/16/23	128	126	110	0.03
Honors Holdings, LLC (Orange Theory)								
First Lien Secured Term Loan	L+ 8.94% (0.00% Floor)	11.37%	07/17/18	07/17/23	7,500	7,398	7,355	2.33
					34,691	34,214	34,022	10.78
Oil & Gas Exploration & Production								
Caelus Energy Alaska O3, LLC								
Second Lien Secured Term Loan	L+ 7.50%	10.30%	04/04/14	04/15/20	17,342	16,876	17,342	5.50
Other Diversified Financial Services								
Sigue Corporation[4]								
Second Lien Secured Term Loan	L+ 12.00% (1.00% Floor)	14.80%	12/27/13	09/30/19	24,904	24,904	24,344	7.72
Packaged Foods & Meats								
Lenny & Larry's, LLC								
First Lien Secured Term Loan	L+ 6.84% (1.00% Floor)	9.29%	05/15/18	05/15/23	13,449	13,214	12,777	4.05

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments - (continued)
December 31, 2018
(in thousands)

Investment Type[1]	Spread Above Index [2]	Interest Rate [3]	Acquisition Date [10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value [11]	Fair Value As A Percentage of Net Assets
Research & Consulting Services								
Nelson Worldwide, LLC								
First Lien Secured Term Loan	L+ 8.75% (1.00% Floor)	11.16%	01/09/18	01/09/23	14,303	$ 14,016	$ 13,903	4.41%
Restaurants								
LS GFG Holdings Inc.								
First Lien Secured Term Loan	L+ 6.00%	8.47%	11/30/18	11/19/25	10,340	10,033	10,020	3.18
Specialized Finance								
Golden Pear Funding Assetco, LLC [5]								
Second Lien Secured Term Loan	L+ 10.50% (1.00% Floor)	12.85%	09/20/18	03/20/24	17,500	17,168	17,150	5.44
Oasis Legal Finance, LLC[5]								
Second Lien Secured Term Loan	L+ 10.75% (1.00% Floor)	13.10%	09/09/16	03/09/22	20,000	19,768	20,000	6.34
					37,500	36,936	37,150	11.78
Technology Hardware, Storage & Peripherals								
Source Code Midco, LLC								
First Lien Secured Term Loan	L+ 8.75% (1.00% Floor)	11.28%	05/04/18	05/04/23	14,182	13,874	13,898	4.41
Trucking								
Sunteck / TTS Holdings, LLC								
Second Lien Secured Term Loan	L+ 9.00% (1.00% Floor)	11.79%	12/15/16	06/15/22	3,500	3,462	3,468	1.10
Total Debt Investments					473,672	466,231	456,583	144.78
Equity Investments								
Advertising								
Fluent, Inc. (f/k/a Cogint, Inc.) [4][9]	N/A	N/A	11/28/17	12/08/25	187	560	706	0.22%
Diversified Support Services								
Quest Events, LLC								
Preferred Units[4]	N/A	N/A	12/28/18	12/08/25	317	317	317	0.10
Food Retail								
Crews of California, Inc. Warrants [4]	N/A	N/A	11/20/14	12/31/24	-	-	6	-
Nicholas & Associates, LLC Warrants [4]	N/A	N/A	11/20/14	12/31/24	2	-	131	0.04
Pinnacle Management Group, LLC Warrants [4]	N/A	N/A	11/20/14	12/31/24	2	-	131	0.04
RC3 Enterprises, LLC Warrants [4]	N/A	N/A	11/20/14	12/31/24	2	-	131	0.04
					6	-	399	0.12
Health Care Services								
PMA Holdco, LLC Warrants [4]	N/A	N/A	06/28/18	N/A	8	-	393	0.12

See notes to consolidated financial statements

WhiteHorse Finance, Inc.
Consolidated Schedule of Investments - (continued)
December 31, 2018
(in thousands)

Investment Type[1]	Spread Above Index [2]	Interest Rate [3]	Acquisition Date [10]	Maturity Date	Principal/ Share Amount	Amortized Cost	Fair Value [11]	Fair Value As A Percentage of Net Assets
Other Diversified Financial Services								
RCS Creditor Trust Class B Units [4][6]	N/A	N/A	10/01/17	N/A	143	$ -	$ 535	0.17%
SFS Global Holding Company Warrants [4]	N/A	N/A	06/28/18	N/A	-	-	-	-
Sigue Corporation Warrants[4]	N/A	N/A	06/28/18	N/A	7	702	901	0.29
					150	702	1,436	0.46
Specialized Finance								
NMFC Senior Loan Program I LLC Units [4][5][6]	N/A	N/A	08/13/14	06/13/20	10,000	10,029	9,630	3.05
Trucking								
Fox Rent A Car, Inc. Warrants [4]	N/A	N/A	10/26/16	N/A	-	-	100	0.03
Total Equity Investments					10,668	11,608	12,981	4.10
Total Investments					**$ 484,340**	**$ 477,839**	**$ 469,564**	**148.88%**

(1) Except as otherwise noted, all investments are non-controlled/non-affiliate investments as defined by the Investment Company Act of 1940, as amended (the "1940 Act"), and provide collateral for the Company's credit facility.

(2) The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L"), which resets monthly, quarterly or semiannually, or the U.S. Prime Rate as published by the Wall Street Journal ("Prime" or "P"). The one, three and six-month LIBOR were 2.5%, 2.8% and 2.9%, respectively, as of December 31, 2018. The Prime was 5.5% as of December 31, 2018.

(3) The interest rate is the "all-in-rate" including the current index and spread, the fixed rate, and the payment-in-kind ("PIK") interest rate, as the case maybe.

(4) The investment or a portion of the investment does not provide collateral for the Company's credit facility.

(5) Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets. Qualifying assets represented 89%, of total assets as of the date of the consolidated schedule of investments.

(6) Investment is a non-controlled/affiliate investment as defined by the 1940 Act.

(7) The investment has an unfunded commitment in addition to any amounts presented in the consolidated schedule of investments as of December 31, 2018. See Note 7.

(8) The investment is on non-accrual status.

(9) The fair value of the investment was determined using observable inputs. See Note 4. There are no legal restrictions on sales of the investment.

(10) Except as otherwise noted, all of the Company's portfolio company investments, which as of the date of the consolidated schedule of investments represented 149% of the Company's net assets or 91% of the Company's total assets, are subject to legal restrictions on sales.

(11) Except as otherwise noted, the fair value of each investment was determined using significant unobservable inputs. See Note 4.

(12) The investment was comprised of two contracts, which were indexed to different base rates, L and P, respectively. The Spread Above Index and Interest Rate presented represent the weighted average of both contracts.

See notes to consolidated financial statements

NOTE 1 - ORGANIZATION

WhiteHorse Finance, Inc. ("WhiteHorse Finance" and, together with its subsidiaries, the "Company") is an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). In addition, for tax purposes, WhiteHorse Finance elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). WhiteHorse Finance's common stock trades on the NASDAQ Global Select Market under the symbol "WHF."

The Company's investment objective is to generate attractive risk-adjusted returns primarily by originating and investing in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries that typically carry a floating interest rate based on the London Interbank Offered Rate ("LIBOR") and have a term of three to six years. While the Company focuses principally on originating senior secured loans to lower middle market companies, it may also opportunistically make investments at other levels of a company's capital structure, including mezzanine loans or equity interests and may receive warrants to purchase common stock in connection with its debt investments.

WhiteHorse Finance's investment activities are managed by H.I.G. WhiteHorse Advisers, LLC ("WhiteHorse Advisers"). H.I.G. WhiteHorse Administration, LLC ("WhiteHorse Administration") provides administrative services necessary for the Company to operate.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of WhiteHorse Finance and its wholly owned subsidiaries, WhiteHorse Finance Credit I, LLC ("WhiteHorse Credit"), and its subsidiary WhiteHorse Finance (CA), LLC ("WhiteHorse California"), and WhiteHorse Finance Warehouse, LLC ("WhiteHorse Warehouse"). The Company meets the definition of an investment company under Accounting Standards Codification ("ASC") Topic 946, *Financial Services - Investment Companies*, and therefore applies the accounting and reporting guidance discussed therein to its consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

Additionally, the accompanying consolidated financial statements and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying the annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. This Form 10-Q should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2018. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the year ending December 31, 2019.

Reclassifications: Certain reclassifications have been made to prior fiscal year amounts or balances to conform to the industry classifications presented within the Company's consolidated schedule of investments in the current fiscal year. These reclassifications had no effect on the consolidated results of operations or financial position for any period presented.

Principles of Consolidation: Under the investment company rules and regulations pursuant to ASC Topic 946, WhiteHorse Finance is precluded from consolidating any entity other than another investment company. As provided under ASC Topic 946, WhiteHorse Finance generally consolidates any investment company when it owns 100% of its partners' or members' capital or equity units.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company determines the fair value of its financial instruments in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC Topic 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments are measured at fair value as determined in good faith by the Company's investment committee, generally on a quarterly basis, and such valuations are reviewed by the audit committee of the board of directors and ultimately approved by the board of directors, based on, among other factors, consistently applied valuation procedures on each measurement date. Any changes to the valuation methodology are reviewed by management and the Company's board of directors to confirm that the changes are justified. The Company continues to review and refine its valuation procedures in response to market changes.

The Company engages independent external valuation firms to periodically review material investments. These external reviews are used by the board of directors to review the Company's internal valuation of each investment over the year.

Investment Transactions: The Company records investment transactions on a trade date basis. These transactions may settle subsequent to the trade date depending on the transaction type. Certain expenses related to legal and tax consultation, due diligence, rating fees, valuation expenses and independent collateral appraisals may arise when the Company makes certain investments. These expenses are recognized in the consolidated statements of operations as they are incurred.

Revenue Recognition: The Company's revenue recognition policies are as follows:

Sales: Realized gains or losses on the sales of investments are calculated by using the specific identification method.

Investment Income: Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. The Company may also receive closing, commitment, prepayment, amendment and other fees from portfolio companies in the ordinary course of business.

Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Closing fees associated with investments in portfolio companies are deferred and recognized as interest income over the respective terms of the applicable loans. Upon the prepayment of a loan or debt security, any unamortized loan closing fees are recorded as part of interest income. Commitment fees are based upon the undrawn portion committed by the Company and are recorded as interest income on an accrual basis. Prepayment, amendment and other fees are recognized when earned, generally when such fees are receivable, and are included in fee income on the consolidated statements of operations.

The Company may invest in loans that contain a payment-in-kind ("PIK") interest rate provision. PIK interest is accrued at the contractual rates and added to loan principal on the reset dates to the extent such amounts are expected to be collected.

Non-accrual loans: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. The Company may conclude that non-accrual status is not required if the loan has sufficient collateral value and is in the process of collection. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Cash and Cash Equivalents: Cash and cash equivalents include cash, deposits with financial institutions, and short-term liquid investments in money market funds with original maturities of three months or less.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents include amounts that are collected and held by the trustee appointed as custodian of the assets securing the Company's revolving credit facility. Restricted cash is held by the trustee for the payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. Restricted cash that represents interest or fee income is transferred to unrestricted cash accounts by the trustee generally once a quarter after the payment of operating expenses and amounts due under the Company's revolving credit facility.

Offering Costs: The Company may incur legal, accounting, regulatory, investment banking and other costs in relation to equity offerings. Offering costs are deferred and charged against paid-in capital in excess of par on completion of the related offering.

Deferred Financing Costs: Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. These amounts are amortized and are included in interest expense in the consolidated statements of operations over the estimated life of the borrowings. Deferred financing costs are presented in the consolidated statements of assets and liabilities as a direct reduction from the carrying amount of the related debt liability.

Income Taxes: The Company elected to be treated as a RIC under Subchapter M of the Code. In order to maintain its status as a RIC, among other requirements, the Company is required to distribute dividends for U.S. federal income tax purposes to its shareholders each taxable year generally of an amount at least equal to 90% of the sum of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, the Company will incur a nondeductible excise tax equal to 4% of the amount by which (1) 98% of ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of capital gains in excess of capital losses, adjusted for certain ordinary losses, for the one-year period ending on October 31 of the calendar year and (3) any ordinary income and capital gain income for preceding years that were not distributed during such years and on which the Company incurred no U.S. federal income tax exceed distributions for the year. The Company accrues estimated excise tax on the amount, if any, that estimated taxable income is expected to exceed the level of stockholder distributions described above.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statement is the largest benefit or expense that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Any tax positions not deemed to satisfy the more likely than not threshold are reversed and recorded as tax benefit or tax expense, as appropriate, in the current year. Management has analyzed the Company's tax positions, and the Company has concluded that the Company did not have any unrecognized tax benefits or unrecognized tax liabilities related to uncertain tax positions as of June 30, 2019 and December 31, 2018.

Penalties or interest that may be assessed related to any income taxes would be classified as general and administrative expenses on the consolidated statements of operations. The Company had no amounts accrued for interest or penalties as of June 30, 2019 or December 31, 2018. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Company's tax returns are subject to examination by federal, state and local taxing authorities. Because many types of transactions are susceptible to varying interpretations under U.S. federal and state income tax laws and regulations, the amounts reported in the accompanying consolidated financial statements may be subject to change at a later date by the respective taxing authorities. Tax returns for each of the federal tax years since 2015 remain subject to examination by the Internal Revenue Service.

As of June 30, 2019 and December 31, 2018, the cost of investments for federal income tax purposes was $543,898 and $481,919, resulting in net unrealized depreciation of $9,061 and net unrealized depreciation of $12,355, respectively. This is comprised of gross unrealized appreciation of $5,670 and $3,598, and gross unrealized depreciation of $14,731 and $15,953, on a tax basis, as of June 30, 2019 and December 31, 2018, respectively.

Dividends and Distributions: Dividends and distributions to common stockholders are recorded on the ex-dividend date. Quarterly distribution payments are determined by the board of directors and are paid from taxable earnings estimated by management and may include a return of capital and/or capital gains. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company maintains an "opt out" distribution reinvestment plan for common stockholders. As a result, if the Company declares a distribution or other dividend, stockholders' cash distributions will be automatically reinvested in additional shares of common stock, unless they specifically "opt out" of the distribution reinvestment plan so as to receive cash distributions.

Earnings per Share: The Company calculates earnings per share as earnings available to stockholders divided by the weighted average number of shares outstanding during the period.

Risks and Uncertainties: In the normal course of business, the Company encounters primarily two significant types of economic risks: credit and market. Credit risk is the risk of default on the Company's investments that result from an issuer's, borrower's or derivative counterparty's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in interest rates, spreads or other market factors, including the value of the collateral underlying investments held by the Company. Management believes that the carrying value of the Company's investments are fairly stated, taking into consideration these risks along with estimated collateral values, payment histories and other market information.

Recent Accounting Pronouncements: During March 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-08, *Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*, to amend the amortization period for certain purchased callable debt securities held at a premium. Under current guidance, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The new guidance shortened the amortization period for the premium to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments in this guidance are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company adopted the provisions of the ASU 2017-08 effective January 1, 2019 and determined adoption of this standard did not have a material impact as the Company does not hold any material purchased callable debt securities at a premium.

Securities and Exchange Commission Disclosure Update and Simplification: In August 2018, the Securities and Exchange Commission adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification* (the "SEC Release") amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance. The effective date for the SEC Release is effective for all filings on or after November 5, 2018. The Company first adopted the final rule under the SEC Release as of December 31, 2018. The SEC Release requires presentation changes to the Company's consolidated statements of assets and liabilities and consolidated statements of changes in net assets. The Company has evaluated the impact of the amendments and determined the effect of the adoption of the simplification rules on financial statements will be limited to the modification and removal of certain disclosures.

NOTE 3 - INVESTMENTS

Investments consisted of the following:

	June 30, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien secured loans	$ 461,189	$ 453,080	$ 365,356	$ 359,416
Second lien secured loans	66,401	65,700	100,875	97,167
Equity	13,118	16,057	11,608	12,981
Total	$ 540,708	$ 534,837	$ 477,839	$ 469,564

The following table shows the portfolio composition by industry grouping at fair value:

	June 30, 2019		December 31, 2018	
Advertising	$ 11,236	2.10%	$ 17,885	3.81%
Air Freight & Logistics	5,717	1.07	-	-
Application Software	5,480	1.02	-	-
Automotive Retail	16,816	3.14	16,840	3.59
Broadcasting	28,689	5.36	35,092	7.47
Cable & Satellite	13,977	2.61	14,700	3.13
Communications Equipment	5,230	0.98	-	-
Data Processing & Outsourced Services	24,438	4.57	24,707	5.26
Department Stores	14,196	2.65	14,707	3.13
Distributors	5,734	1.07	-	-
Diversified Support Services	27,851	5.21	31,846	6.78
Food Retail	28,092	5.25	29,790	6.34
Health Care Facilities	16,592	3.10	12,058	2.57
Health Care Services	40,659	7.61	14,970	3.19
Home Furnishings	5,304	0.99	5,392	1.15
Human Resources & Employment Services	12,365	2.31	-	-
Industrial Machinery	10,045	1.88	-	-
Internet Retail	17,100	3.20	17,100	3.64
Internet Services & Infrastructure	22,068	4.13	25,576	5.45
Investment Banking & Brokerage	24,878	4.65	26,723	5.69
IT Consulting & Other Services	4,108	0.77	4,088	0.87
Leisure Facilities	37,362	7.00	34,022	7.25
Office Service & Supplies	12,318	2.30	-	-
Oil & Gas Exploration & Production	-	-	17,342	3.69
Other Diversified Financial Services	27,828	5.20	25,780	5.49
Packaged Foods & Meats	19,632	3.67	12,777	2.72
Research & Consulting Services	13,439	2.51	13,903	2.96
Restaurants	9,969	1.86	10,020	2.13
Specialized Finance	47,081	8.81	46,780	9.97
Systems Software	8,581	1.60	-	-
Technology Hardware, Storage & Peripherals	13,785	2.58	13,898	2.96
Trucking	4,267	0.80	3,568	0.76
Total	$ 534,837	100.00%	$ 469,564	100.00%

The portfolio companies underlying the investments are all located in the United States and its territories, except for Arcole Acquisition Corp (which is located in Canada). As of June 30, 2019 and December 31, 2018, the weighted average remaining term of the Company's debt investments was approximately 4.0 years and 3.6 years, respectively.

As of June 30, 2019 and December 31, 2018, the total fair value of non-accrual loans were $21,317 and $103 as of the end of each respective period.

The following table presents the schedule of investments in and advances to affiliated persons (as defined by the 1940 Act) as of and for the six months ended June 30, 2019:

Affiliated Person[1]	Type of Asset	Amount of dividends and interest included in income	Beginning Fair Value at December 31, 2018	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Ending Fair Value at June 30, 2019
NMFC Senior Loan Program I LLC Units	Equity	$ 587	$ 9,630	$ -	$ -	$ -	$ 10	$ 9,640
RCS Creditor Trust Class B Units	Equity	-	535	-		-	(530)	5
Total		$ 587	$ 10,165	$ -	$ -	$ -	$ (520)	$ 9,645

The following table presents the schedule of investments in and advances to affiliated persons (as defined by the 1940 Act) as of and for the year ended December 31, 2018:

Affiliated Person[1]	Type of Asset	Amount of dividends and interest included in income	Beginning Fair Value at December 31, 2017	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Ending Fair Value at December 31, 2018
Aretec Group, Inc.	Equity	$ -	$ 17,314	$ -	$ (53,734)	$ 33,041	$ 3,379	$ -
NMFC Senior Loan Program I LLC Units	Equity	2,132	18,504	-	(10,000)	(91)	1,217	9,630
RCS Creditor Trust Class B Units	Equity	-	428	-	-	-	107	535
Total		$ 2,132	$ 36,246	$ -	$ (63,734)	$ 32,950	$ 4,703	$ 10,165

(1) Refer to the consolidated schedule of investments for the principal amount, industry classification and other security detail of each portfolio company.

During the fourth quarter of 2015, the Company placed its second lien investment in RCS Capital Corporation on non-accrual status in anticipation of a voluntary petition for a "pre-packaged" Chapter 11 Bankruptcy in the U.S. Bankruptcy Court for the District of Delaware, which was filed on January 31, 2016. On May 23, 2016, the Company's second lien investment, with a cost basis of $20,693, converted to 536,042 shares of common stock in Aretec Group, Inc. (previously known as RCS Capital Corporation). In October 2018, the Company realized its investment in Aretec Group, Inc. and sold all 536,042 shares of common stock.

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active public markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the six months ended June 30, 2019 and 2018, there were no changes in the observability of valuation inputs that would have resulted in a reclassification of assets between any levels.

Fair value for each investment is derived using a combination of valuation methodologies that, in the judgment of the investment committee of WhiteHorse Advisers are most relevant to such investment, including, without limitation, being based on one or more of the following: (i) market prices obtained from market makers for which the investment committee has deemed there to be enough breadth (number of quotes) and depth (firm bids) to be indicative of fair value, (ii) the price paid or realized in a completed transaction or binding offer received in an arm's-length transaction, (iii) a discounted cash flow analysis, (iv) the guideline public company method, (v) the similar transaction method or (vi) the option pricing method.

The following table presents investments (as shown on the consolidated schedule of investments) that were measured at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
First lien secured loans	$ -	$ -	$ 453,080	$ 453,080
Second lien secured loans	-	-	65,700	65,700
Equity	1,017	-	15,040	16,057
Total investments	$ 1,017	$ -	$ 533,820	$ 534,837

The following table presents investments (as shown on the consolidated schedule of investments) that were measured at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
First lien secured loans	$ -	$ -	$ 359,416	$ 359,416
Second lien secured loans	-	-	97,167	97,167
Equity	706	-	12,275	12,981
Total investments	$ 706	$ -	$ 468,858	$ 469,564

The following table presents the changes in investments measured at fair value using Level 3 inputs for the three months ended June 30, 2019:

	First Lien Secured Loans	Second Lien Secured Loans	Equity	Total Investments
Fair value, beginning of period	$ 374,494	$ 80,329	$ 12,541	$ 467,364
Funding of investments	75,460	-	1,033	76,493
Non-cash interest income	654	-	-	654
Accretion of discount	526	103	-	629
Proceeds from paydowns and sales	(8,468)	(3,848)	-	(12,316)
Lien priority conversion	14,472	(14,472)	-	-
Realized losses	-	-	-	-
Net unrealized (depreciation) appreciation	(4,058)	3,588	1,466	996
Fair value, end of period	$ 453,080	$ 65,700	$ 15,040	$ 533,820
Change in unrealized appreciation (depreciation) on investments still held as of June 30, 2019	$ (4,046)	$ 3,588	$ 1,466	$ 1,008

The following table presents the changes in investments measured at fair value using Level 3 inputs for the six months ended June 30, 2019:

	First Lien Secured Loans	Second Lien Secured Loans	Equity	Total Investments
Fair value, beginning of period	$ 359,416	$ 97,167	$ 12,275	$ 468,858
Funding of investments	124,682	-	1,510	126,192
Non-cash interest income	745	567	-	1,312
Accretion of discount	1,335	622	-	1,957
Proceeds from paydowns and sales	(43,384)	(21,190)	-	(64,574)
Lien priority conversion	14,472	(14,472)	-	-
Realized losses	(2,018)	-	-	(2,018)
Net unrealized (depreciation) appreciation	(2,168)	3,006	1,255	2,093
Fair value, end of period	$ 453,080	$ 65,700	$ 15,040	$ 533,820
Change in unrealized (depreciation) appreciation on investments still held as of June 30, 2019	$ (2,695)	$ 3,473	$ 1,255	$ 2,033

The following table presents the changes in investments measured at fair value using Level 3 inputs for the three months ended June 30, 2018:

	First Lien Secured Loans	Second Lien Secured Loans	Equity	Total Investments
Fair value, beginning of period	$ 255,551	$ 166,559	$ 45,013	$ 467,123
Funding of investments	78,573	23	-	78,596
Non-cash income	173	-	-	173
Accretion of discount	596	203	-	799
Proceeds from paydowns and sales	(26,263)	(24,000)	-	(50,263)
Realized losses	(51)	-	-	(51)
Net unrealized (depreciation) appreciation	(19)	1,473	13,082	14,536
Fair value, end of period	$ 308,560	$ 144,258	$ 58,095	$ 510,913
Change in unrealized appreciation (depreciation) on investments still held as of June 30, 2018	$ 50	$ 1,552	$ 13,082	$ 14,684

The following table presents the changes in investments measured at fair value using Level 3 inputs for the six months ended June 30, 2018:

	First Lien Secured Loans	Second Lien Secured Loans	Equity	Total Investments
Fair value, beginning of period	$ 230,261	$ 172,270	$ 37,328	$ 439,859
Funding of investments	164,456	23	-	164,479
Non-cash income	315	-	-	315
Accretion of discount	2,040	357	-	2,397
Proceeds from paydowns and sales	(87,677)	(28,422)	-	(116,099)
Realized losses	(51)	-	-	(51)
Net unrealized (depreciation) appreciation	(784)	30	20,767	20,013
Fair value, end of period	$ 308,560	$ 144,258	$ 58,095	$ 510,913
Change in unrealized (depreciation) appreciation on investments still held as of June 30, 2018	$ (648)	$ 1,83	$ 20,767	$ 20,302

The significant unobservable inputs used in the fair value measurement of the Company's investments are the discount rate, market quotes and exit multiples. An increase or decrease in the discount rate in isolation would result in significantly lower or higher fair value measurement, respectively. An increase or decrease in the market quote for an investment would in isolation result in significantly higher or lower fair value measurement, respectively. An increase or decrease in the exit multiple would in isolation result in significantly higher or lower fair value measurement, respectively. As the fair value of a debt investment diverges from par, which would generally be the case for non-accrual loans, the fair value measurement of that investment is more susceptible to volatility from changes in exit multiples as a significant unobservable input.

Quantitative information about Level 3 fair value measurements is as follows:

Investment Type	Fair Value at June 30, 2019	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
First lien secured loans	$ 237,220	Discounted cash flows	Discount rate	9.2% – 33.5% (13.0%)
			Exit multiple	5.5x – 10.0x (7.4x)
	16,489	Market multiples and Recent transaction	Exit multiple	3.5x
			Transaction price	93.5
	17,734	Recent transaction	Transaction price	98.0
	181,637	Weighting of discounted cash flows and consensus market pricing or recent transaction	Discount rate	6.9% – 17.7% (9.5%)
			Market quotes or transaction price	97.0 – 99.7 (98.2)
			Exit multiple	4.8x – 10.0x (7.8x)
	$ 453,080			
Second lien secured loans	$ 48,156	Discounted cash flows	Discount rate	9.6% – 20.7% (16.7%)
			Exit multiple	6.0x – 8.0x (6.2x)
	103	Market multiples	Exit multiple	3.5x
	17,441	Weighting of discounted cash flows and consensus market pricing or recent transaction	Discount rate	13.0%
			Market quotes or transaction price	98.0
	$ 65,700			
Preferred Equity	$ 317	Market multiples	Exit multiple	9.4x
	$ 317			
Common Equity	$ 9,640	Weighting of discounted cash flows and recent transaction	Discount rate	9.3%
			Transaction price	100.0
			Discount for lack of marketability	2.0%
	6	Consensus pricing	Market quotes	$0.04/s
	$ 9,646			
Warrant	$ 4,310	Discounted cash flows and Option-pricing method	Discount rate	24.0% - 28.0% (25.0%)
			Exit multiple	4.8x – 8.0x (5.7x)
			Volatility	1.3% - 25.0% (5.7%)
			Discount for lack of marketability	10.0% - 55.0% (17.5%)
	767	Market multiples	Exit multiple	6.5x
			Discount for lack of marketability	15.0%
	$ 5,077			
Total Level 3 Investments	**$ 533,820**			

Investment Type	Fair Value at December 31, 2018	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
First lien secured loans	$ 107,291	Discounted cash flows	Discount rate	11.8% - 23.5% (15.2%)
			Exit multiple	4.5x - 7.0x (6.2x)
	11,955	Market multiples	Exit multiple	2.9x
	17,439	Weighting of discounted cash cash flows and expected repayment price	Discount rate	10.5% - 14.9% (11.7%)
			Repayment price	101.9
			Exit multiple	4.5x
	222,731	Weighting of discounted cash flows and consensus market pricing or recent transaction	Discount rate	8.7% - 21.2% (11.5%)
			Market quotes or transaction price	79.8 - 100.0 (97.5)
			Exit multiple	4.0x - 10.0x (7.2x)
	$ 359,416			
Second lien secured loans	$ 62,572	Discounted cash flows	Discount rate	12.9% - 21.6% (18.2%)
			Exit multiple	5.5x - 8.0x (6.6x)
	103	Market multiples	Exit multiple	2.9x
	17,150	Weighting of discounted cash flows and consensus pricing or recent transaction	Discount rate	14.7%
			Market quotes or transaction price	98.0
	17,342	Expected repayment	Repayment price	100.0
	$ 97,167			
Preferred Equity	$ 317	Market multiples	Exit multiple	9.4x
	$ 317			
Common Equity	$ 9,630	Weighting of discounted cash flows and recent transaction	Discount rate	10.2%
			Transaction price	100.0
			Discount for lack of marketability	2.0%
	535	Consensus pricing	Market quotes	$3.8/s
	$ 10,165			
Warrant	$ 1,693	Discounted cash flows and Option-pricing method	Discount rate	22.0% - 30.3% (25.1%)
			Exit multiple	4.8x - 8.0x (5.9x)
			Volatility	2.3% - 25.0% (8.7%)
			Discount for lack of marketability	13.0% - 55.0% (22.9%)
	100	Market multiples	Exit multiple	5.5x
			Discount for lack of marketability	15.0%
	$ 1,793			
Total Level 3 Investments	$ 468,858			

Valuation of investments may be determined by weighting various valuation techniques. Significant judgment is required in selecting the assumptions used to determine the fair values of these investments. The valuation methods selected for a particular investment are based on the circumstances and on the sufficiency of data available to measure fair value. If more than one valuation method is used to measure fair value, the results are evaluated and weighted, as appropriate, considering the reasonableness of the range indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

The availability of observable inputs can vary depending on the financial instrument and is affected by a wide variety of factors, including, for example, the nature of the instrument, whether the instrument is traded on an active exchange or in the secondary market and the current market conditions. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires a greater degree of judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for financial instruments classified as Level 3.

The determination of fair value using the selected methodologies takes into consideration a range of factors including the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public and private exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment, compliance with agreed upon terms and covenants, and assessment of credit ratings of an underlying borrower. These valuation methodologies involve a significant degree of judgment to be exercised.

As it relates to investments which do not have an active public market, there is no single standard for determining the estimated fair value. Valuations of privately held investments are inherently uncertain, and they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed.

In some cases, fair value for such investments is best expressed as a range of values derived utilizing different methodologies from which a single estimate may then be determined. Consequently, fair value for each investment may be derived using a combination of valuation methodologies that, in the judgment of the investment professionals, are most relevant to such investment. The selected valuation methodologies for a particular investment are consistently applied on each measurement date. However, a change in a valuation methodology or its application from one measurement date to another is possible if the change results in a measurement that is equally or more representative of fair value in the circumstances.

The following table presents the amortized cost and fair value of the Company's borrowings as of June 30, 2019 and December 31, 2018. The amortized cost disclosed below excludes debt issuance costs. The fair value of the Credit Facility (as defined in Note 5) was estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available. The fair value of the Company's 6.0% private notes due 2023 (the "Private Notes") was estimated using discounted future cash flows to the valuation date. The fair value of the 6.5% notes due 2025 (the "2025 Notes") was estimated using the trailing 10-day volume weighted average quoted price as of the valuation date.

		June 30, 2019		December 31, 2018	
	Fair Value Level	Amortized Cost	Fair Value	Amortized Cost	Fair Value
JPM Credit Facility	3	$ 184,400	$ 184,453	$ 115,000	$ 116,759
Private Notes	3	30,000	30,006	30,000	30,724
2025 Notes	2	35,000	36,284	35,000	34,350
		$ 249,400	$ 250,743	$ 180,000	$ 181,833

NOTE 5 - BORROWINGS

Historically, the 1940 Act has permitted the Company to issue "senior securities," including borrowing money from banks or other financial institutions, only in amounts such that its asset coverage, as defined in the 1940 Act, equals at least 200% after such incurrence or issuance. In March 2018, the Small Business Credit Availability Act (the "SBCAA") was enacted into law. The SBCAA, among other things, amended the 1940 Act to reduce the asset coverage requirements applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements and obtains certain approvals. At the Company's annual meeting of stockholders held on August 1, 2018, the Company's stockholders approved the reduced asset coverage ratio from 200% to 150%, such that the Company's maximum debt-to-equity ratio increased from a prior maximum of 1.0x (equivalent of $1 of debt outstanding for each $1 of equity) to a maximum of 2.0x (equivalent to $2 of debt outstanding for each $1 of equity). As a result, the Company's asset coverage requirements applicable to senior securities decreased from 200% to 150%, effective August 2, 2018. As of June 30, 2019, the Company's asset coverage for borrowed amounts was 226.7%.

Total borrowings outstanding and available as of June 30, 2019, was as follows:

	Maturity	Rate	Face Amount	Available
JPM Credit Facility	2021	L+2.75%	$ 184,400	$ 15,600
Private Notes	2023	6.0%	30,000	-
2025 Notes	2025	6.5%	35,000	-
Total debt			249,400	$ 15,600
Debt issuance cost			(3,582)	
Total debt net issuance cost			$ 245,818	

Total borrowings outstanding and available as of December 31, 2018, was as follows:

	Maturity	Rate	Face Amount	Available
JPM Credit Facility	2021	L+2.75%	$ 115,000	$ 85,000
Private Notes	2023	6.0%	30,000	-
2025 Notes	2025	6.5%	35,000	-
Total debt			180,000	$ 85,000
Debt issuance cost			(4,047)	
Total debt net issuance cost			$ 175,953	

Credit Facility: On December 23, 2015, WhiteHorse Credit entered into a $200,000 revolving credit and security agreement with JPMorgan Chase Bank, National Association ("JPMorgan"), as administrative agent and lender (the "Credit Facility"). On June 27, 2016, the Credit Facility was amended and restated to clarify certain terms. On June 29, 2017, WhiteHorse Credit and JPMorgan again amended and restated the terms of the Credit Facility to, among other things, (i) extend the maturity date to December 29, 2021, (ii) increase the amount contained within the accordion feature which allows for the expansion of the borrowing limit from $220,000 to $235,000 and (iii) reduce the interest rate spread applicable on outstanding borrowings to 2.75%. On May 15, 2018, the terms of the Credit Facility were again amended and restated to, among other things, permit the financing of certain assets to be held by WhiteHorse California, a wholly owned subsidiary of WhiteHorse Credit.

The Credit Facility bears interest at LIBOR plus 2.75% on outstanding borrowings. The Company is required to pay a non-usage fee which accrues at 1.00% per annum (or 0.60% per annum with respect to any date in which the aggregated amount of outstanding borrowings is greater than 77.5% of the total commitments), on the average daily unused amount of the financing commitments to the extent the aggregate principal amount available under the Credit Facility has not been borrowed. Prior to December 29, 2020, the Company, at its discretion and option, may increase the total borrowing limit under the Credit Facility from $200,000 to $235,000 (with the required minimum outstanding borrowings also increasing from $155,000 to $175,000) by submitting written notification of such intent and subject to consent from the lender and other terms provided for under the Credit Facility. In November 2018, the Company entered into an amendment to the Credit Facility, which, among other things, allows for a temporary reduction in the required minimum outstanding borrowings. Through May 19, 2019, the required minimum outstanding borrowings are $115,000 and then will be increased to $135,000 until August 20, 2019. In July 2019, the Company entered into another amendment to further extend the required $135,000 minimum borrowing to November 29, 2019. Thereafter, the required minimum outstanding borrowings will return to $155,000. In connection with the Credit Facility, WhiteHorse Credit pledged securities with a fair value of approximately $494,124 as of June 30, 2019 as collateral. The Credit Facility has a final maturity date of December 29, 2021.

Under the Credit Facility, the Company has made certain customary representations and warranties and is required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. As of June 30, 2019, the Company had $184,400 in outstanding borrowings and $15,600 undrawn under the Credit Facility. Weighted average outstanding borrowings were $128,722 and $123,908 at a weighted average interest rate of 5.31% and 5.38%, respectively, for the three and six months ended June 30, 2019. At June 30, 2019, the interest rate in effect on outstanding borrowings was 5.06%. The Company's ability to draw down undrawn funds under the Credit Facility is determined by collateral and portfolio quality requirements stipulated in the credit and security agreement. At June 30, 2019, approximately $15,600 was available to be drawn by the Company based on these requirements.

2020 Notes: On July 23, 2013, the Company completed a public offering of $30,000 of aggregate principal amount of the 2020 Notes, the net proceeds of which were used to reduce outstanding obligations under the Company's unsecured term loan. Interest on the 2020 Notes had paid quarterly on March 31, June 30, September 30 and December 31, at an annual rate of 6.50%. On July 10, 2018, the Company notified the trustee for its 2020 Notes of its election to redeem the $30,000 aggregate principal amount of the 2020 Notes outstanding in full in accordance with the terms of the indenture agreement under which the 2020 Notes were issued. The redemption was completed on August 9, 2018. Following the redemption, none of the 2020 Notes remained outstanding, and they were delisted from the NASDAQ Global Select Market. Prior to August 9, 2018, the 2020 Notes were listed under the symbol "WHFBL."

Private Notes: On July 13, 2018, the Company entered into an agreement (the "Note Purchase Agreement") to sell in a private offering $30,000 aggregate principal amount of senior unsecured Private Notes to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended. Interest on the Private Notes is payable semiannually on February 7 and August 7, at a fixed, annual rate of 6.00%. This interest rate is subject to increase (up to 6.50%) in the event that, subject to certain exceptions, the Private Notes cease to have an investment grade rating. The Private Notes mature on August 7, 2023, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. The Private Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. The closing of the transaction occurred on August 7, 2018. The Company used the net proceeds from this offering, together with cash on hand, to redeem all of its 2020 Notes.

2025 Notes: On November 13, 2018, the Company completed a public offering of $35,000 of aggregate principal amount of 2025 Notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under its revolving credit facility. Interest on the 2025 Notes is paid quarterly on February 28, May 31, August 31 and November 30 each year, at an annual rate of 6.50%. The 2025 Notes will mature on November 30, 2025 and may be redeemed in whole or in part at any time, or from time to time, at the Company's option on or after November 30, 2021. The 2025 Notes are direct unsecured obligations and are structurally subordinate to borrowings under the Credit Facility and will rank equally in right of payment with the Company's other outstanding and future unsecured, unsubordinated indebtedness, including the Private Notes. The 2025 Notes are listed on the NASDAQ Global Select Market under the trading symbol "WHFBZ."

NOTE 6 - RELATED PARTY TRANSACTIONS

Investment Advisory Agreement: WhiteHorse Advisers serves as the Company's investment adviser in accordance with the terms of an investment advisory agreement. The Company's board of directors most recently re-approved the amended and restated investment advisory agreement (the "Investment Advisory Agreement") on August 1, 2019. The Investment Advisory Agreement was amended and restated to reduce the base management fee on assets financed using leverage over 200% asset coverage (over 1.0x debt to equity) as further discussed below. Subject to the overall supervision of the Company's board of directors, WhiteHorse Advisers manages the day-to-day operations of, and provides investment management services to, the Company. Under the terms of the Investment Advisory Agreement, WhiteHorse Advisers:

- determines the composition of the investment portfolio, the nature and timing of the changes to the portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments the Company makes (including performing due diligence on the Company's prospective portfolio companies); and
- closes, monitors and administers the investments the Company makes, including the exercise of any voting or consent rights.

In addition, WhiteHorse Advisers provides the Company with access to personnel and an investment committee. Under the Investment Advisory Agreement, the Company pays WhiteHorse Advisers a fee for investment management services consisting of a base management fee and an incentive fee. The Investment Advisory Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

Base Management Fee

Prior to November 1, 2018, the base management fee is calculated at an annual rate of 2.0% of the average carrying value of consolidated gross assets, including cash and cash equivalents and assets purchased with borrowed funds, at the end of the two most recently completed calendar quarters. Effective November 1, 2018, the base management fee is calculated at an annual rate of 2.0% of the average carrying value of consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds); provided, however, the base management fee shall be calculated at an annual rate of 1.25% of the average carrying value of consolidated gross assets (including cash and cash equivalents and assets purchased with borrowed funds), that exceeds the product of (i) 200% and (ii) the value of the Company's total net assets, at the end of the two most recently completed calendar quarters. Base management fees are payable quarterly in arrears and are appropriately pro-rated for any partial month or quarter.

During the three and six months ended June 30, 2019, the Company incurred base management fees of $2,598 and $5,010, net of fees waived, respectively. During the three and six months ended June 30, 2018, the Company incurred base management fees of $2,607 and $5,052, respectively. WhiteHorse Advisers agreed to waive that portion of the base management fee payable with respect to cash and cash equivalents and restricted cash and cash equivalents to which it would otherwise be entitled under the Investment Advisory Agreement for the fiscal quarters ended September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019; and for the fiscal quarter ending September 30, 2019 only to the extent that the determination of base management fees would otherwise include June 30, 2019 cash and cash equivalents and restricted cash and cash equivalents for the purpose of calculating the average carrying value of consolidated gross assets.

Performance-based Incentive Fee

The performance-based incentive fee consists of two components that are independent of each other, except as provided by the Incentive Fee Cap and Deferral Mechanism discussed below.

The calculations of these two components have been structured to include a fee limitation such that no incentive fee will be paid to the investment adviser for any quarter if, after such payment, the cumulative incentive fees paid to the investment adviser for the period that includes the current fiscal quarter and the 11 full preceding fiscal quarters, referred to as the "Incentive Fee Look-back Period," would exceed 20.0% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the Incentive Fee Look-back Period. Each quarterly incentive fee is subject to the Incentive Fee Cap (as defined below) and a deferral mechanism through which the investment adviser may recap a portion of such deferred incentive fees, which is referred to together as the "Incentive Fee Cap and Deferral Mechanism."

This limitation is accomplished by subjecting each incentive fee payable to a cap, which is referred to as the "Incentive Fee Cap." The Incentive Fee Cap in any quarter is equal to (a) 20.0% of Cumulative Pre-Incentive Fee Net Return (as defined below) during the Incentive Fee Look-back Period less (b) cumulative incentive fees of any kind paid to the investment adviser during the Incentive Fee Look-back Period. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, the Company will pay no incentive fee to its investment adviser in that quarter. The Company will only pay incentive fees to the extent allowed by the Incentive Fee Cap and Deferral Mechanism. To the extent that the payment of incentive fees is limited by the Incentive Fee Cap and Deferral Mechanism, the payment of such fees may be deferred and paid in subsequent quarters up to three years after their date of deferment, subject to applicable limitations included in the Investment Advisory Agreement. The deferral component of the Incentive Fee Cap and Deferral Mechanism may cause incentive fees that accrued during one fiscal quarter to be paid to the investment adviser at any time during the 11 full fiscal quarters following such initial full fiscal quarter.

The "Cumulative Pre-Incentive Fee Net Return" refers to the sum of (a) Pre-Incentive Fee Net Investment Income for each period during the Incentive Fee Look-back Period and (b) the sum of cumulative realized capital gains, cumulative realized capital losses, cumulative unrealized capital depreciation and cumulative unrealized capital appreciation during the applicable Incentive Fee Look-back Period.

The first component, which is income-based (the "Income Incentive Fee"), is calculated and payable quarterly in arrears and is determined based on Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter, subject to the Incentive Fee Cap and Deferral Mechanism. For this purpose, "Pre-Incentive Fee Net Investment Income" means, in each case on a consolidated basis, interest income, distribution income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees received from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement (the "Administration Agreement"), any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to the Company's investment adviser in any calendar quarter in which Pre-Incentive Fee Net Investment Income does not exceed the "Hurdle Rate" of 1.75% (7.00% annualized);

- 100% of Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle Rate but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to the investment adviser. This portion of the Company's Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle Rate but is less than 2.1875%) is referred to as the "catch-up." The effect of the catch-up is that, if such Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter, the investment adviser will receive 20% of such Pre-Incentive Fee Net Investment Income as if the Hurdle Rate did not apply; and

- 20% of the amount of such Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle Rate is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Net Investment Income).

The portion of such incentive fee that is attributable to deferred interest (such as PIK interest or original issue discount) will be paid to the investment adviser, together with interest from the date of deferral to the date of payment, only if and to the extent that the Company actually receives such interest in cash, and any accrual will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter.

There is no accumulation of amounts on the Hurdle Rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if subsequent quarters are below the quarterly Hurdle Rate and there is no delay of payment if prior quarters are below the quarterly Hurdle Rate. Since the Hurdle Rate is fixed, as interest rates rise, it will be easier for the investment adviser to surpass the Hurdle Rate and receive an incentive fee based on Pre-Incentive Fee Net Investment Income.

Net investment income used to calculate this component of the incentive fee is also included in the amount of consolidated gross assets used to calculate the 2.0% base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

The second component, the capital gains component of the incentive fee (the "Capital Gains Incentive Fee"), which is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commenced on January 1, 2013, and equals 20% of cumulative aggregate realized capital gains from January 1 through the end of each calendar year, computed net of aggregate cumulative realized capital losses and aggregate cumulative unrealized capital depreciation through the end of each year (the "Capital Gains Incentive Fee Base"), less the aggregate amount of any previously paid Capital Gains Incentive Fees and subject to the Incentive Fee Cap and Deferral Mechanism. If such amount is negative, then no Capital Gains Incentive Fee will be payable for the year. Additionally, if the Investment Advisory Agreement is terminated as of a date that is not a calendar year end, the termination date will be treated as though it were a calendar year end for purposes of calculating and paying the Capital Gains Incentive Fee. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

In accordance with GAAP, the Company is also required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gains incentive fee on a quarterly basis if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. If the Capital Gains Incentive Fee Base, adjusted as required by GAAP to include unrealized capital appreciation, is positive at the end of a reporting period, then GAAP requires the Company to accrue a Capital Gains Incentive Fee equal to 20% of such amount, less the aggregate amount of any Capital Gains Incentive Fees previously paid and Capital Gains Incentive Fees accrued under GAAP in all prior periods. If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP in a given period may result in either additional expense (if such cumulative amount is greater than in the prior period) or a reversal of previously recorded expense (if such cumulative amount is less than in the prior period). There can be no assurance that such unrealized capital appreciation will be realized in the future. For the three and six months ended June 30, 2019, the Company accrued a Capital Gains Incentive Fee of $198 and $77, respectively, which accruals are included in performance-based incentive fees in the consolidated statements of operations. For the three and six months ended June 30, 2018, the Company accrued a Capital Gains Incentive Fee of $2,191 and $2,191, respectively. As of June 30, 2019 and December 31, 2018, included in management and incentive fees payable on the consolidated statements of assets and liabilities were $775 and $4,707, respectively, for cumulative accruals of Capital Gains Incentive Fees under GAAP, including any amounts payable pursuant to the Investment Advisory Agreement as described above.

Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where it incurs a loss subject to the Incentive Fee Cap and Deferral Mechanism. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the Hurdle Rate, it will pay the applicable Income Incentive Fee even after incurring a loss in that quarter due to realized and unrealized capital losses.

During the three and six months ended June 30, 2019, the Company incurred total performance-based incentive fees of $2,055 and $3,806, respectively. During the three and six months ended June 30, 2018, the Company incurred total performance-based incentive fees of $3,891 and $6,035, respectively.

Administration Agreement: Pursuant to the Administration Agreement, WhiteHorse Administration furnishes the Company with office facilities, equipment and clerical, bookkeeping and record keeping services to enable the Company to operate. Under the Administration Agreement, WhiteHorse Administration performs, or oversees the performance of, the Company's required administrative services, which include being responsible for the financial records which the Company is required to maintain and preparing reports to its stockholders and reports filed with the Securities and Exchange Commission (the "SEC"). In addition, WhiteHorse Administration assists the Company in determining and publishing its net asset value, oversees the preparation and filing of its tax returns and the printing and dissemination of reports to its stockholders and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the Administration Agreement equal an amount based upon the Company's allocable portion of WhiteHorse Administration's overhead in performing its obligations under the Administration Agreement, including rent and the Company's allocable portion of the cost of its chief financial officer and chief compliance officer along with their respective staffs. Under the Administration Agreement, WhiteHorse Administration also provides on the Company's behalf managerial assistance to those portfolio companies to which the Company is required to provide such assistance. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that WhiteHorse Administration outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis without any profit to WhiteHorse Administration.

Substantially all the Company's payments of operating expenses to third parties were made by a related party, for which such third party received reimbursement from the Company.

During the three and six months ended June 30, 2019, the Company incurred allocated administrative service fees of $159 and $317, respectively. During the three and six months ended June 30, 2018, the Company incurred allocated administrative service fees of $175 and $350, respectively.

Co-investments with Related Parties: At June 30, 2019 and December 31, 2018, certain officers or employees affiliated with or employed by WhiteHorse Advisers and its related entities maintained co-investments in the Company's investments of $0 and $0, respectively.

At June 30, 2019 and December 31, 2018, certain funds affiliated with WhiteHorse Advisers and its related entities maintained co-investments in the Company's investments of $1,416,153 and $1,015,838, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Commitments: In the normal course of business, the Company is party to financial instruments with off-balance-sheet risk to meet the financing needs of its borrowers. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated statement of assets and liabilities. The Company attempts to limit its credit risk by conducting extensive due diligence and obtaining collateral where appropriate.

The balance of unfunded commitments to extend credit was approximately $8.2 million and $1.6 million as of June 30, 2019 and December 31, 2018, respectively. Commitments to extend credit consist principally of the unused portions of commitments that obligate the Company to extend credit, such as revolving credit arrangements or similar transactions. These commitments are often subject to financial or non-financial milestones and other conditions to borrow that must be achieved before the commitment can be drawn. In addition, the commitments generally have fixed expiration dates or other termination clauses. Since commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The following table summarizes the Company's unfunded commitments as of June 30, 2019 and December 31, 2018:

	Unfunded Commitment as of	
	June 30, 2019	December 31, 2018
Revolving Loan Commitments:		
arcserve (USA) LLC	$ 972	$ -
Lift Brands, Inc.	549	624
Newscycle Solutions, Inc.	108	-
Quest Events, LLC	935	935
	2,564	1,559
Delayed Draw Loan Commitments:		
CHS Therapy, LLC	3,167	-
Crown Brands LLC	850	-
JVMC Holdings Corp.	1,610	-
	5,627	-
Total Unfunded Commitments	$ 8,191	$ 1,559

Indemnification: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Legal Proceedings: In the normal course of business, the Company, the investment adviser and the administrator may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While there can be no assurance of the ultimate disposition of any such proceedings, the Company does not believe any such disposition will have a material adverse effect on the Company's consolidated financial statements.

NOTE 8 - FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights:

	Six months ended June 30,	
	2019	**2018**
Per share data:[1]		
Net asset value, beginning of period	$ 15.35	$ 13.98
Net investment income	0.72	0.64
Net realized and unrealized gains on investments	0.02	0.96
Net increase in net assets resulting from operations	0.74	1.60
Distributions declared from net investment income	(0.71)	(0.71)
Net asset value, end of period	$ 15.38	$ 14.87
Total annualized return based on market value[2]	16.33%	16.38%
Total annualized return based on net asset value	9.65%	22.30%
Net assets, end of period	$ 315,932	$ 305,281
Per share market value at end of period	$ 13.75	$ 14.51
Shares outstanding end of period	20,546,032	20,531,948
Ratios/Supplemental data:[3]		
Ratio of expenses before incentive fees to average net assets[4][5]	8.41%	8.16%
Ratio of incentive fees to average net assets[4]	2.41%	4.09%
Ratio of total expenses to average net assets[4][5]	10.82%	12.25%
Ratio of net investment income to average net assets[4][5]	9.40%	8.93%
Portfolio turnover ratio	13.15%	24.56%

(1) Calculated using the average shares outstanding method.

(2) Total return is based on the change in market price per share during the period and takes into account distributions, if any, reinvested in accordance with the distribution reinvestment plan.

(3) With the exception of the portfolio turnover rate, ratios are reported on an annualized basis.

(4) During the six months ended June 30, 2019, WhiteHorse Advisers irrevocably waived $397 of base management fees. Excluding these management fee waivers, the ratios to average net assets consisting of the ratio of expenses before incentive fees, ratio of incentive fees, ratio of total expenses and ratio of net investment income would have been 8.66%, 2.36%, 11.02% and 9.20%, respectively, for the six months ended June 30, 2019. WhiteHorse Advisers did not waive any base management fees during the six months ended June 30, 2018.

(5) Calculated using total expenses, including tax provision.

Financial highlights are calculated for each securities class taken as a whole. An individual stockholder's return and ratios may vary based on the timing of capital transactions.

NOTE 9 - CHANGE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE

The following information sets forth the computation of the basic and diluted per share net increase in net assets resulting from operations:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net increase in net assets resulting from operations	$ 8,219	$ 19,054	$ 15,224	$ 32,907
Weighted average shares outstanding	20,546,032	20,531,948	20,546,032	20,531,948
Basic and diluted per share net increase in net assets resulting from operations	$ 0.41	$ 0.93	$ 0.74	$ 1.60

NOTE 10 - SUBSEQUENT EVENTS

The Company has evaluated events that have occurred after the balance sheet date but before the consolidated financial statements are issued and has determined that, other than the item disclosed below, there were no additional subsequent events requiring adjustment or disclosure in the consolidated financial statements.

In July 2019, the Company contributed assets comprising five issuers of senior secured debt facilities to WHF STRS Ohio Senior Loan Fund LLC, its joint venture with the State Teachers Retirement System of Ohio, formally launching the operations of WHF STRS Ohio Senior Loan Fund LLC.

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

The information contained in this section should be read in conjunction with our Consolidated Financial Statements appearing elsewhere in this quarterly report on Form 10-Q. In this quarterly report on Form 10-Q, "we", "us", "our" and "WhiteHorse Finance" refer to WhiteHorse Finance, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our ability to consummate new investments and the impact of such investments;
- our business prospects and the prospects of our prospective portfolio companies;
- the ability of our portfolio companies to achieve their objectives;
- our contractual arrangements and relationships with third parties;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes to the value of our assets;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the impact of increased competition;
- the ability of our investment adviser to locate suitable investments for us and to monitor our investments;
- our expected financings and investments and the rate at which our investments are refunded by portfolio companies;
- our ability to pay dividends or make distributions;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our prospective portfolio companies; and
- the impact of future acquisitions and divestitures.

We use words such as "may," "might," "will," "intends," "should," "could," "can," "would," "expects," "believes," "estimates," "anticipates," "predicts," "potential," "plan" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in "Item 1A-Risk Factors" in our annual report on Form 10-K and elsewhere in this quarterly report on Form 10-Q.

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

You should understand that under Sections 27A(b)(2)(B) and (D) of the Securities Act of 1933, as amended, or the Securities Act, and Sections 21E(b)(2)(B) and (D) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, do not apply to statements made in connection with this quarterly report on Form 10-Q or any periodic reports we file under the Exchange Act.

Overview

We are an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code.

We were formed on December 28, 2011 and commenced operations on January 1, 2012. We were originally capitalized with approximately $176.3 million of contributed assets from H.I.G. Bayside Debt & LBO Fund II, L.P. and H.I.G. Bayside Loan Opportunity Fund II, L.P., each of which is an affiliate of H.I.G. Capital, L.L.C., or H.I.G. Capital. These assets were contributed as of January 1, 2012 in exchange for 11,752,383 units in WhiteHorse Finance, LLC. On December 4, 2012, we converted from a Delaware limited liability company into a Delaware corporation and elected to be treated as a business development company under the 1940 Act.

On December 4, 2012, we priced our initial public offering, or the IPO, selling 6,666,667 shares. Concurrent with the IPO, certain of our directors and officers, the managers of H.I.G. WhiteHorse Advisers, LLC, or WhiteHorse Advisers, and their immediate family members or entities owned by, or family trusts for the benefit of, such persons, purchased an additional 472,673 shares through a private placement exempt from registration under the Securities Act. Our shares are listed on the NASDAQ Global Select Market under the symbol "WHF."

On November 20, 2015, we completed a non-transferable subscription rights offering, or the Rights Offering, to our stockholders of record as of October 23, 2015. The rights entitled record stockholders to subscribe for up to an aggregate of 3,321,033 shares of our common stock at a price equal to $13.55 per share, the closing price of WhiteHorse Finance stock as of October 16, 2015. Record stockholders received one right for each share of common stock owned on the record date. The rights entitled the holders to purchase one new share of common stock for every 4.511505 rights held, and record stockholders who fully exercised their rights were entitled to subscribe, subject to certain limitations and allotment, for additional shares that remained unsubscribed as a result of any unexercised rights. The Rights Offering was fully subscribed, and net proceeds, after payment of the dealer manager fees and other offering expenses, was approximately $44.0 million.

On June 30, 2017, we completed an offering of 2,200,000 shares of our common stock at a public offering price of $13.97 per share. WhiteHorse Advisers agreed to bear a portion of the underwriting discounts and commissions in connection with the offering, such that the issuance of shares resulted in net proceeds to us of approximately $30.3 million, which was at or above our net asset value, or NAV, per share at the time of the offering.

We are a direct lender targeting debt investments in privately held, lower middle market companies located in the United States. We define the lower middle market as those companies with enterprise values between $50 million and $350 million. Our investment objective is to generate attractive risk-adjusted returns primarily by originating and investing in senior secured loans, including first lien and second lien facilities, to performing lower middle market companies across a broad range of industries. Such loans typically carry a floating interest rate based on the London Interbank Offered Rate, or LIBOR, plus a spread and typically have a term of three to six years. While we focus principally on originating senior secured loans to lower middle market companies, we may also opportunistically make investments at other levels of a company's capital structure, including mezzanine loans or equity interests, and in companies outside of the lower middle market, to the extent we believe the investment presents an opportunity to achieve an attractive risk-adjusted return. We also may receive warrants to purchase common stock in connection with our debt investments. We expect to generate current income through the receipt of interest payments, as well as origination and other fees, capital appreciation and dividends.

Our investment activities are managed by WhiteHorse Advisers and are supervised by our board of directors, a majority of whom are independent of us, WhiteHorse Advisers and its affiliates. Under our investment advisory agreement with WhiteHorse Advisers, or the Investment Advisory Agreement, we have agreed to pay WhiteHorse Advisers an annual base management fee based on our average consolidated gross assets as well as an incentive fee based on our investment performance. We have also entered into an administration agreement, or the Administration Agreement, with H.I.G. WhiteHorse Administration, LLC, or WhiteHorse Administration. Under our Administration Agreement, we have agreed to reimburse WhiteHorse Administration for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by WhiteHorse Administration in performing its obligations under the Administration Agreement.

Revenues

We generate revenue in the form of interest payable on the debt securities that we hold and capital gains and distributions, if any, on the portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior secured loans or mezzanine loans, typically have terms of three to six years and bear interest at a fixed or floating rate based on a spread over LIBOR or other agreed upon reference rate. Interest on debt securities is generally payable monthly or quarterly, with the amortization of principal generally being deferred for several years from the date of the initial investment. In some cases, we may also defer payments of interest for the first few years after our investment. The principal amount of the debt securities and any accrued but unpaid interest generally becomes due at the maturity date. In addition, we generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance and possibly consulting fees. We capitalize loan origination fees, original issue discount and market discount, and we then amortize such amounts as interest income. Upon the prepayment of a loan or debt security, we record any unamortized loan origination fees as interest income. We record prepayment premiums on loans and debt securities as fee income when earned. Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Expenses

Our primary operating expenses include (1) investment advisory fees to WhiteHorse Advisers; (2) the allocable portion of overhead under the Administration Agreement; (3) the interest expense on our outstanding debt; and (4) other operating costs as detailed below. Our investment advisory fees compensate our investment adviser for its work in identifying, evaluating, negotiating, consummating and monitoring our investments.

We bear all other costs and expenses of our operations and transactions, including:

- our organization;
- calculating our net asset value and net asset value per share (including the costs and expenses of independent valuation firms);
- fees and expenses, including travel expenses, incurred by WhiteHorse Advisers or payable to third parties in performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- the costs of all future offerings of common shares and other securities, and other incurrences of debt;
- the base management fee and any incentive fee;
- distributions on our shares;
- transfer agent and custody fees and expenses;
- amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;
- brokerage fees and commissions;

- registration fees;
- listing fees;
- taxes;
- independent directors' fees and expenses;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable U.S. federal and state securities laws;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- costs of holding stockholder meetings;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance and any other insurance premiums;
- litigation, indemnification and other non-recurring or extraordinary expenses;
- direct costs and expenses of administration and operation, including audit and legal costs;
- fees and expenses associated with marketing efforts, including deal sourcing and marketing to financial sponsors;
- dues, fees and charges of any trade association of which we are a member; and
- all other expenses reasonably incurred by us or WhiteHorse Administration in connection with administering our business, including rent and our allocable portion of the costs and expenses of our chief financial officer and chief compliance officer along with their respective staffs.

WhiteHorse Advisers or WhiteHorse Administration may pay for certain expenses that we incur, which are subject to reimbursement by us.

Recent Developments

In July 2019, we contributed assets comprising five issuers of senior secured debt facilities to WHF STRS Ohio Senior Loan Fund LLC, our joint venture previously formed with the State Teachers Retirement System of Ohio, formally launching the operations of WHF STRS Ohio Senior Loan Fund LLC.

As previously disclosed, on June 14, 2019, we entered into an underwriting agreement, or the Underwriting Agreement, amongst WhiteHorse Finance, Raymond James & Associates, Inc., as representative to the several underwriters named on Schedule A thereto, or the Underwriters, WhiteHorse Advisers, WhiteHorse Administration, and certain funds affiliated with H.I.G. Capital as selling stockholders, or the Bayside Funds, pursuant to which the Bayside Funds sold to the Underwriters an aggregate of 2,579,328 (consisting of 2,350,000 shares pursuant to the base offering and 229,328 shares pursuant to an overallotment option exercised in part by the Underwriters) of WhiteHorse Finance common stock, in a registered public offering pursuant to our shelf registration statement on Form N-2 (File No. 333-231247). We expect that the Bayside Funds may continue to gradually reduce their ownership in WhiteHorse Finance in an orderly process, potentially through block trades, additional secondary offerings or at-the-market offerings.

Consolidated Results of Operations

The consolidated results of operations described below may not be indicative of the results we report in future periods. Net investment income and net increase in net assets can vary substantially from period to period due to various reasons, including the level of new investments and the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net increases in net assets resulting from operations may not be meaningful.

Investment Income

Investment income for the three and six months ended June 30, 2019 totaled $16.0 and $31.9 million, respectively, and was primarily attributable to interest, dividends and fees earned from investments in portfolio companies. This compares to investment income for the three and six months ended June 30, 2018 of $14.7 million and $31.3 million, respectively. Included in investment income for the three and six months ended June 30, 2019 was $2.8 million and $3.8 million, respectively, of non-recurring fee income. Non-recurring fee income for the three and six months ended June 30, 2018 totaled $0.7 million and $2.8 million, respectively. We expect to generate some level of non-recurring fee income during most quarters from prepayments, amendments and other sources.

Operating Expenses

Expenses, net of any fees waived and excluding excise tax, totaled $8.5 million and $16.6 million for the three and six months ended June 30, 2019, respectively. This compares to expenses of $10.0 million and $18.1 million for the three and six months ended June 30, 2018, respectively.

Interest expense totaled $3.2 million and $6.2 million for the three and six months ended June 30, 2019, respectively. We incurred interest expense of $2.8 million and $5.4 million for the three and six months ended June 30, 2018, respectively. The increase was due to the additional interest expense incurred as a result of our $35 million unsecured notes due 2025, which were issued in November 2018, partially offset by a decrease in interest expense incurred on our revolving credit facility due to lower average borrowing balances.

Base management fees (net of fees waived, if any) totaled $2.6 million and $5.0 million for the three and six months ended June 30, 2019, respectively, and $2.6 million and $5.1 million for the three and six months ended June 30, 2018, respectively. For the three and six months ended June 30, 2019, WhiteHorse Advisers waived approximately $0.2 and $0.4 million in base management fees, respectively. For the three and six months ended June 30, 2018, there were no base management fees waived.

Performance-based incentive fees totaled $2.1 million and $3.8 million for the three and six months ended June 30, 2019, respectively, and $3.9 million and $6.0 million for the three and six months ended June 30, 2018, respectively. The decrease in performance-based incentive fees was attributable to an additional $2.2 million accrual for the capital gains incentive fee component recorded in the quarter ended June 30, 2018, which was driven by the increase in unrealized appreciation in Aretec Group, Inc.

Administrative service fees for the three and six months ended June 30, 2019 totaled $0.2 million and $0.3 million, respectively. This compares to administrative fees of $0.2 million and $0.4 million for the three and six months ended June 30, 2018, respectively.

General and administrative expenses were $0.5 million and $1.2 million for the three and six months ended June 30, 2019, respectively and $0.6 million and $1.3 million for the three and six months ended June 30, 2018, respectively.

Excise Tax Expense

We have elected to be treated as a RIC under Subchapter M of the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to be subject to tax as a RIC, we are required to meet certain source of income and asset diversification requirements, as well as timely distribute dividends to our stockholders, for U.S. federal income tax purposes, of an amount generally at least equal to 90% of investment company taxable income, as defined by the Code, and determined without regard to any deduction for dividends paid for each tax year. We have made and intend to continue to make the requisite distributions to our stockholders that will generally relieve us from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to retain taxable income in excess of current year distributions into the next tax year in an amount less than what would trigger payments of U.S. federal income tax under Subchapter M of the Code. We may then be required to incur a 4% excise tax on such income. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned. For the three and six months ended June 30, 2019, we accrued a net excise tax expense of $0.2 million and $0.5 million, respectively, for U.S. federal excise tax. For the three and six months ended June 30, 2018, no excise tax expenses were accrued.

Net Realized and Unrealized Gains (Losses) on Investments

For the three and six months ended June 30, 2019, we incurred a net realized loss of approximately $0.0 million and $2.0 million, respectively, which was driven by the sale of our remaining position in Outcome Health. For the three and six months ended June 30, 2018, we incurred a net realized gain of approximately $73 thousand.

For the three and six months ended June 30, 2019, we recorded net unrealized appreciation of $1.0 million and $2.4 million, respectively. For the three and six months ended June 30, 2018, we generated net unrealized appreciation of $14.4 million and $19.6 million, respectively. Unrealized appreciation and depreciation generally arise from credit-related adjustments and the reversal of unrealized depreciation or appreciation due to repayments or disposals. Net unrealized appreciation during the three months ended June 30, 2019 was primarily attributable to fair value increases on our investments in Sigue Corporation, Grupo HIMA San Pablo, Inc., Fox Rent A Car, Inc. and Crews of California, Inc. partially offset by fair value markdowns on our investments in AG Kings Holdings Inc., Bulk Midco, LLC and StackPath, LLC & Highwinds Capital, Inc. Net unrealized appreciation during the six months ended June 30, 2019 was primarily attributable to fair value increases on our investments in Grupo HIMA San Pablo, Inc. and Fox Rent A Car, Inc. as well as the reversal of prior unrealized depreciation upon the full disposition of our investment in Outcome Health, partially offset by fair value markdowns on our investments in AG Kings Holdings Inc., Bulk Midco, LLC, RCS Creditor Trust Class B Units and Mills Fleet Farm Group, LLC.

Financial Condition, Liquidity and Capital Resources

As a business development company, we distribute substantially all of our net income to our stockholders. We generate cash primarily from borrowings under the Credit Facility (as defined below), offerings of securities, and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. We expect to fund a portion of our investments through future borrowings. In the future, we may obtain borrowings under other credit facilities and from issuances of senior securities to the extent permitted by the 1940 Act. We may also borrow funds to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities, if the market for debt financing presents attractively priced debt financing opportunities or if our board of directors determines that leveraging our portfolio would be in our best interest and the best interests of our stockholders.

Our board of directors may decide to issue common stock, such as through at-the-market offerings, direct placements or otherwise, to finance our operations rather than issuing debt or other senior securities. Any decision to sell shares below the then-current net asset value per share of our common stock is subject to stockholder approval and a determination by our board of directors that such issuance and sale is in our and our stockholders' best interests. Any sale or other issuance of shares of our common stock at a price below net asset value per share results in immediate dilution to our stockholders' interests in our common stock and a reduction in our net asset value per share. If we were to issue additional shares of our common stock during the next 12 months, we do not intend to issue shares below the then-current net asset value per share.

Restricted cash and cash equivalents include amounts that are collected and held by the trustee appointed as custodian of the assets securing the Credit Facility. Restricted cash is held by the trustee for the payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. Restricted cash that represents interest or fee income is transferred to unrestricted cash accounts by the trustee generally once a quarter after the payment of operating expenses and amounts due under the Credit Facility.

Our operating activities used cash and cash equivalents of $38.1 million during the six months ended June 30, 2019, primarily due to the net acquisition of investments. Our financing activities provided cash and cash equivalents of $54.8 million during the six months ended June 30, 2019, primarily from net borrowings under our revolving credit facility, partially offset by the payment of distributions to stockholders.

Our operating activities used cash and cash equivalents of $38.6 million during the six months ended June 30, 2018, primarily from the net acquisition of investments. Our financing activities generated cash and cash equivalents of $18.2 million during the six months ended June 30, 2018, primarily from net borrowings under our revolving credit facility, partially offset by the payment of distributions to stockholders.

As of June 30, 2019, we had cash and cash equivalent resources of $50.4 million, including $33.8 million of restricted cash. As of the same date, we had approximately $15.6 million undrawn and available to be drawn under the Credit Facility based on the collateral and portfolio quality requirements stipulated in the related credit agreement.

As of December 31, 2018, we had cash and cash equivalent resources of $33.7 million, including $9.6 million of restricted cash. As of the same date, we had $85.0 million undrawn under the Credit Facility based on the collateral and portfolio quality requirements stipulated in the related credit and security agreement.

Credit Facility

On December 23, 2015, our wholly owned subsidiary WhiteHorse Finance Credit I, LLC, or WhiteHorse Credit, entered into a $200 million revolving credit and security agreement, or the Credit Facility, with JPMorgan Chase Bank, National Association, or the Lender. On June 27, 2016, the Credit Facility was amended and restated to clarify certain terms. On June 29, 2017, the Credit Facility was again amended and restated to, among other things, (i) extend the maturity date to December 29, 2021, (ii) increase the amount contained within the accordion feature which allows for the expansion of the borrowing limit from $220 million to $235 million and (iii) reduce the interest rate spread applicable on outstanding borrowings to 2.75%. On May 15, 2018, the terms of the Credit Facility were again amended and restated to, among other things, permit the financing of certain assets to be held by WhiteHorse Finance (CA), LLC, or WhiteHorse California, a wholly owned subsidiary of WhiteHorse Credit. On November 19, 2018, we entered into an amendment, which, among other things, allowed for an increase in the advance rate and a temporary reduction, through August 19, 2019, in the required minimum outstanding borrowings under the Credit Facility. In July 2019, the temporary reduction was extended to November 29, 2019 by executing another amendment.

As of June 30, 2019, there was approximately $184 million in outstanding borrowings under the Credit Facility and, based on collateral and portfolio requirements stipulated in the Credit Facility agreement, approximately $16 million was available to be drawn on such date. The Credit Facility is secured by all of the assets of WhiteHorse Credit, which included loans with a fair value of $494.1 million as of June 30, 2019.

As of December 31, 2018, there was $115 million in outstanding borrowings under the Credit Facility and, based on collateral and portfolio requirements stipulated in the Credit Facility agreement, approximately $85 million was available to be drawn on such date. The Credit Facility is secured by all of the assets of WhiteHorse Credit, which included loans with a fair value of $432.2 million as of December 31, 2018.

Under the Credit Facility, there are two coverage tests that WhiteHorse Credit must meet on specified compliance dates in order to permit WhiteHorse Credit to make new borrowings and to make distributions in the ordinary course - a borrowing base test and a market value test. The borrowing base test compares, at any given time, the aggregate outstanding amount of all Lender advances under the Credit Facility less the amount of principal proceeds in respect of the collateral on deposit in the accounts to the NAV of the collateral, as set forth in the credit agreement and related documentation. To meet the borrowing base test, this ratio must be less than or equal to 57%, as set forth in the credit agreement and related documentation. Similarly, the market value test measures the aggregate outstanding amount of all Lender advances under the Credit Facility net of the amount of principal proceeds in respect of the collateral on deposit in the accounts to the NAV of the collateral. To meet the borrowing base test, this ratio must be less than or equal to 65%, as set forth in the credit agreement and related documentation.

Advances under the Credit Facility are based on the three-month LIBOR plus an annual spread of 2.75%. Interest is payable quarterly in arrears. WhiteHorse Credit is required to pay a non-usage fee which accrues at 1.00% per annum (or 0.60% per annum with respect to any date in which the aggregated amount of outstanding borrowings is greater than 77.5% of the total commitments), on the average daily unused amount of the financing commitments, to the extent the aggregate principal amount available under the Credit Facility has not been borrowed. WhiteHorse Credit paid an upfront fee and incurred certain other customary costs and expenses in connection with obtaining the Credit Facility. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on December 29, 2021.

The Credit Facility and the related documents require WhiteHorse Finance and WhiteHorse Credit to, among other things, agree to make certain customary representations and to comply with customary affirmative and negative covenants. The Credit Facility also includes customary events of default for credit facilities of this nature, including breaches of representations, warranties or covenants by WhiteHorse Finance or WhiteHorse Credit, the occurrence of a change in control, or failure to maintain certain required ratios.

If we fail to perform our obligations under the credit agreement or the related agreements, an event of default may occur, which could cause the Lender to accelerate all of the outstanding debt and other obligations under the Credit Facility or to exercise other remedies under the credit agreement. Any such developments could have a material adverse effect on our financial condition and results of operations.

If any of our contractual obligations discussed above is terminated, our costs under new agreements that we enter into may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Advisory Agreement and our Administration Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

2020 Notes

On July 23, 2013, we completed a public offering of $30.0 million of aggregate principal amount of unsecured notes due 2020, or the 2020 Notes, the net proceeds of which were used to reduce outstanding obligations under an unsecured term loan. Interest on the 2020 Notes had paid quarterly on March 31, June 30, September 30 and December 31, at an annual rate of 6.50%. On July 10, 2018, we notified American Stock Transfer & Trust Company, LLC, the trustee of our 2020 Notes, of our election to redeem the $30 million of aggregate principal amount of the 2020 Notes outstanding, and instructed the trustee to provide notice of such redemption to the holders of the 2020 Notes in accordance with the terms of the indenture agreement under which the 2020 Notes were issued. The redemption was completed on August 9, 2018, and the 2020 Notes were delisted from the NASDAQ Global Select Market where they were previously listed under the symbol "WHFBL."

Private Notes

On July 13, 2018, we entered into an agreement, or the Note Purchase Agreement, to sell in a private offering $30 million of aggregate principal amount of unsecured notes, or the Private Notes, to qualified institutional investors in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended. Interest on the Private Notes is payable semiannually on February 7 and August 7, at a fixed, annual rate of 6.00%. This interest rate is subject to increase (up to 6.50%) in the event that, subject to certain exceptions, the Private Notes cease to have an investment grade rating. The Private Notes mature on August 7, 2023, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. The Private Notes are general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness that we may issue. The closing of the transaction occurred on August 7, 2018. We used the net proceeds from this offering, together with cash on hand, to redeem all of the 2020 Notes, as discussed above.

2025 Notes

On November 13, 2018, we completed a public offering of $35.0 million of aggregate principal amount of unsecured notes due 2025, or the 2025 Notes, the net proceeds of which were used to fund investments in debt and equity securities and repay outstanding indebtedness under our revolving credit facility. Interest on the 2025 Notes is paid quarterly on February 28, May 31, August 31 and November 30 each year, at a fixed, annual rate of 6.50%. The 2025 Notes will mature on November 30, 2025 and may be redeemed in whole or in part at any time, or from time to time, at our option on or after November 30, 2021. The 2025 Notes will rank equally in right of payment with our other outstanding and future unsecured, unsubordinated indebtedness, including the Private Notes. The 2025 Notes will effectively rank behind all of our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant security) in right of payment, to the extent of the value of the assets securing such indebtedness, including our Credit Facility. The 2025 Notes are listed on the NASDAQ Global Select Market under the trading symbol "WHFBZ."

Portfolio Investments and Yield

As of June 30, 2019, our investment portfolio consisted primarily of senior secured loans across 67 positions in 47 companies with an aggregate fair value of $534.8 million. As of that date, the majority of our portfolio was comprised of senior secured loans to lower middle market borrowers and nearly all of those loans were variable-rate investments (primarily indexed to LIBOR) with the single fixed-rate loan investment representing less than 0.1% based on fair value. As of June 30, 2019, our portfolio had an average investment size of $8.0 million based on fair value (average debt investment size of $8.8 million), with investment sizes ranging from less than $0.1 million to $24.7 million and a weighted average effective yield of 10.7% (and a weighted average effective yield on income-producing debt investments of 11.3%).

As of December 31, 2018, our investment portfolio consisted primarily of senior secured loans across 53 positions in 39 companies with an aggregate fair value of $469.6 million. As of that date, the majority of our portfolio was comprised of senior secured loans to lower middle market borrowers and nearly all of those loans were variable-rate investments (primarily indexed to LIBOR) with the single fixed-rate loan investment representing less than 0.1% based on fair value. As of December 31, 2018, our portfolio had an average investment size of $8.9 million (average debt investment size of $10.1 million), with investment sizes ranging from less than $0.1 million to $24.7 million and a weighted average effective yield of 11.8% (and a weighted average effective yield on income-producing debt investments of 11.9%).

For the six months ended June 30, 2019, we invested $126.2 million in new and existing portfolio companies, offset by repayments and sales of $64.6 million. Proceeds from sales totaled $5.5 million while repayments included $5.8 million of scheduled repayments and $53.3 million of unscheduled repayments.

For the six months ended June 30, 2018, we invested $164.5 million in new and existing portfolio companies, partially offset by repayments and sales of $116.2 million. Proceeds from sales totaled $4.8 million while repayments included $4.4 million of scheduled repayments and $107.0 million of unscheduled repayments.

We actively monitor and manage our portfolio with regard to individual company performance as well as general market conditions. Investment decisions on new originations generally include an analysis of the impact of the new loan on our broader portfolio, including a "top-down" assessment of portfolio diversification and risk exposure. This assessment includes a review of portfolio concentration by issuer, industry, geography and type of credit as well as an evaluation of our portfolio's exposure to macroeconomic factors and cyclical trends.

We believe that consistent, active monitoring of individual companies and the broader market is integral to portfolio management and a critical component of our investment process. Our investment adviser uses several methods to evaluate and monitor the performance and fair value of our investments, which may include the following:

- frequent discussions with management and sponsors, including board observation rights where possible;
- comparing/analyzing financial performance to the portfolio company's business plan, as well as our internal projections developed at underwriting;
- tracking portfolio company compliance with covenants as well as other metrics identified at initial investment stage, such as acquisitions, divestitures, product development and specified management hires; and
- periodic review by the investment committee of each asset in the portfolio and more rigorous monitoring of "watch list" positions.

As part of the monitoring process, our investment adviser regularly assesses the risk profile of each of our investments and, on a quarterly basis, grades each investment on a risk scale of 1 to 5. This risk rating system is intended to identify and assess risks relative to when we initially made the investment and could be impacted by such factors as company-specific performance, changes in collateral, changes in potential exit opportunities or macroeconomic conditions.

All investments are initially assigned a rating of 2, as this grade represents a company that is meeting initial expectations with regard to performance and outlook. A rating may be improved to a 1 if, in the opinion of our investment adviser, a portfolio company's risk of loss has been reduced relative to initial expectations. An investment will be assigned a rating of 3 if the risk of loss has increased relative to initial expectations and will be assigned a rating of 4 if our investment principal is at a material risk of not being fully repaid. A rating of 5 indicates an investment is in payment default and has significant risk of not receiving full repayment.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value:

Investment	June 30, 2019		December 31, 2018	
Performance Rating	Investments at Fair Value (Dollars in Millions)	Percentage of Total Portfolio	Investments at Fair Value (Dollars in Millions)	Percentage of Total Portfolio
1	$ 11.2	2.1%	$ 29.5	6.3%
2	442.4	82.7	376.3	80.1
3	59.9	11.2	63.7	13.6
4	21.3	4.0	0.1	0.0
5	-	-	-	-
Total Portfolio	$ 534.8	100.0%	$ 469.6	100.0%

Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented in our consolidated financial statements. However, from time to time, inflation may impact the operating results of our portfolio companies.

Off-Balance Sheet Arrangements

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve elements of liquidity and credit risk in excess of the amount recognized on the consolidated statements of assets and liabilities. As of June 30, 2019 and December 31, 2018, we had commitments to fund approximately $8.2 million and $1.6 million, respectively, of revolving lines of credit or delayed draw facilities to our portfolio companies. We reasonably believe that we have sufficient assets to adequately cover and allow us to satisfy our outstanding unfunded commitments.

Distributions

In order to maintain our status as a RIC and to avoid the imposition of corporate-level tax on income, we must distribute dividends to our stockholders each taxable year of an amount generally at least equal to the sum of 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses out of the assets legally available for distribution. In order to avoid the imposition of certain excise taxes imposed on RICs, we must distribute dividends in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gains in excess of capital losses, or capital gain net income, adjusted for certain ordinary losses, for the one-year period ending on October 31 of the calendar year and (3) any ordinary income and capital gain net income for preceding years that were not distributed during such years on which we incurred no U.S. federal income tax.

During the three and six months ended June 30, 2019, we declared to stockholders distributions of $0.355 and $0.710 per share, respectively, for total distributions of $7.3 million and $14.6 million, respectively. During the three and six months ended June 30, 2018, we declared to stockholders distributions of $0.355 and $0.710 per share, respectively, for total distributions of $7.3 million and $14.6 million, respectively.

The timing and amount of our quarterly distributions, if any, are determined by our board of directors. While we intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution, we may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a business development company under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including the possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions paid for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. During the six months ended June 30, 2019, we estimate that distributions to stockholders included $14.6 million of long-term capital gains, for tax purposes, based on current earnings for the fiscal year ending December 31, 2019. The specific tax characteristics of the distribution will be reported to stockholders on or after the end of the calendar year 2019 and in our periodic reports with the SEC. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is only ordinary income or gains.

We have adopted an “opt out” distribution reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically “opts out” of our distribution reinvestment plan. If a stockholder opts out, that stockholder receives cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our distribution reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Contractual Obligations

A summary of our significant contractual payment obligations as of June 30, 2019 is as follows:

	Payments Due by Period (Dollars in millions)				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Credit Facility	$ 184.4	$ -	$ 184.4	$ -	$ -
Private Notes	30.0	-	-	30.0	-
2025 Notes	35.0	-	-	-	35.0
Total contractual obligations	$ 249.4	$ -	$ 184.4	$ 30.0	$ 35.0

As of June 30, 2019, we had $15.6 million of unused borrowing capacity under the Credit Facility.

We entered into the Investment Advisory Agreement with WhiteHorse Advisers in accordance with the 1940 Act on December 4, 2012, which was most recently amended on November 1, 2018. Under the Investment Advisory Agreement, WhiteHorse Advisers manages our day-to-day investment operations and provides us with access to personnel and an investment committee and certain other resources so that we may fulfill our obligation to act as a portfolio manager of WhiteHorse Credit under the Credit Facility. Payments under the Investment Advisory Agreement in future periods will be equal to (1) a management fee equal to 2% of the value of our consolidated gross assets; provided, however, that the management fee on consolidated gross assets financed using leverage over 200% asset coverage (in other words, over 1.0x debt to equity) will be equal to 1.25% and (2) an incentive fee based on our performance. See "Investment Advisory Agreement" in Note 6 to the consolidated financial statements.

We also entered into the Administration Agreement with WhiteHorse Administration on December 4, 2012. Pursuant to the Administration Agreement, WhiteHorse Administration furnishes us with office facilities and administrative services necessary to conduct our day-to-day operations. WhiteHorse Administration also furnishes us with resources necessary for us to act as portfolio manager to WhiteHorse Credit under the Credit Facility. If requested to provide managerial assistance to our portfolio companies, WhiteHorse Administration will be paid an additional amount based on the services provided, which amount will not, in any case, exceed the amount we receive from the portfolio companies for such services. Payments under the Administration Agreement will be based upon our allocable portion of WhiteHorse Administration's overhead expenses in performing its obligations under the Administration Agreement, including rent and our allocable portion of the costs of our chief financial officer and chief compliance officer along with their respective staffs.

Related Party Transactions

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

- WhiteHorse Advisers manages our day-to-day operations and provides investment management services to us pursuant to the Investment Advisory Agreement.
- WhiteHorse Administration and certain of its affiliates provide us with the office facilities and administrative services, including access to the resources necessary for us to perform our obligations towards certain portfolio companies, pursuant to the Administration Agreement.
- We have entered into a license agreement with an affiliate of H.I.G. Capital pursuant to which we have been granted a non-exclusive, royalty-free license to use the "WhiteHorse" name.

WhiteHorse Advisers, WhiteHorse Administration or their respective affiliates may have other clients with similar, different or competing investment objectives. In serving in these multiple capacities, WhiteHorse Advisers, WhiteHorse Administration or their respective affiliates may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. Such persons may face conflicts in the allocation of investment opportunities among us and other investment funds or accounts advised by or affiliated with WhiteHorse Advisers or WhiteHorse Administration. WhiteHorse Advisers or its affiliates will seek to allocate investment opportunities among eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time.

We depend on the communications and information systems and policies of WhiteHorse Advisers and its affiliates as well as certain third-party service providers to monitor and prevent cybersecurity incidents. Our board of directors and management periodically review and assess the effectiveness of such communications and information systems and policies.

Impact of Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act was enacted. The Tax Cuts and Jobs Act, among other things, permanently reduces the maximum federal corporate income tax rate, reduces the maximum individual income tax rate (effective for taxable years 2018 through 2025), restricts the deductibility of business interest expense, changes the rules regarding the calculation of net operating loss deductions that may be used to offset taxable income, expands the circumstances in which a foreign corporation will be treated as a "controlled foreign corporation" and, under certain circumstances, requires accrual method taxpayers to recognize income for U.S. federal income tax purposes no later than the income is taken into account as revenue in an applicable financial statement.

Critical Accounting Policies

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. We have identified the following as critical accounting policies.

Principles of Consolidation

Under the investment company financial accounting guidance, as formally codified in Accounting Standards Codification, or ASC, Topic 946, *Financial Services - Investment Companies*, we are precluded from consolidating any entity other than another investment company. As provided under ASC Topic 946, we generally consolidate any investment company when we own 100% of its partners' or members' capital or equity units. We own a 100% equity interest in each of WhiteHorse Credit and WhiteHorse Finance Warehouse, LLC, or WhiteHorse Warehouse, which are investment companies for accounting purposes. As such, we have consolidated the accounts of WhiteHorse Credit and WhiteHorse Warehouse into our financial statements. As a result of this consolidation, the amount outstanding under the Credit Facility is treated as our indebtedness.

Valuation of Portfolio Investments

We value our investments in accordance with ASC Topic 820 - *Fair Value Measurements and Disclosures*. ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about assets and liabilities measured at fair value. ASC Topic 820's definition of fair value focuses on exit price in the principal, or most advantageous, market and prioritizes the use of market-based inputs over entity-specific inputs within a measurement of fair value.

Our portfolio consists primarily of debt investments. These investments are valued at their bid quotations obtained from unaffiliated market makers or other financial institutions that trade in similar investments or based on prices provided by independent third party pricing services. For investments where there are no available bid quotations, fair value is derived using proprietary models that consider the analyses of independent valuation agents as well as credit risk, liquidity, market credit spreads and other applicable factors for similar transactions.

Due to the nature of our strategy, our portfolio includes relatively illiquid investments that are privately held. Valuations of privately held investments are inherently uncertain, may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Our net asset value could be materially affected if the determinations regarding the fair value of our investments were materially higher or lower than the values that we ultimately realize upon the disposal of such investments.

Our board of directors is ultimately responsible for determining the fair value of the portfolio investments that are not publicly traded, whose market prices are not readily available on a quarterly basis in good faith or any other situation where portfolio investments require a fair value determination. Our board of directors has retained one or more independent valuation firms to review the valuation of each portfolio investment that does not have a readily available market quotation at least once during each 12-month period. Independent valuation firms retained by our board of directors provide a valuation review on approximately 25% of our investments for which market quotations are not readily available each quarter to ensure that the fair value of each investment for which a market quote is not readily available is reviewed by an independent valuation firm at least once during each 12-month period. However, our board of directors does not intend to have *de minimis* investments of less than 1.5% of our total assets (up to an aggregate of 10% of our total assets) independently reviewed.

The valuation process is conducted at the end of each fiscal quarter, with a portion of our valuations of portfolio companies without market quotations subject to review by one or more independent valuation firms each quarter. When an external event occurs with respect to one of our portfolio companies, such as when a purchase transaction, public offering or subsequent equity sale occurs, we expect to use the pricing indicated by such external event to corroborate our valuation.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by investment professionals of our investment adviser responsible for credit monitoring in accordance with our valuation procedures.
- Preliminary valuation conclusions are then documented and discussed with our investment committee and our investment adviser.
- The audit committee of the board of directors reviews these preliminary valuations, and on a quarterly basis, reviews the bases of the valuations by our investment adviser and the independent valuation firms.
- At least once annually, the valuation for each portfolio investment is reviewed by an independent valuation firm.
- The board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith.

Fair value of publicly traded instruments is generally based on quoted market prices. Fair value of non-publicly traded instruments, and of publicly traded instruments for which quoted market prices are not readily available, may be determined based on other relevant factors, including without limitation, quotations from unaffiliated market makers or independent third party pricing services, the price activity of equivalent instruments and valuation pricing models. For those investments valued using quotations, the bid price is generally used unless we determine that it is not representative of an exit price.

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. Our fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active public markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

Investments for which fair value is determined using inputs defined above as Level 3 are fair valued using the income and market approaches, which may include the discounted cash flow method, reference to performance statistics of industry comparables, relative comparable yield analysis and, in certain cases, third party valuations performed by independent valuation firms. The valuation methods can reference various factors and use various inputs such as assumed growth rates, capitalization rates and discount rates, loan-to-value ratios, liquidation value, relative capital structure priority, market comparables, compliance with applicable loan, covenant and interest coverage performance, book value, market derived multiples, reserve valuation, assessment of credit ratings of an underlying borrower, review of ongoing performance, review of financial projections as compared to actual performance, review of interest rate and yield risk. Such factors may be given different weighting depending on our assessment of the underlying investment, and we may analyze apparently comparable investments in different ways.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

Fair value for each investment is derived using a combination of valuation methodologies that, in the judgment of the investment committee of the investment adviser are most relevant to such investment, including being based on one or more of the following: (i) market prices obtained from market makers for which the investment committee has deemed there to be enough breadth (number of quotes) and depth (firm bids) to be indicative of fair value, (ii) the price paid or realized in a completed transaction or binding offer received in an arm's-length transaction, (iii) a discounted cash flow analysis, (iv) the guideline public company method, (v) the similar transaction method or (vi) the option pricing method.

Investment Transactions and Related Investment Income and Expense

We record our investment transactions on a trade date basis, which is the date when we have determined that all material terms have been defined for the transactions. These transactions could possibly settle on a subsequent date depending on the transaction type. All related revenue and expenses attributable to these transactions are reflected on our consolidated statements of operations commencing on the trade date unless otherwise specified by the transaction documents. Realized gains and losses on investment transactions are recorded on the specific identification method.

We accrue interest income if we expect that ultimately we will be able to collect it. Generally, when an interest payment default occurs on a loan in our portfolio, or if our management otherwise believes that the issuer of the loan will not be able to service the loan and other obligations, we place the loan on non-accrual status and will cease recognizing interest income on that loan until all principal and interest is current through payment or until a restructuring occurs, such that the interest income is deemed to be collectible. However, we remain contractually entitled to this interest. We may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. Accrued interest is written off when it becomes probable that such interest will not be collected and the amount of uncollectible interest can be reasonably estimated. Any original issue discount, as well as any other market purchase discount or premium on debt investments, are accreted or amortized to interest income or expense, respectively, over the maturity periods of the investments. Dividend income is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Interest expense is recorded on an accrual basis. Certain expenses related to legal and tax consultation, due diligence, rating fees, valuation expenses and independent collateral appraisals may arise when we make certain investments. These expenses are recognized in the consolidated statements of operations as they are incurred.

Loan Origination, Facility, Commitment and Amendment Fees

We may receive fees in addition to interest income from the loans during the life of the investment. We may receive origination fees upon the origination of an investment. We defer these origination fees and deduct them from the cost basis of the investment and subsequently accrete them into income over the term of the loan. We may receive facility, commitment and amendment fees, which are paid to us on an ongoing basis. We accrue facility fees, sometimes referred to as asset management fees, as a percentage periodic fee on the base amount (either the funded facility amount or the committed principal amount). Commitment fees are based upon the undrawn portion committed by us and we record them on an accrual basis. Amendment fees are paid in connection with loan amendments and waivers and we account for them upon completion of the amendments or waivers, generally when such fees are receivable. We include any such fees in fee income on the consolidated statements of operations.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements, which discusses recent accounting pronouncements applicable to us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. During the period covered by our financial statements, many of the loans in our portfolio had floating interest rates, and we expect that many of our loans to portfolio companies in the future will also have floating interest rates. These loans are usually based on a floating rate based on LIBOR that resets quarterly to the applicable LIBOR. Interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. Since we plan to use debt to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Assuming that the consolidated statement of assets and liabilities as of June 30, 2019 was to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates (dollars in thousands).

Basis Point Increase (Decrease)	Increase (Decrease) in Interest Income	Increase (Decrease) in Interest Expense	Net Increase (Decrease)
(100)	$ (3,706)	$ (1,844)	$ (1,862)
100	6,837	1,844	4,993
200	12,179	3,688	8,491
300	17,521	5,532	11,989
400	22,863	7,376	15,487
500	28,206	9,220	18,986

As of June 30, 2019, nearly all of the performing floating rate investments in our portfolio had interest rate floors. Variable-rate investments subject to a floor generally reset periodically to the applicable floor and, in the case of investments in our portfolio, quarterly to a floor based on LIBOR, only if the floor exceeds the index. Under these loans, we do not benefit from increases in interest rates until such rates exceed the floor and thereafter benefit from market rates above any such floor.

Although management believes that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit markets, the size, credit quality or composition of the assets in our portfolio and other business developments, including borrowing, that could affect net increase in net assets resulting from operations or net income. It also does not adjust for the effect of the time-lag between a change in the relevant interest rate index and the rate adjustment under the applicable loan. Accordingly, we can offer no assurances that actual results would not differ materially from the statement above.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts to the extent permitted under the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates.

Item 4. Controls and Procedures

As of the period covered by this report, we, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on our evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective in timely alerting management, including the chief executive officer and chief financial officer, of material information about us required to be included in our periodic SEC filings. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, are based upon certain assumptions about the likelihood of future events and can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. There has not been any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, each of WhiteHorse Finance, WhiteHorse Advisers and WhiteHorse Administration is currently not a party to any material legal proceedings.

Item 1A. Risk Factors –

In addition to the below risk factors and other information set forth in this report, you should carefully consider the "Risk Factors" discussed in our annual report on Form 10-K for the year ended December 31, 2018, which could materially affect our business, financial condition and/or operating results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

The interest rates of our floating-rate loans to our portfolio companies that extend beyond 2021 might be subject to change based on recent regulatory changes

LIBOR is the basic rate of interest used in lending transactions between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in floating-rate loans we extend to portfolio companies such that the interest due to us pursuant to a term loan extended to a portfolio company is calculated using LIBOR. The terms of our debt investments generally include minimum interest rate floors which are calculated based on LIBOR.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. As such, the potential effect of any such event on our net investment income cannot yet be determined. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities. If LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value for or value of any LIBOR-linked securities, loans and other financial obligations or extensions of credit held by or due to us and could have a material adverse effect on our business, financial condition and results of operations.

We intend to continue to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The use of leverage, including through the issuance of senior securities, magnifies the potential for gain or loss on amounts invested. We have incurred leverage in the past and currently incur leverage through the Credit Facility, Private Notes and 2025 Notes and, from time to time, intend to incur additional leverage to the extent permitted under the 1940 Act. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. In the future, we may borrow from, and issue senior securities, to banks, insurance companies and other lenders. Holders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such holders to seek recovery against our assets in the event of a default.

WhiteHorse Credit has pledged, and expects to continue to pledge, all or substantially all of its assets. WhiteHorse Credit has granted, and may in the future grant, a security interest in all or a portion of its assets under the Credit Facility. In addition, under the terms of the Credit Facility, we must use the net proceeds of any investments that we sell to repay amounts then due with respect to our debt and certain other amounts owing under the Credit Facility before applying such net proceeds to other uses, such as distributing them to our stockholders.

We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments into which we may enter. In addition, under the terms of any credit facility or other debt instrument we enter into, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses.

If the value of our assets decreases, leverage would cause our NAV to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our equity stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make distributions on our common stock or preferred stock. Our ability to service our debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the management fee payable to WhiteHorse Advisers.

As a business development company, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 150%, subject to certain disclosure requirements, as is specified in the 1940 Act. If this ratio declines below 150%, we cannot incur additional debt and could be required to sell a portion of our investments to repay some debt when it is disadvantageous to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions to our stockholders. As of June 30, 2019, our total outstanding indebtedness was $249.4 million and our asset coverage was 226.7%.

The amount of leverage that we employ will depend on WhiteHorse Advisers's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to maintain our borrowings under the Credit Facility, the Private Notes and the 2025 Notes or obtain other credit at all or on terms acceptable to us.

In addition, the terms governing the Credit Facility and the Private Notes and the 2025 Notes and any indebtedness that we incur in the future could impose financial and operating covenants that restrict our business activities, including limitations that may hinder our ability to finance additional loans and investments or make the distributions required to maintain our ability to be subject to tax as a RIC.

The Note Purchase Agreement governing the Private Notes contains additional terms and conditions for senior unsecured notes issued in a private placement, including minimum shareholders' equity, minimum asset coverage ratio, maximum debt to equity ratio and prohibitions on certain fundamental changes of the Company or any subsidiary guarantor. The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of the Company or certain significant subsidiaries, certain judgements and orders, and certain events of bankruptcy.

The breach of any of the covenants or restrictions, unless cured within the applicable grace period, would result in a default under the applicable indebtedness arrangement that would permit the lenders thereunder to declare all amounts outstanding to be due and payable. In such an event, we may not have sufficient assets to repay such indebtedness. As a result, any default could have serious consequences to our financial condition. An event of default or an acceleration under these arrangements could also cause a cross-default or cross-acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. We may not be granted waivers or amendments to these arrangements if for any reason we are unable to comply with it, and we may not be able to refinance such arrangements on terms acceptable to us, or at all.

At the Company's annual meeting of stockholders held on August 1, 2018, the Company's stockholders approved the reduced asset coverage requirements applicable to senior securities from 200% to 150%, effective on August 2, 2018, such that the Company's maximum debt-to-equity ratio increased from a prior maximum of 1.0x (equivalent of $1 of debt outstanding for each $1 of equity) to a maximum of 2.0x (equivalent to $2 of debt outstanding for each $1 of equity).

The following table illustrates the effect of leverage on returns from an investment in our common stock as of June 30, 2019, assuming that we employ leverage such that our asset coverage equals (1) our actual asset coverage as of June 30, 2019 and (2) 150%, each at various annual returns, net of expenses and as of June 30, 2019. The purpose of this table is to assist investors in understanding the effects of leverage. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on Our Portfolio (Net of Expenses)				
	-10%	**-5%**	**0%**	**5%**	**10%**
Corresponding return to common stockholder assuming actual asset coverage as of June 30, 2019 (1)	(20.6)%	(12.1)%	(3.6)%	4.8%	13.3%
Corresponding return to common stockholder assuming 150% asset coverage (2)	(39.4)%	(24.9)%	(10.4)%	4.1%	18.7%

(1) Assumes $593.1 million in total assets, $249.4 million in debt outstanding and $315.9 million in net assets as of June 30, 2019, and an average cost of funds of 5.4%, which is our weighted average borrowing cost as of June 30, 2019.

(2) Assumes $975.6 million in total assets, $631.9 million in debt outstanding and $315.9 million in net assets as of June 30, 2019, and an average cost of funds of 5.2%, which would be our weighted average borrowing cost assuming 150% asset coverage as of June 30, 2019.

Based on our outstanding indebtedness of $249.4 million as of June 30, 2019 and an average cost of funds of 5.1%, 6.0% and 6.5%, which were the effective annualized interest rates of the Credit Facility, Private Notes and 2025 Notes, respectively, as of that date, our investment portfolio must experience an annual return of at least 2.5% to cover annual interest payments on our outstanding indebtedness.

Based on our outstanding indebtedness of $631.9 million on an assumed 150% asset coverage ratio and an average cost of funds of 5.1%, 6.0% and 6.5%, which were the effective annualized interest rates of the Credit Facility, Private Notes and 2025 Notes, respectively, as of that date, our investment portfolio must experience an annual return of at least 3.6% to cover annual interest payments on our outstanding indebtedness.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Number	Description
10.1*	Second Amendment to the Third Amended and Restated Loan Agreement, dated July 19, 2019 by and among WhiteHorse Finance Credit I, LLC, as borrower, JPMorgan Chase Bank, National Association, as administrative agent and lender, the financial providers thereto, and WhiteHorse Finance, Inc., as portfolio manager.
31.1*	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2*	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1*	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2*	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WhiteHorse Finance, Inc.

Dated: August 9, 2019

By /s/ Stuart Aronson
Stuart Aronson
Chief Executive Officer
(Principal Executive Officer)

Dated: August 9, 2019

By /s/ Joyson C. Thomas
Joyson C. Thomas
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 10.1

Execution Version

SECOND AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AGREEMENT

This Second Amendment to the Third Amended and Restated Loan Agreement (this "Amendment"), dated as of July 19, 2019, is entered into by and among WHITEHORSE FINANCE CREDIT I, LLC (the "Company"), JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as lender (the "Lender") and administrative agent (the "Administrative Agent"), CITIBANK, N.A., as collateral agent (the "Collateral Agent") and securities intermediary (the "Securities Intermediary"), WHITEHORSE FINANCE, INC. (the "Portfolio Manager") and Virtus Group LP, as collateral administrator (the "Collateral Administrator"). Reference is hereby made to the Third Amended and Restated Loan Agreement (as amended by the First Amendment, dated as of November 19, 2018, and as further amended or modified from time to time, the "Loan Agreement"), dated as of May 15, 2018, among the Company, the Lender, the Administrative Agent, the Collateral Agent, the Securities Intermediary, the Portfolio Manager and the Collateral Administrator. Capitalized terms used herein without definition shall have the meanings assigned thereto in the Loan Agreement.

WHEREAS, the parties hereto are parties to the Loan Agreement;

WHEREAS, the parties hereto desire to amend the terms of the Loan Agreement in accordance with Section 10.05 thereof as provided for herein; and

ACCORDINGLY, the Loan Agreement is hereby amended as follows:

SECTION 1. AMENDMENT TO THE LOAN AGREEMENT

(a) The definition of the term "Minimum Funding Amount" in the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"Minimum Funding Amount" means, on any date of determination, the amount set forth in the table below:

Period Start Date	**Period End Date**	**Minimum Funding Amount (U.S.$)**
Amendment Date	To and including May 19, 2019	115,000,000
May 20, 2019	November 29, 2019	135,000,000
Unless the Commitment Increase Date has occurred, November 30, 2019	To and including the earlier of (i) the last day of the Reinvestment Period and (ii) the Commitment Increase Date	155,000,000
If the Commitment Increase Date occurs, the day following the Commitment Increase Date	If the Commitment Increase Date occurs, to and including the last day of the Reinvestment Period	175,000,000

(b) The amendment to the Loan Agreement as set forth in Section 1(a) above is reflected in the conformed Loan Agreement. The Loan Agreement is hereby amended in accordance with Section 10.05 thereof to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the **bold and double-underlined text** (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the pages of the Loan and Security Agreement attached as Exhibit A hereto. Exhibit A hereto constitutes a conformed copy of the Loan and Security Agreement.

SECTION 2. MISCELLANEOUS.

(A) The parties hereto hereby agree that, except as specifically amended herein, the Loan Agreement is and shall continue to be in full force and effect and is hereby ratified and confirmed in all respects. Except as specifically provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party hereto under the Loan Agreement, or constitute a waiver of any provision of any other agreement.

(B) The Collateral Administrator, the Collateral Agent and the Securities Intermediary are hereby directed to execute and deliver this Amendment.

(C) The Portfolio Manager hereby certifies that (i) all of the Company's representations and warranties set forth in Section 6.01 of the Loan Agreement are true and correct (subject to any materiality qualifiers set forth therein) as of the date hereof and (ii) as of the date hereof, no Default, Event of Default or Market Value Cure Failure has occurred and is continuing.

(D) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(E) This Amendment may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

(F) This Amendment shall be effective as of the date of this Amendment first written above.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

WHITEHORSE FINANCE CREDIT I, LLC

By: /s/ Joyson C. Thomas
Name: Joyson C. Thomas
Title: Authorized Signatory

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ James Greenfield
Name: James Greenfield
Title: Executive Director

CITIBANK, N.A., as Collateral Agent

By: /s/ Jacqueline Suarez
Name: Jacqueline Suarez
Title: Senior Trust Officer

CITIBANK, N.A., as Securities Intermediary

By: /s/ Jacqueline Suarez
Name: Jacqueline Suarez
Title: Senior Trust Officer

VIRTUS GROUP LP, as Collateral Administrator

By: /s/ Cynthia Gonzalvo
Name: Cynthia Gonzalvo
Title: Sr. Director

WHITEHORSE FINANCE, INC., as Portfolio Manager

By: /s/ Joyson C. Thomas
Name: Joyson C. Thomas
Title: Controller

The Financing Provider

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Lender

By: /s/ James Greenfield
Name: James Greenfield
Title: Executive Director

Annex A

Conformed Loan Agreement

Execution Version
Conformed through the First Amendment dated as of November 19, 2018
Conformed through the Second Amendment dated as of July 19, 2019

THIRD AMENDED AND RESTATED

LOAN AGREEMENT

dated as of

December 23, 2015

Amended and restated as of June 27, 2016

Amended as of October 14, 2016

Amended and restated as of June 29, 2017

Amended and restated as of May 15, 2018

among

WHITEHORSE FINANCE CREDIT I, LLC

The Financing Providers Party Hereto

The Collateral Administrator, Collateral Agent and Securities Intermediary Party Hereto

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Administrative Agent

and

WHITEHORSE FINANCE, INC.,
as Portfolio Manager

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THIRD AMENDED AND RESTATED LOAN AGREEMENT dated as of December 23, 2015, amended and restated as of June 27, 2016, amended October 14, 2016, amended and restated as of June 29, 2017 and amended and restated as of May 15, 2018 (this "Agreement") among WHITEHORSE FINANCE CREDIT I, LLC, as borrower (the "Company"); WHITEHORSE FINANCE, INC. (the "Portfolio Manager"); the Financing Providers party hereto; the Collateral Agent party hereto (in such capacity, the "Collateral Agent"); the Collateral Administrator party hereto (in such capacity, the "Collateral Administrator"); the Securities Intermediary party hereto (in such capacity, the "Securities Intermediary"); and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as administrative agent for the Financing Providers hereunder (in such capacity, the "Administrative Agent").

The Portfolio Manager and the Company wish for the Company to acquire and finance certain loans and other debt securities (together with the Subsidiary Investments (as defined below), the "Portfolio Investments"), all on and subject to the terms and conditions set forth herein.

On or about the date hereof, the Company intends to acquire Participation Interests with elevation in certain Portfolio Investments listed on Schedule 5 hereto (the "Initial Portfolio Investments") pursuant to a Sale and Participation Agreement (the "Natixis Sale Agreement"), dated on or about the date hereof, between the Company and WhiteHorse Finance Warehouse, LLC (in such capacity, the "Seller").

The Seller has entered into a certain credit facility (the "Natixis Credit Facility") to finance its acquisition and holding of, inter alia, the Initial Portfolio Investments. To facilitate the sale of the Initial Portfolio Investments to the Company and the release of the Lien of the Natixis Collateral Agent over the Initial Portfolio Investments, the proceeds of the initial Advance will be paid pursuant to the Payment Direction Letter.

Furthermore, the Company intends to enter into a Sale and Contribution Agreement (the "Parent Sale Agreement"), dated on or about the date hereof, between the Company and WhiteHorse Finance, Inc. (the "Parent"), pursuant to which the Company shall from time to time acquire additional Portfolio Investments from the Parent.

The Portfolio Manager and the Company wish for the Permitted Subsidiary to purchase or originate certain loans made to obligors in the State of California (the "Subsidiary Investments") and the Company wishes to provide proceeds of Advances to the Permitted Subsidiary for that purpose.

On and subject to the terms and conditions set forth herein, JPMorgan Chase Bank, National Association ("JPMCB") has agreed to make advances to the Company ("Advances") hereunder to the extent specified on the transaction schedule attached as Schedule 1 hereto (the "Transaction Schedule"). JPMCB, together with its respective successors and permitted assigns, are referred to herein as the "Financing Providers", and the types of financings to be made available by them hereunder are referred to herein as the "Financings". For the avoidance of doubt, the terms of this Agreement relating to types of Financings not indicated on the Transaction Schedule as being available hereunder shall not bind the parties hereto, and shall be of no force and effect.

Accordingly, the parties hereto agree as follows:

Certain Defined Terms

"Accounts" has the meaning set forth in Section 8.01.(a).

"Asset Pledge Agreement" means the asset pledge agreement, dated May 15, 2018, between the Permitted Subsidiary and Citibank, N.A., in its capacity as collateral agent, related to the Pledged Accounts and the other assets of the Permitted Subsidiary.

"Additional Distribution Date" has the meaning set forth in Section 4.05.

"Adverse Proceeding" means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of the Company) at law or in equity, or before or by any Governmental Authority, whether pending, active or, to the Company's or the Portfolio Manager's knowledge, threatened against or affecting the Company or the Portfolio Manager or their respective property that would reasonably be expected to result in a Material Adverse Effect.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such former Person (whether by virtue of ownership, contractual rights or otherwise) but, which shall not, with respect to the Company include the obligors under any Portfolio Investment.

"Agent" has the meaning set forth in Section 9.01.

"Agent Business Day" means any day on which commercial banks settle payments in each of New York City and the city in which the corporate trust office of the Collateral Agent is located (which shall initially be New York City).

"Amendment" has the meaning set forth in Section 6.02.(jj)(a)(1)(i)(A)(i).

"Amendment Date" means November 19, 2018.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Company from time to time concerning or relating to bribery or corruption.

"Applicable Law" means, for any Person, all existing and future laws, rules, regulations (including temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders, licenses of and interpretations by any Governmental Authority applicable to such Person and applicable judgments, decrees, injunctions, writs, awards or orders of any court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

"Base Rate" means, for any day, a rate *per annum* equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 0.50%. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively. In the event that the Base Rate is below zero at any time during the term of this Agreement, it shall be deemed to be zero until it exceeds zero again.

"Borrowing Base Test" means a test that will be satisfied on any date of determination if the following is true:

$$\frac{Adv - PP}{Net\ Asset\ Value} \leq AR$$

Where:

Adv = the aggregate principal amount of the Advances actually outstanding on such date of determination;

PP = Principal Proceeds then on deposit in the Accounts (including cash and Eligible Investments); and

AR = 57%

"Business Day" means any day on which commercial banks are open in each of New York City and the city in which the corporate trust office of the Collateral Agent is located; *provided* that, with respect to any LIBO Rate related provisions herein, "Business Day" shall be deemed to exclude any day on which banks are required or authorized to be closed in London, England.

"Calculation Period" means the period from and including the date on which the first Advance is made hereunder to but excluding the first Calculation Period Start Date following the date of such Advance and each successive period from and including a Calculation Period Start Date to but excluding the immediately succeeding Calculation Period Start Date (or, in the case of the last Calculation Period, if the last Calculation Period does not end on the 5th calendar day of March, June, September or December, the period from and including the related Calculation Period Start Date to but excluding the Maturity Date).

"Calculation Period Start Date" means the 5th calendar day of March, June, September and December of each year (or, if any such date is not a Business Day, the immediately succeeding Business Day), commencing in March, 2016.

"Cash Equivalents" means, any of the following: (i) marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least "A-1" from S&P or at least "P-1" from Moody's; (iii) commercial paper maturing no more than three months from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least "A-1" from S&P or at least "P-1" from Moody's; (iv) certificates of deposit or bankers' acceptances maturing within three months after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that (a) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator) and (b) has Tier 1 capital (as defined in such regulations) of not less than $1,000,000,000; and (v) shares of any money market mutual fund that (a) has substantially all of its assets invested continuously in the types of investments referred to in clauses (i) and (ii) above, (b) has net assets of not less than $5,000,000,000, and (c) has the highest rating obtainable from either S&P or Moody's.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that all requests, rules, guidelines or directives concerning liquidity and capital adequacy issued by any United States regulatory authority (i) under or in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) in connection with the implementation of the recommendations of the Bank for International Settlements or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) shall be deemed to have occurred after the date of this Agreement for purposes of this definition, regardless of the date adopted, issued, promulgated or implemented.

"Change of Control" means an event or series of events by which (A) the Parent or its Affiliates, collectively, (i) shall cease to possess, directly or indirectly, the right to elect or appoint (through contract, ownership of voting securities, or otherwise) managers that at all times have a majority of the votes of the board of managers (or similar governing body) of the Company or to direct the management policies and decisions of the Company or (ii) cease, directly or indirectly, to own and control legally and beneficially all of the equity interests of the Company, (B) H.I.G. WhiteHorse Advisers, LLC or its Affiliates shall cease to be the investment advisor of the Parent or (C) the Company shall (i) cease to possess the right to elect or appoint managers that at all times have a majority of the votes of the board of managers (or similar governing body) of the Permitted Subsidiary or to direct the management policies and decisions of the Permitted Subsidiary or (ii) cease to own and control legally and beneficially all of the equity interests of the Permitted Subsidiary.

"Charges" has the meaning set forth in Section 10.08.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" has the meaning set forth in Section 8.02.(a).

"Collateral Principal Amount" means (A) the aggregate principal balance of the Portfolio, including the funded and unfunded balance of any Delayed Funding Term Loan or Revolving Loan, *plus* (B) the amounts on deposit in the Accounts (including cash and Eligible Investments) representing Principal Proceeds *minus* (C) the aggregate principal balance of all Ineligible Investments.

"Collection Account" has the meaning set forth in Section 8.01.(a).

"Commitment Increase Date" means any Business Day on which the Administrative Agent (in its sole discretion) approves in writing (which may be by email), with a copy to the Collateral Administrator and the Collateral Agent, a Commitment Increase Option Request.

"Commitment Increase Option" means, on any date prior to the termination of the Reinvestment Period on which the aggregate outstanding principal amount of the Advances is at least equal to U.S.$155,000,000, the option of the Company to request in writing (which may be by email) (an "Commitment Increase Option Request"), with a copy to the Collateral Administrator and the Collateral Agent, from the Administrative Agent and the Financing Providers an increase of the Financing Commitments to U.S.$235,000,000.

"Concentration Limitation Excess" means, without duplication, the principal amount of any Portfolio Investment that exceeds any Concentration Limitation; *provided* that the Portfolio Manager shall select in its sole discretion which Portfolio Investment(s) constitute part of the Concentration Limitation Excess; provided, further, that, with respect to any Delayed Funding Term Loan or Revolving Loan, the Portfolio Manager shall select any term Portfolio Investment from the same obligor and/or any funded portion of the aggregate commitment amount of such Delayed Funding Term Loan or Revolving Loan before selecting any unfunded portion of such aggregate commitment amount; provided, further, that, if the Portfolio Manager does not so select any Portfolio Investment(s), the applicable portion of the Portfolio Investment(s) with the lowest Market Value (as determined in the reasonable commercial judgment of the Administrative Agent) shall make up the Concentration Limitation Excess.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Credit Risk Parties" has the meaning set forth in Section 7.01.(a)(b).

"Custodial Account" has the meaning set forth in Section 8.01.(a).

"Deliver" has the meaning set forth in Section 8.02.(b).

"Delayed Funding Term Loan" means any Loan that (a) requires the holder thereof to make one or more future advances to the obligor under the underlying instruments relating thereto, (b) specifies a maximum amount that can be borrowed on one or more fixed borrowing dates, and (c) does not permit the re-borrowing of any amount previously repaid by the obligor thereunder; but any such loan will be a Delayed Funding Term Loan only to the extent of undrawn commitments except as expressly set forth herein and only until all commitments by the holders thereof to make advances to the obligor thereon expire or are terminated or reduced to zero.

"Designated Email Notification Address" means glombard@higcapital.com, *provided* that, so long as no Event of Default shall have occurred and be continuing and no Market Value Event shall have occurred, the Company may, upon at least five Business Day's written notice to the Administrative Agent, the Collateral Administrator and the Collateral Agent, designate any other email address with respect to the Company as the Designated Email Notification Address.

"Designated Independent Broker-Dealer" means J.P. Morgan Securities LLC; *provided* that, so long as no Market Value Event shall have occurred and no Event of Default shall have occurred and be continuing, the Company may, upon at least five Business Day's written notice to the Administrative Agent, the Collateral Administrator and the Collateral Agent, designate another Independent Broker-Dealer as the Designated Independent Broker-Dealer; *provided further* that, with respect to the proposed sale of a Portfolio Investment, no other Independent Broker-Dealer may be designated as the Designated Independent Broker-Dealer without the consent of the Administrative Agent.

"Disruption Event" means either or both of (a) a material disruption to those payment or communications systems or to those of financial markets which are, in each case, required to operate in order for payments to be made in connection with this Agreement (or otherwise in order for the transactions contemplated by the Loan Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties hereto; or (b) the occurrence of any other event which results in a disruption (of a technical of systems-related nature) to the treasury or payments operations of a party preventing that or any other party (i) from performing its payment obligations under the Loan Documents or (ii) from communicating with other parties in accordance with the terms of the Loan Documents.

"EBITDA" means, with respect to the last four full fiscal quarters with respect to any Portfolio Investment, the meaning of "EBITDA", "Adjusted EBITDA" or any comparable definition in the underlying instruments for each such Portfolio Investment, and in any case that "EBITDA", "Adjusted EBITDA" or such comparable definition is not defined in such underlying instruments, an amount, for the obligor on such Portfolio Investment and any parent that is obligated pursuant to the underlying instruments for such Portfolio Investment (determined on a consolidated basis without duplication in accordance with GAAP) equal to earnings from continuing operations for such period *plus* (a) interest expense, (b) income taxes, (c) depreciation and amortization for such four fiscal quarter period (to the extent deducted in determining earnings from continuing operations for such period), (d) amortization of intangibles (including, but not limited to, goodwill, financing fees and other capitalized costs), other non-cash charges and organization costs, (e) extraordinary losses in accordance with GAAP, (f) one-time, non-recurring or non-cash charges consistent with the applicable compliance statements and financial reporting packages provided by such obligor, and (g) any other item the Portfolio Manager and the Administrative Agent mutually deem to be appropriate; *provided* that with respect to any obligor for which four full fiscal quarters of economic data are not available, EBITDA shall be determined for such obligor based on annualizing the economic data from the reporting periods actually available.

"Effective Date" has the meaning set forth in Section 2.04.

"Eligibility Criteria" has the meaning set forth in Section 1.03.(a)(1).

"Eligible Investments" has the meaning set forth in Section 4.01.

"Equity Pledge Agreement" means the Equity Pledge Agreement, dated as of May 15, 2018, among the Company, as pledgor, and the Collateral Agent, as security agent, pursuant to which the Company pledges all of its right, title and interest in the equity interests in the Permitted Subsidiary to the Collateral Agent, for the benefit of the Secured Parties.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company, the Permitted Subsidiary or the Parent, as applicable, within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412, 430 or 431 of the Code).

"ERISA Event" means that (1) any of the Company, the Permitted Subsidiary or the Parent has underlying assets which constitute "plan assets" within the meaning of the Plan Asset Rules or (2) any of the Company, the Permitted Subsidiary or the Parent sponsors, maintains, contributes to, is required to contribute to or has any material liability with respect to any Plan.

"Event of Default" has the meaning set forth in Article VII.

"Excess Interest Proceeds" means, at any time of determination, the excess of (1) amounts then on deposit in the Accounts representing Interest Proceeds over (2) the projected amount required to be paid pursuant to Section 4.05.(a), (b) and (c) on the next Interest Payment Date, the next Additional Distribution Date or the Maturity Date, as applicable, in each case, as determined by the Company in good faith and in a commercially reasonable manner and verified by in the case of clause (1) the Collateral Agent and otherwise by the Administrative Agent.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Secured Party or required to be withheld or deducted from a payment to a Secured Party, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Secured Party being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Financing Commitment or Advance pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Financing Commitment or Advance or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 3.03, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Secured Party's failure to comply with Section 3.03.(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Expense Reserve Account" has the meaning set forth in Section 8.01.(a).

"Expense Reserve Account Amount" means, on any date of determination, an amount equal to U.S.$100,000 *minus* the available balance of the Expense Reserve Account on such date; *provided* that, with respect to any Additional Distribution Date, the aggregate Expense Reserve Account Amount with respect to such Additional Distribution Date shall be an amount equal to U.S.$100,000 minus the available balance of the Expense Reserve Account on such date minus the Expense Reserve Account Amount(s) on any prior Additional Distribution Date(s) occurring during the same Calculation Period.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any intergovernmental agreements thereunder, similar or related non-U.S. Law that correspond to Sections 1471 to 1474 of the Code, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of such sections of the Code and any U.S. or non-U.S. fiscal or regulatory law, legislation, rules, guidance, notes or practices adopted pursuant to such intergovernmental agreement.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depositary institutions, as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time, and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the effective federal funds rate, *provided* that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Financing Commitment" means, with respect to each Financing Provider and each type of Financing available hereunder at any time, the commitment of such Financing Provider to provide such type of Financing to the Company hereunder in an amount up to but not exceeding the portion of the applicable financing limit set forth on the Transaction Schedule that is held by such Financing Provider at such time.

"Foreign Lender" means a Lender that is not a U.S. Person.

"GAAP" means generally accepted accounting principles in the effect from time to time in the United States, as applied from time to time by the Company.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Indebtedness" as applied to any Person, means, without duplication, as determined in accordance with GAAP, (i) all indebtedness of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, deferrable securities or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet; (v) all non-contingent obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument; (vi) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person; and (vii) all debt of others guaranteed by such Person and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss. Notwithstanding the foregoing, "Indebtedness" shall not include a commitment arising in the ordinary course of business to purchase a future Portfolio Investment in accordance with the terms of this Agreement.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Company under this Agreement and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnified Person" has the meaning specified in Section 5.03.(b).

"Indemnitee" has the meaning set forth in Section 10.04.(b).

"Independent Broker-Dealer" means any of the following (as such list may be revised from time to time by mutual agreement of the Company and the Administrative Agent): Bank of America/Merrill Lynch, Barclays Bank, BNP Paribas, Citibank, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, Nomura, Royal Bank of Scotland, UBS any Affiliate of any of the foregoing, but in no event including the Company or any Affiliate of the Company.

"Ineligible Investment" means, from time to time, any Portfolio Investment that fails, at such time, to satisfy the Eligibility Criteria; *provided*, that, with respect to any Portfolio Investment for which the Administrative Agent has waived one or more of the criteria set forth on Schedule 3, the Eligibility Criteria in respect of such Portfolio Investment shall be deemed not to include such waived criteria at any time after such waiver and such Portfolio Investment shall not be considered an "Ineligible Investment" by reason of its failure to meet such waived criteria; *provided*, *further*, that any Portfolio Investment (other than an Initial Portfolio Investment) which has not been approved by the Administrative Agent pursuant to Section 1.02 on or prior to its Trade Date or Substitution Date, as applicable, will be deemed to be an Ineligible Investment until such later date (if any) on which such Portfolio Investment is so approved; *provided*, *further*, that any Participation Interest granted under the Natixis Sale Agreement that has not been elevated to an absolute assignment on or prior to the 30th calendar day following the Effective Date (or, if the Portfolio Manager has provided the Administrative Agent with evidence satisfactory to the Administrative Agent in its sole discretion that the Company is diligently pursuing such elevation, the 60th calendar day following the Effective Date) shall constitute an Ineligible Investment until the date on which such elevation has occurred.

"Initial Portfolio Investments" has the meaning set forth in the recitals.

"Interest Payment Date" has the meaning set forth in Section 4.03.(b).

"Interest Proceeds" means all payments of interest received in respect of the Portfolio Investments and Eligible Investments acquired with the proceeds of Portfolio Investments (in each case other than accrued interest purchased using Principal Proceeds, but including proceeds received from the sale of interest accrued after the date on which the Company or the Permitted Subsidiary acquired the related Portfolio Investment), all other payments on the Eligible Investments acquired with the proceeds of Portfolio Investments (for the avoidance of doubt, such other payments shall not include principal payments (including, without limitation, prepayments, repayments or sale proceeds) with respect to Eligible Investments acquired with Principal Proceeds) and all payments of fees, dividends and other similar amounts received in respect of the Portfolio Investments or deposited into any of the Accounts (including closing fees, commitment fees, facility fees, late payment fees, amendment fees, waiver fees, prepayment fees and premiums, ticking fees, delayed compensation, customary syndication or other up-front fees and customary administrative agency or similar fees); *provided*, *however*, that for the avoidance of doubt, Interest Proceeds shall not include amounts or Eligible Investments in the MV Cure Account or Unfunded Exposure Account or any proceeds therefrom.

"IRS" means the United States Internal Revenue Service.

"Investment" means (a) the purchase of any debt or equity security of any other Person, or (b) the making of any loan or advance to any other Person, or (c) becoming obligated with respect to a contingent obligation in respect of obligations of any other Person.

"Lender" has the meaning set forth in Section 2.01.

"Lender Participant" has the meaning set forth in Section 10.06.(c).

"LIBO Rate" means, for each Calculation Period relating to an Advance, the rate appearing on the Reuters Screen at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Calculation Period, as the rate for U.S. dollar deposits with a maturity of three months. If such rate is not available at such time for any reason, then the LIBO Rate for such Calculation Period shall be equal to the rate that results from interpolating on a linear basis between (a) the rate appearing on the Reuters Screen for the longest period available that is shorter than three months and (b) the rate appearing on the Reuters screen that is the shortest period available that is longer than three months. The LIBO Rate shall be determined by the Administrative Agent (and notified in writing to the Collateral Administrator and the Portfolio Manager), and such determination shall be conclusive absent manifest error. Notwithstanding anything in the foregoing to the contrary, if the LIBO Rate as calculated for any purpose under this Agreement is below zero, the LIBO Rate will be deemed to be zero for such purpose until such time as it exceeds zero again.

"Lien" means any security interest, lien, charge, pledge, preference, equity or encumbrance of any kind, including tax liens, mechanics' liens and any liens that attach by operation of law.

"Loan" means any obligation for the payment or repayment of borrowed money that is documented by a term loan agreement or other similar credit agreement.

"Loan Documents" means this Agreement, the Asset Pledge Agreement, the Equity Pledge Agreement, the Natixis Sale Agreement, the Parent Sale Agreement, the Payoff Letter and the Payment Direction Letter.

"Losses" has the meaning set forth in Section 5.03.(a).

"Market Value" means, on any date of determination, (i) with respect to any Senior Secured Loan or Second Lien Loan, the average indicative bid-side price determined by Markit Group Limited or LoanX, Inc. (or, if the Administrative Agent determines in its sole discretion that such bid price is not available or is not indicative of the actual current market value, the market value of such Senior Secured Loan or Second Lien Loan as determined by the Administrative Agent in good faith and in a commercially reasonable manner) and (ii) with respect to any other Portfolio Investment, the market value of such Portfolio Investment as determined by the Administrative Agent in good faith and in a commercially reasonable manner, in each case, expressed as a percentage of par. So long as no Market Value Event has occurred or Event of Default has occurred and is continuing, the Portfolio Manager shall have the right to initiate a dispute of the Market Value of certain Portfolio Investments as set forth below; *provided* that the Portfolio Manager provides the bid or valuation set forth below no later than 2:00 p.m. New York City time on the Business Day immediately following the related date of determination.

If the Portfolio Manager disputes the determination of Market Value with respect to any Portfolio Investment whose Market Value is not determined by the Administrative Agent using Markit Group Limited or LoanX, Inc., the Portfolio Manager may, with respect to up to three such Portfolio Investments in each calendar quarter, engage a Nationally Recognized Valuation Provider, at the expense of the Company, to provide a valuation of the applicable Portfolio Investments and submit evidence of such valuation to the Administrative Agent. With respect to any Portfolio Investment whose Market Value is determined by the Administrative Agent using Markit Group Limited or LoanX, Inc., the Portfolio Manager may, at the expense of the Company, obtain a written executable bid from an Independent Broker-Dealer for such Portfolio Investment and submit evidence of such bid to the Administrative Agent; *provided* that the Administrative Agent has the ability to execute any such bid by selling any portion of such Portfolio Investment held by the Administrative Agent or its Affiliate for its own account to any such Independent Dealer (either directly or indirectly through a broker or other intermediary reasonably acceptable to the Administrative Agent) at the time (but no earlier than) such bid is delivered to the Administrative Agent by the Portfolio Manager.

The market value of any Portfolio Investment determined in accordance with the immediately preceding paragraph will be the Market Value for the applicable Portfolio Investment from and after (but not earlier than) the Business Day following delivery of notice of such valuation to the Administrative Agent until the Administrative Agent has made a good faith and commercially reasonable determination that the Market Value of such Portfolio Investment has changed, in which case the Administrative Agent may determine another Market Value (in accordance with the definition of Market Value).

Notwithstanding anything to the contrary herein, (A) the Market Value for any Portfolio Investment shall not be greater than the par amount thereof, (B) the Market Value of any Ineligible Investment shall be deemed to be zero and (C) the Administrative Agent shall be entitled to disregard as invalid any bid submitted by the Portfolio Manager from any Independent Broker-Dealer if, in the Administrative Agent's good faith judgment: (i) such Independent Broker-Dealer is ineligible to accept assignment or transfer of the relevant Portfolio Investment or portion thereof, as applicable, substantially in accordance with the then-current market practice in the principal market for such Portfolio Investment, as reasonably determined by the Administrative Agent; or (ii) such firm bid or such firm offer is not bona fide due to the insolvency of the Independent Broker-Dealer.

The Administrative Agent shall notify the Company, the Portfolio Manager and the Collateral Administrator in writing of the then-current Market Value of each Portfolio Investment in the Portfolio no later than the 5th day of each calendar month or upon the reasonable request of the Portfolio Manager. Any notification from the Administrative Agent to the Company that the events set forth in clause (A)(i) of the definition of the term Market Value Event have occurred and is continuing shall be accompanied by a written statement showing the then-current Market Value of each Portfolio Investment.

"Market Value Cure" means, on any date of determination, (i) the contribution by the Parent of additional Portfolio Investments and the pledge and Delivery thereof by the Company to the Collateral Agent pursuant to the terms hereof, (ii) the contribution by the Parent of cash to the Company and the pledge and Delivery thereof by the Company to the Collateral Agent pursuant to the terms hereof (which amounts shall be deposited in the MV Cure Account), (iii) the prepayment by the Company of an aggregate principal amount of Advances (together with accrued and unpaid interest thereon) or (iv) any combination of the foregoing clauses (i), (ii) and (iii), in each case during the Market Value Cure Period, at the option of the Portfolio Manager, and in an amount such that the Net Advances are less than the product of (a) the Market Value Cure Trigger specified on the Transaction Schedule and (b) the Net Asset Value; *provided* that, any Portfolio Investment contributed to the Company in connection with the foregoing must meet all of the applicable Eligibility Criteria (unless otherwise consented to by the Administrative Agent) and the Concentration Limitations (as defined on Schedule 4) shall be satisfied after such contribution or, if not satisfied immediately prior to such contribution, maintained or improved. For the purposes of any request for consent of the Administrative Agent pursuant to clause (i) in the immediately preceding sentence, if the Company notifies the Administrative Agent on the day on which the events set forth in clause (A)(i) of the definition of the term Market Value Event has occurred and is continuing of its intention to contribute a Portfolio Investment to the Company to cure such event and requests the related consent thereto, the Administrative Agent shall respond to such request no later than one (1) Business Day after such notice is received. In connection with any Market Value Cure, a Portfolio Investment shall be deemed to have been contributed to the Company if there has been a valid, binding and enforceable contract for the assignment of such Portfolio Investment to the Company and, in the reasonable judgment of the Portfolio Manager, such assignment will settle, in the case of a Loan, within fifteen (15) Business Days thereof and, in the case of any other Portfolio Investment, within four (4) Business Days thereof. The Portfolio Manager shall use its commercially reasonable efforts to effect any such assignment within such time period.

"Market Value Cure Failure" means the failure by the Company to effect a Market Value Cure as set forth in the definition of such term.

"Market Value Cure Period" means the period commencing on the Business Day on which the Portfolio Manager receives notice from the Administrative Agent (which if received after 2:00 p.m., New York City time, on any Business Day, shall be deemed to have been received on the next succeeding Business Day) of the occurrence of the events set forth in clause (A)(i) of the definition of the term Market Value Event and ending at (x) the close of business in New York two (2) Business Days thereafter or (y) such later date and time as may be agreed to by the Administrative Agent in its sole discretion.

"Market Value Event" means (A) the occurrence of both of the following events (i) the Administrative Agent shall have determined and notified the Portfolio Manager in writing as of any date that the Net Advances exceed the product of (a) the Market Value Trigger specified on the Transaction Schedule and (b) the Net Asset Value and (ii) a Market Value Cure Failure or (B) if in connection with any Market Value Cure, a Portfolio Investment sold, contributed or deemed to have been contributed to the Company shall fail to settle within (i) in the case of a Loan, fifteen (15) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) from the related Trade Date thereof and (ii) in the case of any other Portfolio Investment, four (4) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) from the related Trade Date thereof.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of the Company or the Portfolio Manager, taken as a whole, (b) the ability of the Company or the Portfolio Manager to perform its obligations under this Agreement or any of the other Loan Documents or (c) the rights of or benefits available to the Administrative Agent or the Lenders under this Agreement or any of the other Loan Documents.

"Material Amendment" has the meaning set forth in Section 10.06.(c).

"Maturity Date" means the date that is the earliest of (1) the Scheduled Termination Date set forth on the Transaction Schedule, (2) the date on which the Secured Obligations become due and payable upon the occurrence of an Event of Default under Article VII and the acceleration of the Secured Obligations, (3) the date on which the principal amount of the Advances is irrevocably reduced to zero as a result of one or more prepayments and the Financing Commitments are irrevocably terminated and (4) the date after a Market Value Event on which all Portfolio Investments have been sold and the proceeds therefrom have been received by the Company.

"Maximum Rate" has the meaning set forth in Section 10.08.

"Mezzanine Obligation" means a Portfolio Investment which is unsecured, subordinated debt of the obligor.

"Minimum Funding Amount" means, on any date of determination, the amount set forth in the table below:

Period Start Date	**Period End Date**	**Minimum Funding Amount (U.S.$)**
Amendment Date	To and including May 19, 2019	115,000,000
May 20, 2019	November 29, 2019	135,000,000
Unless the Commitment Increase Date has occurred, November 30, 2019	To and including the earlier of (i) the last day of the Reinvestment Period and (ii) the Commitment Increase Date	155,000,000
If the Commitment Increase Date occurs, the day following the Commitment Increase Date	If the Commitment Increase Date occurs, to and including the last day of the Reinvestment Period	175,000,000

"MV Cure Account" has the meaning set forth in Section 8.01.(a).

"Nationally Recognized Valuation Provider" means (i) Houlihan Lokey Howard & Zukin, (ii) Lincoln International LLC (f/k/a Lincoln Partners LLC), (iii) Duff & Phelps Corp., (iv) Valuation Research Corporation, (v) FTI Consulting, Inc. and (vi) Murray Devine and (vii) Alvarez & Marsal; *provided* that any independent entity providing professional asset valuation services may be added to this definition by the Company (with the consent of the Administrative Agent) or added to this definition by the Administrative Agent from time to time by notice thereof to the Company and the Portfolio Manager; *provided*, *further*, that (A) the Administrative Agent may remove up to three providers from this definition by written notice to the Company and the Portfolio Manager and (B) upon any such removal, the Company may add an equivalent number of entities providing professional asset valuation services to this definition (with the consent of the Administrative Agent).

"Natixis Collateral Agent" means The Bank of New York Mellon Trust Company, National Association, in its capacity as collateral agent under the Natixis Credit Facility.

"Natixis Lender" means Versailles Assets LLC.

"Natixis Credit Facility" has the meaning set forth in the recitals.

"Natixis Lien Release" means, collectively, the release of the Lien of the Natixis Collateral Agent over the Collateral over which it has a Lien (including, without limitation, the filing of a UCC-3 Statement in each applicable jurisdiction), the transfer of all of the Collateral held by the Natixis Lender, the Natixis Collateral Agent or any of their respective agents to the Company and such further assurances regarding the release of such Lien and Collateral as the Administrative Agent shall reasonably request (including, if requested, such certifications or notices requested by the Administrative Agent to be addressed to the Administrative Agent).

"Net Advances" means the principal amount of the outstanding Advances (inclusive of Advances that have been requested for any outstanding Purchase Commitments which have traded but not settled) minus the amounts then on deposit in the Accounts (including cash and Eligible Investments) representing Principal Proceeds (excluding any Principal Proceeds which shall be used to settle pending purchases).

"Net Asset Value" means, (A) the sum of (I) the Market Value of each Portfolio Investment (both owned and in respect of which there are outstanding Purchase Commitments which have traded but not settled) in the Portfolio that is not (x) an Ineligible Investment or (y) a Portfolio Investment which has traded but not settled (i) in the case of a Loan, within fifteen (15) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) from the related Trade Date thereof and (ii) in the case of any other Portfolio Investment, within four (4) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) from the related Trade Date thereof, multiplied by (II) the funded principal amount of such Portfolio Investment minus (B) the Unfunded Exposure Shortfall; *provided* that product of the Market Value and the Concentration Limitation Excess will be excluded from the calculation of the Net Asset Value and assigned a value of zero for such purposes.

"New York Collateral" has the meaning set forth in Section 8.02.(b).

"Non-Call Period" means the period beginning on, and including, the Effective Date and ending on, but excluding, October 29, 2019.

"Notice of Acquisition" has the meaning set forth in Section 1.02.

"Other Connection Taxes" means, with respect to any Secured Party, Taxes imposed as a result of a present or former connection between such Secured Party and the jurisdiction imposing such Tax (other than connections arising from such Secured Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Advance or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Parent" has the meaning set forth in the recitals.

"Participant Register" has the meaning specified in Section 10.06.(d).

"Participation Interest" means a participation interest in a Loan or a debt security.

"PATRIOT Act" has the meaning set forth in Section 2.04.(a)(f).

"Payment Direction Letter" means that certain Flow of Funds and Payment Direction Letter, dated as of the date hereof, among the Company, the Portfolio Manager and the Administrative Agent.

"Payoff Letter" means the payoff letter, dated as of the date hereof, among the Seller, the Natixis Lender, the Natixis Collateral Agent and the other parties to the Natixis Credit Facility, in form and substance satisfactory to the Administrative Agent.

"Permitted Distribution" means, on any Business Day, distributions of Interest Proceeds (at the discretion of the Company) to the Parent (or other permitted equity holders of the Company); *provided* that amounts may be distributed pursuant to this definition only to the extent of available Excess Interest Proceeds and only so long as (i) no Event of Default has occurred and is continuing (or would occur after giving effect to such Permitted Distribution), (ii) no Market Value Event shall have occurred (or would occur after giving effect to such Permitted Distribution), (iii) the Borrowing Base Test is satisfied (and will be satisfied after giving effect to such Permitted Distribution), (iv) all Portfolio Investments satisfied the Eligibility Criteria on the Trade Date or Substitution Date, as applicable, for their acquisition by the Company, (v) the Company gives at least two (2) Business Days' prior written notice thereof to the Administrative Agent, (vi) the Company and the Administrative Agent confirm in writing (which may be by email) to the Collateral Agent and the Collateral Administrator that the conditions to a Permitted Distribution set forth herein are satisfied and (vii) not more than five Permitted Distributions are made in any single Calculation Period.

"Permitted Lien" means any of the following: (a) Liens for Taxes if such Taxes shall not at the time be due and payable or if a Person shall currently be contesting the validity thereof in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of such Person, (b) Liens imposed by law, such as materialmen's, warehousemen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens, arising by operation of law in the ordinary course of business for sums that are not overdue or are being contested in good faith, (c) with respect to any collateral underlying a Portfolio Investment, the Lien in favor of the Company and Liens permitted under the related underlying instruments, (d) as to agented Portfolio Investments, Liens in favor of the agent on behalf of all the lenders of the related obligor, and (e) Liens granted pursuant to or by the Loan Documents.

"Permitted Subsidiary" means WhiteHorse Finance (CA), LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company.

"Permitted Tax Distribution" means distributions to the Parent (from the Accounts or otherwise) to the extent required to allow the Parent to make sufficient distributions to qualify as a regulated investment company, and to otherwise eliminate federal or state income or excise taxes payable by the Parent in or with respect to any taxable year of the Parent (or any calendar year, as relevant); *provided* that (A) the amount of any such payments made in or with respect to any such taxable year (or calendar year, as relevant) of the Parent shall not exceed 115% of the amounts that the Company would have been required to distribute to the Parent to: (i) allow the Company to satisfy the minimum distribution requirements that would be imposed by Section 852(a) of the Code (or any successor thereto) to maintain its eligibility to be taxed as a regulated investment company for any such taxable year, (ii) reduce to zero for any such taxable year the Company's liability for federal income taxes imposed on (x) its investment company taxable income pursuant to Section 852(b)(1) of the Code (or any successor thereto), or (y) its net capital gain pursuant to Section 852(b)(3) of the Code (or any successor thereto), and (iii) reduce to zero the Company's liability for federal excise taxes for any such calendar year imposed pursuant to Section 4982 of the Code (or any successor thereto), in the case of each of (i), (ii) or (iii), calculated assuming that the Company had qualified to be taxed as a regulated investment company under the Code and (B) if such Permitted Tax Distributions are made after the occurrence and during the continuance of an Event of Default, the amount of Permitted Tax Distributions made in any 90 calendar day period shall not exceed U.S.$1,500,000.

"Person" means any natural person, corporation, partnership, trust, limited liability company, association, governmental authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) subject to Section 412 of the Code or Title IV of ERISA established by the Company, the Parent or any ERISA Affiliate.

"Plan Asset Rules" means the regulations issued by the United States Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the United States Code of Federal Regulations, as modified by Section 3(42) of ERISA.

"Pledged Accounts" means the accounts (including any applicable sub-accounts) established by the Permitted Subsidiary at Citibank, N.A. and pledged to the Collateral Agent pursuant to the Asset Pledge Agreement.

"Portfolio" means all Portfolio Investments Purchased or Substituted hereunder and not otherwise sold or liquidated.

"Portfolio Manager Breach" has the meaning set forth in Section 5.03.(a).

"Portfolio Manager Party" has the meaning set forth in Section 5.03.(a).

"Prime Rate" means the rate of interest *per annum* publicly announced from time to time by JPMCB as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Principal Proceeds" means all amounts received with respect to the Portfolio Investments or any other Collateral, and all amounts otherwise on deposit in the Accounts (including cash contributed by the Company), in each case other than Interest Proceeds or amounts on deposit in the Unfunded Exposure Account.

"Priority of Payments" has the meaning set forth in Section 4.05.

"Proceeding" has the meaning set forth in Section 10.07.(b).

"Purchase" means each acquisition of a Portfolio Investment hereunder (other than by Substitution), including, for the avoidance of doubt, by way of a contribution by the Parent to the Company pursuant to the Parent Sale Agreement and, in the case of the Permitted Subsidiary, origination of such Portfolio Investment, directly or indirectly.

"Purchase Commitment" has the meaning set forth in Section 1.02.

"Ramp-Up Period" means the period from and including the Effective Date to, but excluding, September 23, 2016.

"Register" has the meaning set forth in Section 10.06.(b).

"Reinvestment Period" means the period beginning on, and including, the Effective Date and ending on, but excluding, the earliest of (i) December 29, 2020, (ii) the date on which a Market Value Event occurs and (iii) the date on which an Event of Default occurs.

"Related Party" has the meaning set forth in Section 9.01.

"Required Financing Providers" means the Financing Providers with respect to 66 2/3% of the aggregate principal amount of the outstanding Advances.

"Responsible Officer" means (a) with respect to the Collateral Agent, any officer of the Collateral Agent customarily performing functions with respect to corporate trust matters and, with respect to a particular corporate trust matter under this Loan Agreement, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject in each case, having direct responsibility for the administration of this Agreement and (b) with respect to the Collateral Administrator, any officer of the Collateral Administrator customarily performing functions with respect to collateral administration matters and, with respect to a particular matter under this Agreement, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject in each case, having direct responsibility for the administration of this Agreement.

"Restricted Payment" means (i) any dividend or other distribution (including, without limitation, a distribution of non-cash assets), direct or indirect, on account of any shares or other equity interests in the Company now or hereafter outstanding; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, by the Company of any shares or other equity interests in the Company now or hereafter outstanding; and (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares or other equity interests in the Company now or hereafter outstanding.

"Reuters Screen" means Reuters Screen LIBOR 01 Page on the Bloomberg Financial Markets Commodities News (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits in the London interbank market).

"Revolving Loan" means any Loan (other than a Delayed Funding Term Loan, but including funded and unfunded portions of revolving credit lines not backed by cash and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that under the underlying instruments relating thereto may require one or more future advances to be made to the obligor by a creditor; but any such loan will be a Revolving Loan only to the extent of undrawn commitments except as expressly set forth herein and only until all commitments by the holders thereof to make advances to the obligor thereon expire or are terminated or are irrevocably reduced to zero.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Syria and Crimea).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union, any EU member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b) or (d) any Person otherwise the subject of Sanctions.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any EU member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority.

"Second Lien Loan" means a Loan (i) that is secured by a pledge of collateral, which security interest is validly perfected and second priority (subject to liens for taxes or regulatory charges and any other liens permitted under the related underlying instruments that are reasonable and customary for similar loans) under Applicable Law (other than a Loan that is second priority to a Permitted Working Capital Lien) and (ii) the Portfolio Manager determines in good faith that the value of the collateral securing the loan (including based on enterprise value) on or about the time of origination or acquisition by the Company equals or exceeds the outstanding principal balance thereof plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by the same collateral.

"Secured Party" has the meaning set forth in Section 8.02.(a).

"Secured Obligation" has the meaning set forth in Section 8.02.(a).

"Senior Secured Loan" means any interest in a loan, including any assignment of or participation in or other interest in a loan, that (i) is not (and is not expressly permitted by its terms to become) subordinate in right of payment to any obligation of the obligor in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings (other than pursuant to a Permitted Working Capital Lien and customary waterfall provisions contained in the applicable loan agreement), (ii) is secured by a pledge of collateral, which security interest is (a) validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar loans, and liens accorded priority by law in favor of any Governmental Authority) or (b)(1) validly perfected and second priority in the accounts, documents, instruments, chattel paper, letter-of-credit rights, supporting obligations, deposit accounts, investments accounts and any other assets securing any Working Capital Revolver under Applicable Law and proceeds of any of the foregoing (a first priority lien on such assets a "Permitted Working Capital Lien") and (2) validly perfected and first priority (subject to liens for taxes or regulatory charges and any other liens permitted under the related underlying instruments that are reasonable and customary for similar loans) in all other collateral under Applicable Law, and (iii) the Portfolio Manager determines in good faith that the value of the collateral for such loan (including based on enterprise value) on or about the time of acquisition equals or exceeds the outstanding principal balance of the loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by a first priority Lien over the same collateral. For the avoidance of doubt, debtor-in-possession loans shall constitute Senior Secured Loans.

"Settlement Date" has the meaning set forth in Section 1.03.

"Solvent" means, with respect to any entity, that as of the date of determination, (a) the sum of such entity's debt (including contingent liabilities) does not exceed the present fair value of such entity's present assets; (b) such entity's capital is not unreasonably small in relation to its business as contemplated on the date of this Agreement; and (c) such entity has not incurred debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise). For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

"Subsidiary Investments" has the meaning set forth in the recitals.

"Substitute Portfolio Investment" has the meaning set forth in Section 1.05.

"Substitution" has the meaning set forth in Section 1.05.

"Substitution Date" has the meaning set forth in Section 1.03.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Third A&R Date" means May 15, 2018.

"Trade Date" has the meaning set forth in Section 1.03.

"UCC" has the meaning set forth in Section 8.01.(b).

"Unfunded Exposure Account" has the meaning set forth in Section 8.01.(a).

"Unfunded Exposure Amount" means, on any date of determination, the sum (determined on a traded basis), with respect to each Delayed Funding Term Loan or Revolving Loan, of an amount equal to the aggregate amount of all unfunded commitments associated with such Delayed Funding Term Loan or Revolving Loan, as applicable.

"Unfunded Exposure Shortfall" means, on any date of determination, an amount equal to the greater of (x) 0 and (y) the Unfunded Exposure Amount *minus* (a) amounts on deposit in the Unfunded Exposure Account and (b) five percent (5%) of the Collateral Principal Amount.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning set forth in Section 3.03.(f).

"Working Capital Revolver" means a revolving lending facility secured by all or a portion of the current assets of the related obligor, which current assets subject to such security interest do not constitute a material portion of the obligor's total assets.

ARTICLE I
THE PORTFOLIO INVESTMENTS

SECTION 1.01. Purchases of Portfolio Investments. On the Effective Date, the Company may acquire the Initial Portfolio Investments from the Seller pursuant to the Natixis Sale Agreement, subject to the conditions specified in this Agreement. From time to time during the Reinvestment Period, the Company may Purchase (or cause the Permitted Subsidiary to Purchase) additional Portfolio Investments, or request that Portfolio Investments be Purchased for the Company's account, all on and subject to the terms and conditions set forth herein.

SECTION 1.02. Procedures for Purchases and Related Financings.

(a) Timing of Notices of Acquisition. No later than five (5) Agent Business Days (or such shorter period as the Administrative Agent may agree in its sole discretion) before the date on which the Company proposes that a binding commitment to acquire any Portfolio Investment (other than an Initial Portfolio Investment) be made by it or for its account or the account of the Permitted Subsidiary (a "Purchase Commitment") or that a Substitution occur, the Portfolio Manager, on behalf of the Company, shall deliver to the Administrative Agent a notice of acquisition (a "Notice of Acquisition").

(b) Contents of Notices of Acquisition. Each Notice of Acquisition shall consist of one or more electronic submissions to the Administrative Agent (in such format and transmitted in such a manner as the Administrative Agent, the Portfolio Manager and the Company may reasonably agree (which shall initially be the format and include the information regarding such Portfolio Investment identified on Schedule 2)), and shall be accompanied by such other information as the Administrative Agent may reasonably request.

(c) Eligibility of Portfolio Investments. The Administrative Agent shall have the right, on behalf of all Financing Providers, to reasonably request additional information regarding any proposed Portfolio Investment. The Administrative Agent shall notify the Portfolio Manager and the Company (including via e-mail or other customary electronic messaging system) of its approval or failure to approve each Portfolio Investment proposed to be acquired pursuant to a Notice of Acquisition (and, if approved, an initial determination of the Market Value for such Portfolio Investment) no later than the fifth (5th) Agent Business Day succeeding the date on which it receives such Notice of Acquisition and any information reasonably requested in connection therewith); *provided* that (i) any Initial Portfolio Investment shall be deemed to be approved by the Administrative Agent and (ii) the failure of the Administrative Agent to notify the Portfolio Manager and the Company of its approval in accordance with this Section 1.02(c) shall be deemed to be a disapproval of such proposed acquisition.

(d) The failure of the Administrative Agent to approve the acquisition of a Portfolio Investment will not prohibit the Company from acquiring such Portfolio Investment (subject to the conditions set forth in Section 1.03); *provided,* that any Portfolio Investment not so approved prior to its Trade Date or Substitution Date (each as defined below) shall be deemed to be an Ineligible Investment until such later date (if any) on which such Portfolio Investment is so approved.

SECTION 1.03. Conditions to Purchases or Substitutions. No Purchase Commitment, Purchase or Substitution shall be entered into unless each of the following conditions is satisfied (or waived as provided below) as of the date on which such Purchase Commitment is entered into (such Portfolio Investment's "Trade Date") or the Company consummates a Substitution (the "Substitution Date") (and such Portfolio Investment shall not be Purchased or Substituted, and any related Financing shall not be required to be made available to the Company by the applicable Financing Providers, unless each of the following conditions is satisfied or waived as of such Trade Date or Substitution Date, as applicable):

(1) the information contained in the Notice of Acquisition accurately describes, in all material respects, such Portfolio Investment and, unless waived by the Administrative Agent, such Portfolio Investment satisfies the eligibility criteria set forth in Schedule 3 (the "Eligibility Criteria");

(2) with respect to a Purchase, the proposed Settlement Date for such Portfolio Investment is not later than (i) in the case of a Loan, the date that is fifteen (15) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) after such Trade Date or (ii) in the case of any other Portfolio Investment, the date that is four (4) Business Days (or such longer period of time agreed to by the Administrative Agent in its sole discretion) after such Trade Date;

(3) no Market Value Event has occurred and no Event of Default or event that, with notice or lapse of time or both, would constitute an Event of Default (a "Default"), in each case, has occurred and is continuing, and the Reinvestment Period has not otherwise ended; and

(4) after giving pro forma effect to the Purchase or Substitution of such Portfolio Investment and the related provision of Financing (if any) hereunder:

(x) the Borrowing Base Test is satisfied;

(y) the Concentration Limitations (as defined on Schedule 4) shall be satisfied or, if not satisfied immediately prior to such Purchase Commitment, maintained or improved;

(z) the aggregate principal balance of Advances then outstanding will not exceed, for each type of Financing available hereunder, the limit for such type of Financing set forth in the Transaction Schedule; and

(aa) in the case of a Purchase, the amount of such Financing (if any) shall be not less than U.S.$2,000,000; *provided* that the initial Financing shall be not less than U.S.$100,000,000.

The Administrative Agent, on behalf of the Financing Providers, may waive any conditions to a Purchase Commitment, Purchase or Substitution, as the case may be, specified above in this Section 1.03 by written notice thereof to the Company, the Collateral Administrator, the Portfolio Manager and the Collateral Agent.

If the above conditions to a Purchase are satisfied or waived, the Portfolio Manager shall determine, in consultation with the Administrative Agent and with notice to any applicable Financing Providers, the Collateral Agent and the Collateral Administrator, the date on which such Purchase shall settle (the "Settlement Date" for such Portfolio Investment) and any related Financing shall be provided.

With respect to a Purchase, promptly following the Settlement Date for a Portfolio Investment and its receipt thereof, the Collateral Administrator shall provide to the Administrative Agent a copy of the executed assignment agreement (or, in the case of a Portfolio Investment that is not a Loan, the executed purchase agreement or similar instrument) pursuant to which such Portfolio Investment was assigned, sold or otherwise transferred to the Company.

SECTION 1.04. Sales of Portfolio Investments. The Company will not (and will not permit the Permitted Subsidiary to) sell, transfer or otherwise dispose of any Portfolio Investment or any other asset without the prior consent of the Administrative Agent (acting at the direction of the Required Financing Providers), except that, subject to Section 6.02.(x), the Company may sell any Portfolio Investment (including any Ineligible Investment) or other asset so long as, (x) after giving effect thereto, no Market Value Event has occurred and no Default or Event of Default has occurred and is continuing and (y) the sale of such asset by the Company shall be on an arm's-length basis and in accordance with the Portfolio Manager's standard market practices. In addition, within ten (10) calendar days of any Revolving Loan or Delayed Funding Term Loan with an unfunded commitment becoming an Ineligible Investment, the Company, subject to clauses (x) and (y) in the immediately preceding sentence, shall either (i) sell such Revolving Loan or Delayed Funding Term Loan and shall pay any amount payable in connection with such sale or (ii) distribute such Revolving Loan or Delayed Funding Term Loan to the Parent; *provided* that, in the case of this clause (ii), the Parent has paid the Company an amount equal to the Market Value of such Revolving Loan or Delayed Funding Term Loan on the date of its Purchase multiplied by the then-current funded balance of such Revolving Loan or Delayed Funding Term Loan.

Notwithstanding anything in this Agreement to the contrary (but subject to this Section 1.04): (i) following the occurrence and during the continuance of an Event of Default, neither the Company nor the Portfolio Manager on its behalf shall have any right to cause the sale, transfer or other disposition of a Portfolio Investment or any other asset (including, without limitation, the transfer of amounts on deposit in the Accounts) without the prior written consent of the Administrative Agent (which consent may be granted or withheld in the sole discretion of the Administrative Agent), (ii) following the occurrence of a Market Value Event, the Company shall use commercially reasonable efforts to sell Portfolio Investments (individually or in lots, including a lot comprised of all of the Portfolio Investments) at the sole direction of, and in the manner (including, without limitation, the time of sale, sale price, principal amount to be sold and purchaser) required by the Administrative Agent (*provided* that the Administrative Agent shall only require sales at the direction of the Required Financing Providers and at then-current fair market values and in accordance with the Administrative Agent's standard market practices) and the proceeds from such sales shall be used to prepay the Advances outstanding hereunder and (iii) following the occurrence of a Market Value Event, the Portfolio Manager shall have no right to act on behalf of, or otherwise direct, the Company, the Administrative Agent, the Collateral Agent or any other person in connection with a sale of Portfolio Investments pursuant to any provision of this Agreement except with the prior written consent of the Administrative Agent (including via email). Any prepayments made pursuant to this paragraph shall automatically reduce the Financing Commitments as provided in **Error! Reference source not found.**. The Company shall cause the Permitted Subsidiary to comply with all of the provisions of this paragraph.

In connection with any sale of Portfolio Investments required by the Administrative Agent following the occurrence of an Event of Default or a Market Value Event, in connection with such sale, the Administrative Agent or a designee of the Administrative Agent shall:

(i) notify the Company at the Designated Email Notification Address promptly upon distribution of bid solicitations regarding the sale of such Portfolio Investments; and

(ii) direct the Company to sell such Portfolio Investments to the Designated Independent Broker-Dealer if the Designated Independent Broker-Dealer provides the highest bid in the case where bids are received in respect of the sale of such Portfolio Investments, it being understood that if the Designated Independent Broker-Dealer provides a bid to the Administrative Agent that is the highest bona fide bid to purchase a Portfolio Investment on a line-item basis where such Portfolio Investment is part of a pool of Portfolio Investments for which there is a bona fide bid on a pool basis proposed to be accepted by the Administrative Agent (in its sole discretion), then the Administrative Agent shall accept any such line-item bid only if such line-item bid (together with any other line-item bids by the Designated Independent Broker-Dealer or any other bidder for other Portfolio Investments in such pool) is greater than the bid on a pool basis.

For purposes of this paragraph, the Administrative Agent shall be entitled to disregard as invalid any bid submitted by the Designated Independent Broker-Dealer if, in the Administrative Agent's judgment (acting reasonably):

(A) either:

(x) the Designated Independent Broker-Dealer is ineligible to accept assignment or transfer of the relevant Portfolio Investments or any portion thereof, as applicable, substantially in accordance with the then-current market practice in the principal market for the relevant Portfolio Investments; or

(y) the Designated Independent Broker-Dealer would not, through the exercise of its commercially reasonable efforts, be able to obtain any consent required under any agreement or instrument governing or otherwise relating to the relevant Portfolio Investments to the assignment or transfer of the relevant Portfolio Investments or any portion thereof, as applicable, to it; or

(A) such bid is not bona fide, including, without limitation, due to (x) the insolvency of the Designated Independent Broker-Dealer or (y) the inability, failure or refusal of the Designated Independent Broker-Dealer to settle the purchase of the relevant Portfolio Investments or any portion thereof, as applicable, or otherwise settle transactions in the relevant market or perform its obligations generally.

In connection with any sale of a Portfolio Investment directed by the Administrative Agent pursuant to this Section 1.04 and the application of the net proceeds thereof, the Company hereby appoints the Administrative Agent as the Company's attorney-in-fact (it being understood that the Administrative Agent shall not be deemed to have assumed any of the obligations of the Company by this appointment), with full authority in the place and stead of the Company and in the name of the Company to effectuate the provisions of this Section 1.04 (including, without limitation, the power to execute any instrument which the Administrative Agent or the Required Financing Providers may deem necessary or advisable to accomplish the purposes of this Section 1.04 or any direction or notice to the Collateral Agent in respect to the application of net proceeds of any such sales). None of the Administrative Agent, the Financing Providers, the Collateral Administrator, the Securities Intermediary, the Collateral Agent nor any Affiliate of any thereof shall incur any liability to the Company, the Portfolio Manager or any other person in connection with any sale effected at the direction of the Administrative Agent in accordance with this Section 1.04, including, without limitation, as a result of the price obtained for any Portfolio Investment, the timing of any sale or sales of Portfolio Investments or the notice or lack of notice provided to any person in connection with any such sale, so long as, in the case of the Administrative Agent only, any such sale does not violate Applicable Law.

SECTION 1.05. Substitution.

During the Reinvestment Period, the Company may replace a Portfolio Investment with another Portfolio Investment (each such replacement, a "Substitution" and such new Portfolio Investment, a "Substitute Portfolio Investment") so long as the Company has submitted a Notice of Acquisition and all applicable conditions precedent set forth in Section 1.02.(c) and Section 1.03 have been satisfied with respect to each Substitute Portfolio Investment to be acquired by the Company in connection with such Substitution.

SECTION 1.06. Certain Assumptions Relating to Portfolio Investments.

(a) For purposes of all calculations hereunder, any Portfolio Investment for which the trade date in respect of a sale thereof by the Company or the Permitted Subsidiary has occurred, but the settlement date for such sale has not occurred, shall be considered to be owned by the Company or the Permitted Subsidiary until such settlement date.

(b) Unfunded commitments in respect of Delayed Funding Loans and Revolving Loans shall not be considered funded for purposes of the definition of the term Market Value and the calculation of the Net Asset Value and the Borrowing Base Test.

ARTICLE II
THE FINANCINGS

SECTION 2.01. Financing Commitments. Subject to the terms and conditions set forth herein, only during the Reinvestment Period, each Financing Provider hereby severally agrees to make available to the Company the types of Financing identified on the Transaction Schedule as applicable to such Financing Provider, in U.S. dollars, in an aggregate amount, for such Financing Provider and such type of Financing, not exceeding the amount of its Financing Commitment for such type of Financing. The Financing Commitments shall terminate on the earliest of (a) the last day of the Reinvestment Period, (b) the Maturity Date and (c) the occurrence of a Market Value Event (or, if earlier, the date of termination of the Financing Commitments pursuant to Article VII).

A Financing Provider with a Financing Commitment to make Advances hereunder is referred to as a "Lender".

SECTION 2.02. [reserved]

SECTION 2.03. Financings; Use of Proceeds.

(a) Subject to the satisfaction or waiver of the conditions to the Purchase of a Portfolio Investment set forth in Section 1.03 both as of the related Trade Date and Settlement Date, the applicable Financing Providers will make the applicable Financing available to the Company on the related Settlement Date (or otherwise on the related specified borrowing date if no Portfolio Investment is being acquired on such date) as provided herein; *provided* that, if no Portfolio Investment is being acquired on such date, only the conditions set forth in clauses (3) and (4) of Section 1.03 shall require satisfaction or waiver.

(b) Except as expressly provided herein, the failure of any Financing Provider to make any Advance required hereunder shall not relieve any other Financing Provider of its obligations hereunder. If any Financing Provider shall fail to provide any Financing to the Company required hereunder, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Financing Provider to satisfy such Financing Provider's obligations hereunder until all such unsatisfied obligations are fully paid.

(c) Subject to Section 2.03.(e), the Company shall use the proceeds of the Financings received by it hereunder to purchase the Portfolio Investments identified in the related Notice of Acquisition or to make advances to the obligor of Delayed Funding Term Loans or Revolving Loans in accordance with the underlying instruments relating thereto, *provided* that, if the proceeds of a Financing are deposited in the Collection Account as provided in Section 3.01 prior to or on the Settlement Date for any Portfolio Investment but the Company is unable to Purchase such Portfolio Investment on the related Settlement Date, or if there are proceeds of such Financing remaining after such Purchase, then, subject to Section 3.01.(a), upon written notice from the Portfolio Manager the Collateral Agent shall apply such proceeds as provided in Section 4.05. The proceeds of the Financings shall not be used for any other purpose.

(d) With respect to any Advance, the Portfolio Manager shall, on behalf of the Company, submit a request substantially in the form of Exhibit A (a "Request for Advance") to the Lenders and the Administrative Agent, with a copy to the Collateral Agent and the Collateral Administrator, not later than 2:00 p.m. New York City time, one (1) Business Day prior to the Business Day specified as the date on which such Advance shall be made and, upon receipt of such request, the Lenders shall make such Advances in accordance with the terms set forth in Section 3.01. Any requested Advance shall be in an amount such that, after giving effect thereto and the related purchase (if any) of the applicable Portfolio Investment(s), the Borrowing Base Test is satisfied.

(e) If, the aggregate principal amount of the outstanding Advances is less than the Minimum Funding Amount on any period start date specified in the definition of the term Minimum Funding Amount, then the Portfolio Manager (on behalf of the Company) shall be deemed to have requested an Advance on each such date such that, after the funding thereof, the aggregate principal amount of the outstanding Advances is equal to the Minimum Funding Amount. Unless an Event of Default shall have occurred and is continuing or a Market Value Event shall have occurred, the Lenders shall make a corresponding Advance in accordance with Article III on each such date (or, if either such date is not a Business Day, the next succeeding Business Day) (with written notice to the Collateral Administrator by the Administrative Agent), such that after the funding thereof, the aggregate principal amount of the outstanding Advances is equal to the Minimum Funding Amount.

(f) If two Business Days prior to the end of the Reinvestment Period, the Company has any outstanding unfunded obligations to make future advances under any Delayed Funding Term Loan or Revolving Loan, then the Portfolio Manager, on behalf of the Company, shall be deemed to have requested a Financing on such date, and the Lenders shall make a corresponding Advance on the last day of the Reinvestment Period (with written notice to the Collateral Administrator by the Administrative Agent) in accordance with Article III in amount equal to the least of (i) the aggregate amount of all such unfunded obligations, (ii) the Financing Commitments in excess of the aggregate principal amount of the outstanding Advances and (iii) an amount such that the Borrowing Base Test is satisfied after giving effect to such Advance; *provided* that, if the Company provides evidence to the Administrative Agent that it has cash from other sources that is available in accordance with the terms of this Agreement to make any such future advances in respect of any Delayed Funding Term Loan or Revolving Loan, then the amount of any such Advance shall be reduced by the amount of such funds. After giving effect to such Advance, the Company shall cause the proceeds of such Advance and cash from other sources that is available in accordance with the terms of this Agreement in an amount equal to the aggregate amount of all unfunded obligations remaining in respect of any Delayed Funding Term Loans or Revolving Loans to be deposited in the Unfunded Exposure Account and held as cash and Eligible Investments pending the funding of such future advances or until all commitments to make such future advances are terminated or expire or are irrevocably reduced to zero. For the avoidance of doubt, the amounts deposited in the Unfunded Exposure Account pursuant to this clause (f) shall not be used for any purpose other than as set forth in Section 8.01.(h).

(g) Without limitation to clause (f) above, neither the Company nor the Permitted Subsidiary shall acquire any unfunded commitment under any Revolving Loan or Delayed Funding Term Loan unless, on a pro forma basis after giving effect to such purchase, the Borrowing Base Test and item 6 of the Concentration Limitations will each be satisfied.

SECTION 2.04. Other Conditions to Financings. Notwithstanding anything to the contrary herein, the obligations of the Lenders to make Advances shall not become effective until the date (the "Effective Date") on which each of the following conditions is satisfied (or waived by the Administrative Agent in its sole discretion):

(a) Executed Counterparts. The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) Loan Documents. The Administrative Agent (or its counsel) shall have received reasonably satisfactory evidence that the Loan Documents have been executed and are in full force and effect, and that the initial sales and contributions (or grant of Participation Interests, as applicable) contemplated by the Natixis Sale Agreement shall have been consummated in accordance with the terms thereof.

(c) Opinions. The Administrative Agent (or its counsel) shall have received one or more reasonably satisfactory written opinions of Dechert LLP, counsel for the Company, the Parent and the Seller, covering such matters relating to the transactions contemplated hereby and by the other Loan Documents as the Administrative Agent shall reasonably request (including, without limitation, certain bankruptcy matters) in writing.

(d) Corporate Documents. The Administrative Agent (or its counsel) shall have received such certificates of resolutions or other action, incumbency certificates and/or other certificates of officers of the Company, the Parent and the Portfolio Manager as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each officer thereof or other Person authorized to act in connection with this Agreement and the other Loan Documents, and such other documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Company, the Parent and the Portfolio Manager and any other legal matters relating to the Company, the Parent, the Portfolio Manager, this Agreement or the transactions contemplated hereby, all in form and substance satisfactory to the Administrative Agent and its counsel.

(e) Payment of Fees, Etc. The Administrative Agent, the Lenders, the Collateral Agent and the Collateral Administrator shall have received all fees and other amounts due and payable by the Company in connection herewith on or prior to the Effective Date, including the fee payable pursuant to Section 4.03.(e) and, to the extent invoiced, reimbursement or payment of all reasonable and documented out-of-pocket expenses required to be reimbursed or paid by the Company hereunder.

(f) PATRIOT Act, Etc. To the extent requested by the Administrative Agent or any Lender, the Administrative Agent or such Lender, as the case may be, shall have received all documentation and other information required by regulatory authorities under the USA PATRIOT Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the "PATRIOT Act") and other applicable "know your customer" and anti-money laundering rules and regulations.

(g) Natixis Credit Facility Balance. The Administrative Agent has received evidence satisfactory to it that the aggregate amount payable by the Seller to the Natixis Lender and the other parties to the Natixis Credit Facility to terminate the Natixis Credit Facility and to secure the release of the Lien of the Natixis Collateral Agent over the Initial Portfolio Investments, which will be paid by the Lenders in accordance with the Payment Direction Letter, is not greater than U.S.$150,000,000.

(h) Natixis Lien Release. The Administrative Agent has received a fully executed copy of the Payoff Letter and evidence satisfactory to it that the Natixis Lien Release will be obtained on the date that the initial Advance is made.

(i) Certain Acknowledgements. The Administrative Agent shall have received (i) UCC, tax and judgment lien searches, bankruptcy and pending lawsuit searches or equivalent reports or searches indicating that there are no effective lien notices or comparable documents that name the Company as debtor and that are filed in the jurisdiction in which the Company is organized, (ii) a UCC lien search indicating that there are no effective lien notices or comparable documents that name the Seller as debtor which cover any of the Portfolio Investments (other than the Lien of the Natixis Collateral Agent that will be released pursuant to the Natixis Lien Release) and (iii) such other searches that the Administrative Agent deems necessary or appropriate.

In addition, proceeds of Advances may not be used to acquire Subsidiary Investments unless each of the following conditions is satisfied (or waived by the Administrative Agent in its sole discretion) on the Third A&R Date:

(a) Executed Counterparts. The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) Loan Documents. The Administrative Agent (or its counsel) shall have received reasonably satisfactory evidence that the other Loan Documents have been executed and are in full force and effect.

(c) Opinions. The Administrative Agent (or its counsel) shall have received one or more reasonably satisfactory written opinions of Dechert LLP, counsel for the Company and the Permitted Subsidiary, covering such matters relating to the Permitted Subsidiary, this Agreement and the other Loan Documents entered into as of the Third A&R Date as the Administrative Agent shall reasonably request in writing.

(d) Corporate Documents. The Administrative Agent (or its counsel) shall have received such certificates of resolutions or other action, incumbency certificates and/or other certificates of officers of the Permitted Subsidiary as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each officer thereof or other Person authorized to act in connection with the Loan Documents to which the Permitted Subsidiary is a party, and such other documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Permitted Subsidiary and any other legal matters relating to the Permitted Subsidiary or the transactions contemplated hereby with respect to the Permitted Subsidiary, all in form and substance satisfactory to the Administrative Agent and its counsel.

(e) PATRIOT Act, Etc. To the extent requested by the Administrative Agent or any Lender, the Administrative Agent or such Lender, as the case may be, shall have received all documentation and other information required by regulatory authorities under the USA PATRIOT Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the "PATRIOT Act") and other applicable "know your customer" and anti-money laundering rules and regulations.

(f) Solvency Certificate. The Administrative Agent has received an officer's certificate of a responsible officer of the Company certifying that, as of the Third A&R Date, the Company is Solvent.

(g) Lien Search. The Administrative Agent shall have received a UCC lien search indicating that there are no effective lien notices or comparable documents that name the Permitted Subsidiary as debtor and that are filed in the jurisdiction in which the Permitted Subsidiary is organized.

SECTION 2.05. Conditions to Advances. No Advance shall be made unless each of the following conditions is satisfied as of the proposed date of such Advance:

(i) the Effective Date shall have occurred;

(ii) the Company shall have delivered a Request for Advance in accordance with Section 2.03(d);

(iii) no Market Value Event has occurred

(iv) no Event of Default or Default has occurred and is continuing;

(v) the Reinvestment Period has not ended;

(vi) all of the representations and warranties contained in Article VI and in any other Loan Document shall be true and correct in all material respects (or with respect to such representations and warranties which by their terms contain materiality qualifiers, shall be true and correct), in each case on and as of the date of such Advance, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or with respect to such representations and warranties which by their terms contain materiality qualifiers, shall be true and correct) as of such earlier date; and

(vii) after giving pro forma effect to such Advance (and any related Purchase) hereunder:

(x) the Borrowing Base Test is satisfied;

(y) the Concentration Limitations (as defined on Schedule 4) shall be satisfied or, if not satisfied immediately prior to such Purchase Commitment, maintained or improved; and

(z) the aggregate principal balance of Advances then outstanding will not exceed, for each type of Financing available hereunder, the limit for such type of Financing set forth in the Transaction Schedule.

If the above conditions to an Advance are satisfied or waived by the Administrative Agent, the Portfolio Manager shall determine, in consultation with the Administrative Agent and with notice to the Lenders and the Collateral Administrator, the date on which any Advance shall be provided.

ARTICLE III
ADDITIONAL TERMS APPLICABLE TO THE FINANCINGS

SECTION 3.01. The Advances.

(a) Making the Advances. If the Lenders are required to make an Advance to the Company as provided in Section 2.03, then each Lender shall make such Advance on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the Collateral Agent for deposit to the Collection Account*; provided* that the Company hereby directs the Lenders to pay the proceeds of the initial Advance hereunder in accordance with the directions set forth in the Payment Direction Letter. Each Lender at its option may make any Advance by causing any domestic or foreign branch or Affiliate of such Lender to make such Advance, *provided* that any exercise of such option shall not affect the obligation of the Company to repay such Advance in accordance with the terms of this Agreement. Subject to the terms and conditions set forth herein, the Company may borrow and prepay Advances. The Company may reborrow Advances in an aggregate amount of U.S.$45,000,000. Except as set forth in the immediately preceding sentence, once drawn, Advances may not be reborrowed.

Payment of the proceeds of the initial Advance by the Lenders in accordance with the instructions set forth in the Payment Direction Letter will constitute the making of the Advance to the Company for all purposes and all obligations of the Lenders to make such Advance shall be satisfied thereby.

(b) Interest on the Advances. Subject to Section 3.01(h), all outstanding Advances shall bear interest (from and including the date on which such Advance is made) at a per annum rate equal to the LIBO Rate for each Calculation Period in effect *plus* the Applicable Margin for Advances set forth on the Transaction Schedule. Notwithstanding the foregoing, if any principal of or interest on any Advance is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 2% plus the rate otherwise applicable to the Advances as provided in the preceding sentence.

(c) Evidence of the Advances. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Company to such Lender resulting from each Advance made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at one of its offices the Register in which it shall record (1) the amount of each Advance made hereunder, (2) the amount of any principal or interest due and payable or to become due and payable from the Company to each Lender hereunder and (3) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. The entries made in the Register maintained pursuant to this paragraph (c) shall be conclusive absent manifest error, *provided* that the failure of any Lender or the Administrative Agent to maintain such Register or any error therein shall not in any manner affect the obligation of the Company to repay the Advances in accordance with the terms of this Agreement.

Any Lender may request that Advances made by it be evidenced by a promissory note. In such event, the Company shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if a registered note is requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed). Thereafter, the Advances evidenced by such promissory note and interest thereon shall at all times be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

(d) Pro Rata Treatment. Except as otherwise provided herein, all borrowings of, and payments in respect of, the Advances shall be made on a *pro rata* basis by or to the Lenders in accordance with their respective portions of the Financing Commitments in respect of Advances held by them.

(e) Illegality. Notwithstanding any other provision of this Agreement, if any Lender or the Administrative Agent shall notify the Company that the adoption of any law, rule or regulation, or any change therein or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for a Lender or the Administrative Agent to perform its obligations hereunder to fund or maintain Advances hereunder, then (1) the obligation of such Lender or the Administrative Agent hereunder shall immediately be suspended until such time as such Lender or the Administrative Agent determines (in its sole discretion) that such performance is again lawful, (2) at the request of the Company, such Lender or the Administrative Agent, as applicable, shall use reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses), until such time as the Advances are required to be prepaid as mandated by law in clause (3) below, to transfer all of its rights and obligations under this Agreement to another of its offices, branches or Affiliates with respect to which such performance would not be unlawful, and (3) if such Lender or the Administrative Agent is unable to effect a transfer under clause (2), then any outstanding Advances of such Lender shall be promptly paid in full by the Company (together with all accrued interest and other amounts owing hereunder) but not later than such date as shall be mandated by law; *provided* that, to the extent that any such adoption or change makes it unlawful for the Advances to bear interest by reference to the LIBO Rate, then the foregoing clauses (1) through (3) shall not apply and the Advances shall bear interest (from and after the last day of the Calculation Period ending immediately after such adoption or change) at a per annum rate equal to the Base Rate *plus* the Applicable Margin for Advances set forth on the Transaction Schedule.

(f) Increased Costs.

(i) If any Change in Law shall:

(A) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender;

(B) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Advances made by such Lender; or

(C) subject any Lender or the Administrative Agent to any Taxes (other than (x) Indemnified Taxes, (y) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (z) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or the Administrative Agent of making, continuing, converting or maintaining any Advance or to reduce the amount of any sum received or receivable by such Lender or the Administrative Agent hereunder (whether of principal, interest or otherwise), then, upon request by such Lender or the Administrative Agent, the Company will pay to such Lender or the Administrative Agent, as the case may be, such additional amount or amounts as will compensate such Lender or the Administrative Agent, as the case may be, for such additional costs incurred or reduction suffered.

(ii) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Advances made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity) by an amount deemed by such Lender to be material (which demand shall be accompanied by a statement setting forth the basis for such demand), then from time to time the Company will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(iii) A certificate of a Lender or the Administrative Agent, as the case may be, setting forth the amount or amounts necessary to compensate such Lender, its holding company or the Administrative Agent, as the case may be, as specified in paragraph (i) or (ii) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(iv) Failure or delay on the part of any Lender or the Administrative Agent to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or and Administrative Agent's right to demand such compensation; *provided* that the Company shall not be required to compensate a Lender or the Administrative Agent pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Administrative Agent notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Administrative Agent's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(v) Each of the Lenders and the Administrative Agent agrees that it will take such commercially reasonable actions as the Company may reasonably request that will avoid the need to pay, or reduce the amount of, any increased amounts referred to in this Section 3.01.(f); *provided* that no Lender or the Administrative Agent shall be obligated to take any actions that would, in the reasonable opinion of such Lender or the Administrative Agent, be disadvantageous to such Lender or the Administrative Agent (including, without limitation, due to a loss of money). In no event will the Company be responsible for increased amounts referred to in this Section 3.01.(f) which relates to any other entities to which any Lender provides financing.

(vi) If any Lender (A) provides notice of unlawfulness or requests compensation under clause (e) above or this clause (f), (B) defaults in its obligation to make Advances hereunder or (C) becomes the subject of a Bail-In Action, then the Company may, at its sole expense and effort, upon written notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related transaction documents to an assignee identified by the Company that shall assume such obligations (whereupon such Lender shall be obligated to so assign), *provided* that, (x) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder through the date of such assignment and (y) a Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply. No prepayment fee that may otherwise be due hereunder shall be payable to such Lender in connection with any such assignment.

(g) No Set-off or counterclaim. Subject to Section 3.03, all payments to be made hereunder by the Company in respect of the Advances shall be made without set-off or counterclaim and in such amounts as may be necessary in order that every such payment (after deduction or withholding for or on account of any present or future taxes, levies, imposts, duties or other charges of whatever nature imposed by the jurisdiction in which the Company is organized or any political subdivision or taxing authority therein or thereof) shall not be less than the amounts otherwise specified to be paid under this Agreement.

(h) Alternate Rate of Interest. (i) If prior to the commencement of any Calculation Period: (x) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate (including, without limitation, because the LIBO Rate is not available or published on a current basis), for U.S. dollar deposits and such Calculation Period; or (y) the Administrative Agent is advised by the Required Lenders that the LIBO Rate, as applicable, for such Calculation Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Advances (or its Advance) included in such Advance for such Calculation Period; then the Administrative Agent shall give notice thereof to the Company, the Portfolio Manager and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Company, the Portfolio Manager and the Lenders that the circumstances giving rise to such notice no longer exist, if any Advance is requested, such Advance shall accrue interest at the Base Rate *plus* the Applicable Margin for Advances set forth on the Transaction Schedule.

(ii) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (x) the circumstances set forth in Section 3.01(h)(i)(x) have arisen and such circumstances are unlikely to be temporary or (y) the circumstances set forth in Section 3.01(h)(i)(x) have not arisen but the supervisor for the administrator of the LIBO Rate or a governmental authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Company shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such changes shall not include a reduction in the Applicable Margin). Notwithstanding anything to the contrary in Section 10.05, such amendment shall become effective without any further action or consent of any other party to this Agreement (but with prior written notice to the Portfolio Manager (which may be by email))so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (ii) (but, in the case of the circumstances described in clause (y) of the first sentence of this Section 3.01(h)(ii), only to the extent the LIBO Rate for U.S. dollar deposits and such Calculation Period is not available or published at such time on a current basis), if any Advance is requested, such advance shall accrue interest at the Base Rate *plus* the Applicable Margin for Advances set forth on the Transaction Schedule.

SECTION 3.02. General. The provisions of Section 3.01 and any other provisions relating to the types of Financings contemplated by each such section shall not be operative until and unless such types of Financing have been made available to the Company, as evidenced by the Transaction Schedule.

SECTION 3.03. Taxes.

(a) Payments Free of Taxes. All payments to be made hereunder by the Company in respect of the Advances shall be made without deduction or withholding for any Taxes, except as required by Applicable Law (including FATCA). If any Applicable Law requires the deduction or withholding of any Tax from any such payment by the Company, then the Company shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Company shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Company. The Company shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by the Company. The Company shall indemnify each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Lender or required to be withheld or deducted from a payment to such Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Indemnification by the Lenders. Each Lender shall indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Company has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Company to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of 10.06 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Company to a Governmental Authority pursuant to this Section 3.03, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Secured Parties. (i) Any Secured Party that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.03.(f)(a)(1)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Company and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), an executed IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall deliver to the Company and the Administrative Agent (in such number of copies as shall be reasonably requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent, but only if the Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed IRS Form W-8BEN, IRS Form W-8BEN-E or applicable successor form establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, an IRS Form W-8BEN or IRS Form W-8BEN-E or any applicable successor form establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) an executed IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, is not a "10 percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code, and is not a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed IRS Form W-8BEN, IRS Form W-8BEN-E or applicable successor form; or

(iv) to the extent a Foreign Lender is not the beneficial owner, an executed IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E or applicable successor form, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be reasonably requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

(E) The Administrative Agent shall deliver to the Company an electronic copy of an IRS Form W-9 upon becoming a party under this Agreement. The Administrative Agent represents to the Company that it is a "U.S. person" and a "financial institution" within the meaning of Treasury Regulations Section 1.1441-1 and a "U.S. financial institution" within the meaning of Treasury Regulations Section 1.1471-3T and that it will comply with its obligations to withhold under Section 1441 and FATCA.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.03 (including by the payment of additional amounts pursuant to this Section 3.03), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 3.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Financing Commitments, and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE IV
COLLECTIONS AND PAYMENTS

SECTION 4.01. Interest Proceeds. The Company shall notify (or shall cause the Permitted Subsidiary to notify) the obligor with respect to each Portfolio Investment to remit all amounts that constitute Interest Proceeds to the Collection Account (or, in the case of Subsidiary Assets, the applicable Pledged Account). To the extent Interest Proceeds are received other than by deposit into the Collection Account, the Company shall cause all Interest Proceeds on the Portfolio Investments to be deposited in the Collection Account or remitted to the Collateral Agent, and the Collateral Agent shall credit (or cause to be credited) to the Collection Account all Interest Proceeds received by it immediately upon receipt thereof in accordance with the written direction of the Portfolio Manager.

Interest Proceeds shall be retained in the Collection Account and held in cash and/or invested (and reinvested) at the written direction of the Company (or the Portfolio Manager on its behalf) delivered to the Collateral Agent in dollar-denominated Cash Equivalents selected by the Portfolio Manager (unless an Event of Default has occurred and is continuing or a Market Value Event has occurred, in which case, selected by the Administrative Agent) ("Eligible Investments"). Eligible Investments shall mature no later than the end of the then-current Calculation Period. Not later than five Business Days following receipt, the Company shall cause the Permitted Subsidiary to distribute Interest Proceeds received by it to the Company as a dividend or equivalent equity distribution and deposit such Interest Proceeds into the Collection Account.

Interest Proceeds on deposit in the Collection Account shall be withdrawn by the Collateral Agent (at the written direction of the Company (or, upon the occurrence and during the continuance of an Event of Default or upon the occurrence of a Market Value Event, the Administrative Agent)) and applied (i) to make payments in accordance with this Agreement or (ii) to make Permitted Distributions or Permitted Tax Distributions in accordance with this Agreement with two (2) Business Days prior notice to the Administrative Agent.

SECTION 4.02. Principal Proceeds. The Company shall (or shall cause the Permitted Subsidiary to) notify the obligor with respect to each Portfolio Investment to remit all amounts that constitute Principal Proceeds to the Collection Account (or, in the case of Subsidiary Assets, the applicable Pledged Account). To the extent Principal Proceeds are received other than by deposit into the Collection Account, the Company shall cause all Principal Proceeds received on the Portfolio Investments to be deposited in the Collection Account or remitted to the Collateral Agent, and the Collateral Agent shall credit (or cause to be credited) to the Collection Account all Principal Proceeds received by it immediately upon receipt thereof in accordance with the written direction of the Portfolio Manager.

All Principal Proceeds shall be retained in the Collection Account and invested at the written direction of the Administrative Agent in overnight Eligible Investments selected by the Portfolio Manager (unless an Event of Default has occurred and is continuing or a Market Value Event has occurred, in which case, selected by the Administrative Agent). All investment income on such Eligible Investments shall constitute Interest Proceeds. Not later than the fifth Business Day following receipt, the Company shall cause the Permitted Subsidiary to distribute all Principal Proceeds received by it to the Company as a dividend or equivalent equity distribution and deposit such Principal Proceeds into the Collection Account.

Principal Proceeds on deposit in the Collection Account shall be withdrawn by the Collateral Agent (at the written direction of the Company (or, upon the occurrence and during the continuance of an Event of Default or upon the occurrence of a Market Value Event, the Administrative Agent)) and applied (i) to make payments in accordance with this Agreement or (ii) towards the purchase price of Portfolio Investments purchased in accordance with this Agreement, in each case with prior notice to the Administrative Agent.

The Portfolio Manager shall notify the Administrative Agent and the Collateral Agent if the Portfolio Manager reasonably determines in good faith that any amounts in the Collection Account have been deposited in error or do not otherwise constitute Principal Proceeds, whereupon such amounts on deposit in the Collection Account may be withdrawn by the Collateral Agent (at the direction of the Company and with written confirmation from the Administrative Agent (or, upon the occurrence and during the continuance of an Event of Default or upon the occurrence of a Market Value Event, the Administrative Agent)) on the next succeeding Business Day and remitted to the Company. For the avoidance of doubt, Principal Proceeds received in connection with the sale of any Portfolio Investment pursuant to Section 1.04 following a Market Value Event shall be used to prepay Advances as set forth therein at the written direction of the Administrative Agent.

SECTION 4.03. Principal and Interest Payments; Prepayments; Commitment Fee.

(a) The Company shall pay the unpaid principal amount of the Advances (together with accrued interest thereon) to the Administrative Agent for the account of each Lender on the Maturity Date in accordance with the Priority of Payments and any and all cash in the Accounts shall be applied to the satisfaction of the Secured Obligations on the Maturity Date and on each Additional Distribution Date in accordance with the Priority of Payments.

(b) Accrued interest on the Advances shall be payable in arrears on each Interest Payment Date, each Additional Distribution Date and on the Maturity Date in accordance with the Priority of Payments; *provided* that (i) interest accrued pursuant to the second sentence of Section 3.01.(b) shall be payable on demand and (ii) in the event of any repayment or prepayment of any Advances, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. "Interest Payment Date" means the fifth Business Day after the last day of each Calculation Period.

(c)

(i) Subject to the requirements of this Section 4.03.(c), the Company shall have the right from time to time to prepay outstanding Advances in whole or in part (A) on any Business Day that JPMorgan Chase Bank, National Association ceases to act as Administrative Agent, (B) in connection with a Market Value Cure or (C) subject to the payment of the premium described in clause (ii) below, up to but not more than three times during any Calculation Period; *provided* that, the Company may not prepay any outstanding Advances pursuant to this Section 4.03.(c)(a)(1)(i)(C) during the Non-Call Period in an amount that would cause the aggregate outstanding principal amount of the Advances to be below the Minimum Funding Amount. The Company shall notify the Administrative Agent, the Collateral Agent and the Collateral Administrator by electronic mail of an executed document (attached as a .pdf or similar file) of any prepayment pursuant to Section 4.03.(c)(a)(1)(i)(A) or Section 4.03.(c)(a)(1)(i)(C) not later than 2:00 p.m., New York City time, two (2) Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of the Advances to be prepaid. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Except in connection with a Market Value Cure, each partial prepayment of outstanding Advances shall be in an amount not less than U.S.$2,000,000. Prepayments shall be accompanied by accrued and unpaid interest.

(ii) Each prepayment or commitment reduction pursuant to Section 4.03.(c)(a)(1)(i)(C) and Section 4.07.(a) that is made after the Non-Call Period and on or before April 29, 2020, whether in full or in part, shall be accompanied by a premium equal to 1% of the principal amount of such prepayment or commitment reduction; *provided* that no such premium shall be payable with respect to any prepayment (or portion thereof) that does not exceed the positive difference (if any) of (x) the then-current aggregate outstanding principal amount of the Advances over (y) the then-current Minimum Funding Amount (the "Excess Funded Amount").

(d) The Company agrees to pay to the Administrative Agent, for the account of each Lender, a commitment fee in accordance with the Priority of Payments which shall accrue at 1.00% per annum (or, with respect to any date on which the aggregate amount of Advances is greater than 77.5% of the Commitment Amount, 0.60% per annum) on the average daily unused amount of the Financing Commitment of such Lender during the period from and including the date of this Agreement to but excluding the last day of the Reinvestment Period. Accrued commitment fees shall be payable in arrears on each Interest Payment Date, and on the date on which the Financing Commitments terminate. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(e) The Company agrees to pay the Administrative Agent, for the account of each Lender, (i) an upfront fee on the date hereof in an aggregate amount equal to U.S.$1,000,000 and (ii) following an Commitment Increase Date, if one occurs, a fee on such Commitment Increase Date in an aggregate amount equal to the product of (x) 0.80% and (y) the aggregate increase of the Financing Commitments on such Commitment Increase Date. Once paid, such fees or any part thereof shall not be refundable under any circumstances.

(f) Without limiting Section 4.03.(c), the Company shall have the obligation from time to time to prepay outstanding Advances in whole or in part on any date with proceeds from sales of Portfolio Investments directed by the Administrative Agent pursuant to Section 1.04 and as set forth in Sections Section 2.03.(f) and Section 8.01.(h). Prepayments shall be accompanied by accrued and unpaid interest.

SECTION 4.04. MV Cure Account

(a) The Company shall cause all cash received by it in connection with an Market Value Cure to be deposited in the MV Cure Account or remitted to the Collateral Agent, and the Collateral Agent shall credit to the MV Cure Account such amounts received by it (and identified in writing as such) immediately upon receipt thereof. Prior to the Maturity Date, all cash amounts in the MV Cure Account shall be invested in overnight Eligible Investments at the written direction of the Administrative Agent (as directed by the Required Financing Providers). All amounts contributed to the Company by Parent in connection with an MV Event Cure shall be paid free and clear of any right of chargeback or other equitable claim.

(b) Amounts on deposit in the MV Cure Account may be withdrawn by the Collateral Agent (at the written direction of the Company (or, upon the occurrence and during the continuance of an Event of Default or upon the occurrence of a Market Value Event, the Administrative Agent)) and remitted to the Company with prior notice to the Administrative Agent (or, upon the occurrence and during the continuance of an Event of Default or upon the occurrence of a Market Value Event, to the Lenders for prepayment of Advances and reduction of Financing Commitment); *provided* that the Company may not direct any withdrawal from the MV Cure Account if the Borrowing Base Test is not satisfied (or would not be satisfied after such withdrawal).

SECTION 4.05. Priority of Payments. On (w) each Interest Payment Date, (x) the Maturity Date, (y) any date after the occurrence of a Market Value Event and (z) any date after the Maturity Date following an Event of Default and the declaration of the Secured Obligations as due and payable (each date set forth in clauses (y) and (z) above, an "Additional Distribution Date"), the Collateral Agent shall distribute all amounts in the Collection Account in the following order of priority (the "Priority of Payments"):

(a) To pay (i) first, amounts due or payable to the Collateral Agent, the Collateral Administrator and the Securities Intermediary hereunder and under each other Loan Document (including fees, out-of-pocket expenses and indemnities) and (ii) second, any other accrued and unpaid fees and out-of pocket expenses (other than the commitment fee payable to the Lenders, but including Lender indemnities) due hereunder and under each other Loan Document, up to a maximum amount under this clause (a) of U.S.$100,000 (the "Cap") on each Interest Payment Date, the Maturity Date and each Additional Distribution Date (in the case of any Additional Distribution Date or the Maturity Date, after giving effect to all payments of such amounts on any other Additional Distribution Date or Interest Payment Date occurring in the same calendar quarter); *provided* that if an Event of Default has occurred and the Administrative Agent has terminated the Financing Commitments and declared the Secured Obligations due and payable, the Cap shall be increased to $200,000 for payment to the Collateral Agent, the Collateral Administrator and the Securities Intermediary in connection with any actions it has taken with respect to enforcement of rights on the Collateral.

(b) To deposit an amount equal to the Expense Reserve Account Amount in the Expense Reserve Account;

(c) To pay interest due in respect of the Advances, any amounts due or payable pursuant to Section 3.03(c) and 3.03(f) and commitment fees payable to the Lenders (pro rata based on amounts due);

(d) To pay (i) on each Interest Payment Date, all prepayments of the Advances permitted or required under this Agreement (including any applicable premium) and (ii) on the Maturity Date (and, if applicable, any Additional Distribution Date), principal of the Advances until the Advances are paid in full;

(e) (i) prior to the end of the Reinvestment Period, at the direction of the Portfolio Manager, to fund the Unfunded Exposure Account up to the Unfunded Exposure Amount and (ii) after the Reinvestment Period but prior to the Maturity Date, to fund the Unfunded Exposure Account up to the Unfunded Exposure Amount;

(f) To pay all amounts set forth in clause (a) above not paid due to the limitation set forth therein;

(g) To the extent not reimbursed out of funds on deposit in the Expense Reserve Account, to reimburse the Portfolio Manager and the Company for any and all reasonable costs and expenses incurred by the Portfolio Manager and the Company, as applicable, in connection with the Collateral or in the performance of its obligations under this Agreement;

(h) To make any Permitted Distributions or Permitted Tax Distributions (using Interest Proceeds) directed pursuant to this Agreement; and

(i) (i) On any Interest Payment Date other than the Maturity Date, to deposit any remaining amounts in the Collection Account and (ii) on the Maturity Date and any Additional Distribution Date, any remaining amounts to the Company.

SECTION 4.06. Payments Generally. All payments to the Lenders or the Administrative Agent shall be made to the Administrative Agent at the account designated in writing to the Company and the Collateral Agent for further distribution by the Administrative Agent (if applicable). The Administrative Agent shall give written notice to the Collateral Agent and the Collateral Administrator (on which the Collateral Agent and the Collateral Administrator may conclusively rely) and the Portfolio Manager of the calculation of amounts payable to the Lenders in respect of the Advances and the amounts payable to the Portfolio Manager. At least two (2) Business Days prior to each Interest Payment Date, the Administrative Agent shall deliver an invoice to the Portfolio Manager, the Collateral Agent and the Collateral Administrator in respect of the interest due on such Interest Payment Date. All payments not made to the Administrative Agent for distribution to the Lenders shall be made as directed in writing by the Administrative Agent. Subject to Section 3.03 hereof, all payments by the Company hereunder shall be made without setoff or counterclaim. All payments hereunder shall be made in U.S. dollars. All interest calculated using the LIBO Rate hereunder shall be computed on the basis of a year of 360 days and all interest calculated using the Base Rate hereunder shall be computed on the basis of a year of 365 days in each case, payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 4.07. Termination or Reduction of Financing Commitments.

(a) After the Non-Call Period (or any other date if JPMorgan Chase Bank, National Association ceases to act as Administrative Agent), the Company shall be entitled at its option, subject to the payment of the premium described in Section 4.03.(c)(a)(1)(ii), and upon three (3) Business Days' prior written notice to the Administrative Agent (with a copy to the Collateral Agent and the Collateral Administrator) to either (i) terminate the Financing Commitments in whole upon payment in full of all Advances, all accrued and unpaid interest, all applicable premium and all other Secured Obligations (other than unmatured contingent indemnification and reimbursement obligations) or (ii) reduce in part the portion of the Financing Commitments that exceeds the sum of the outstanding Advances. In addition, the Financing Commitments shall be automatically and irrevocably reduced by the amount of any prepayment of Advances pursuant to Section 4.03.(c)(a)(1)(i)(C) during the Reinvestment Period that exceeds the Excess Funded Amount.

(b) The Financing Commitments shall be automatically and irrevocably reduced on the date of any prepayment made in accordance with the definition of "Market Value Cure" in an amount equal to the amount of such prepayment.

(c) [Reserved];

(d) All unused Financing Commitments as of the last day of the Reinvestment Period shall automatically be terminated.

(e) The Financing Commitments shall be irrevocably reduced by the amount of any repayment or prepayment of Advances following the last day of the Reinvestment Period.

ARTICLE V
THE PORTFOLIO MANAGER

SECTION 5.01. Appointment and Duties of the Portfolio Manager. The Company hereby appoints the Portfolio Manager as its portfolio manager under this Agreement and to perform the investment management functions of the Company set forth herein, and the Portfolio Manager hereby accepts such appointment. For so long as no Market Value Event has occurred and subject to Section 1.04, the services to be provided by the Portfolio Manager shall consist of (x) selecting, purchasing, managing and directing the investment, reinvestment, substitution and disposition of Portfolio Investments, delivering Notices of Acquisition on behalf of and in the name of the Company and (y) acting on behalf of the Company for all other purposes hereof and the transactions contemplated hereby. The Portfolio Manager agrees to comply with all covenants and restrictions imposed on the Company herein and in each other Loan Document. The Company hereby irrevocably appoints the Portfolio Manager its true and lawful agent and attorney-in-fact (with full power of substitution) in its name, place and stead and at its expense, in connection with the performance of its duties provided for herein. Without limiting the foregoing:

(a) The Portfolio Manager shall perform its obligations hereunder with reasonable care, using a degree of skill not less than that which the Portfolio Manager exercises with respect to assets of the nature of the Portfolio Investments that it manages for itself and others having similar investment objectives and restrictions; and

(b) The Portfolio Manager shall not (and shall not cause the Company to) take any action that it knows or reasonably should know would (1) violate the constituent documents of the Company, (2) violate any law, rule or regulation applicable to the Company, (3) require registration of the Company as an "investment company" under the Investment Company Act of 1940, or (4) cause the Company to violate the terms of this Agreement or any instruments relating to the Portfolio Investments in any material respect.

The Portfolio Manager may employ third parties (including its Affiliates) to render advice (including investment advice) and assistance to the Company and to perform any of the Portfolio Manager's duties hereunder, *provided* that the Portfolio Manager shall not be relieved of any of its duties or liabilities hereunder regardless of the performance of any services by third parties.

SECTION 5.02. Portfolio Manager Representations As to Eligibility Criteria; Etc. The Portfolio Manager represents to the other parties hereto that (a) as of the Trade Date and Settlement Date for each Portfolio Investment purchased and the Substitution Date for each Substitute Portfolio Investment, such Portfolio Investment meets all of the applicable Eligibility Criteria (unless otherwise consented to by the Administrative Agent) and, except as otherwise permitted hereunder, the Concentration Limitations (as defined on Schedule 4) shall be satisfied, or if not satisfied immediately prior to such Purchase or Substitution, maintained or improved, after the consummation of the related Purchase or Substitution (unless otherwise consented to by the Administrative Agent) and (b) all of the information contained in the related Notice of Acquisition is true, correct and complete in all material respects; *provided* that, to the extent any such information was furnished to the Company by any third party, such information is as of its delivery date true, complete and correct in all material respects to the knowledge of the Portfolio Manager.

SECTION 5.03. Limitation of Liability; Indemnification.

(a) None of the Portfolio Manager, its Affiliates (other than, for the avoidance of doubt, the Company and the Permitted Subsidiary to the extent provided in the Loan Documents) and their respective partners, members, managers, stockholders, directors, officers, employees and agents (each a "Portfolio Manager Party") will be liable to the Company, the Administrative Agent, the Collateral Agent, the Collateral Administrator, the Securities Intermediary, the Financing Providers or any other Person for any all expenses, losses, damages, liabilities, demands, charges or claims of any kind or nature whatsoever (including reasonable attorneys' fees and accountants' fees and costs and expenses relating to investigating or defending any demands, charges and claims) ("Losses") incurred, or for any decrease in the value of the Collateral as a result of, the actions taken or recommended, or for any omissions (including, with respect to the Administrative Agent, the Collateral Agent, the Collateral Administrator, the Securities Intermediary, the Administrative Agent or any Financing Provider, any failure to timely grant any consent requested by the Portfolio Manager) by, the Portfolio Manager, its Affiliates or their respective partners, members, managers, stockholders, directors, officers, employees or agents under or in connection with this Agreement, except that the Portfolio Manager shall be so liable as and to the extent such Losses arise out of or in connection with any Portfolio Manager Breach.

As used herein, "Portfolio Manager Breach" means the gross negligence, willful misconduct or bad faith on the part of the Portfolio Manager under or in connection with this Agreement.

(b) To the extent permitted by Applicable Law, the Portfolio Manager shall indemnify and hold harmless the Agents, the Collateral Administrator and the Financing Providers and their respective Affiliates, directors, officers, stockholders, partners, agents, employees and controlling persons (each an "Indemnified Person") from and against any and all Losses awarded against or incurred by such Indemnified Person resulting from any Portfolio Manager Breach, excluding, however, any Losses to the extent resulting from the gross negligence, willful misconduct or bad faith on the part of such Indemnified Person.

(c) Any amounts subject to the indemnification provisions of this Section 5.03 shall be paid by the Portfolio Manager to the Administrative Agent on behalf of the applicable Indemnified Person within 30 Business Days following receipt by the Portfolio Manager of the Administrative Agent's written demand therefor (and the Administrative Agent shall pay such amounts to the applicable Indemnified Person promptly after the receipt by the Administrative Agent of such amounts). The Administrative Agent, on behalf of any Indemnified Person making a request for indemnification under this Section 5.03, shall submit to the Portfolio Manager a certificate setting forth in reasonable detail the basis for and the computations of the Losses with respect to which such indemnification is requested, which certificate shall be conclusive absent demonstrable error.

(d) If the Portfolio Manager has made any indemnity payments to the Administrative Agent, on behalf of an Indemnified Person, pursuant to this Section 5.03 and such Indemnified Person thereafter collects any of such amounts from others, such Indemnified Person will promptly repay such amounts collected to the Portfolio Manager.

(e) The Portfolio Manager shall not have any liability for making indemnification hereunder to the extent any such indemnification constitutes recourse for uncollectible or uncollected Portfolio Investments, results from or relates to the performance of one or more Portfolio Investments or any decision by the Portfolio Manager to acquire or sell or refrain from acquiring or selling a Portfolio Investments or for special, punitive, indirect, consequential or incidental damages (including but not limited to lost profits). Any indemnification pursuant to this Section 5.03 shall not be payable from the Collateral.

(f) This Section 5.03 shall survive the termination of this Agreement and the repayment of all amounts owing to the Financing Providers, the Collateral Administrator and Agents hereunder.

ARTICLE VI
REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 6.01. Representations and Warranties. The Company (and, with respect to clauses (a) through (e), (l), (n), (t) through (v) and (dd), the Portfolio Manager) represents to the other parties hereto solely with respect to itself (and, in the case of the Company, other than with respect to clauses (s), (cc) and (dd), the Permitted Subsidiary) that as of the date hereof, the Third A&R Date and each Trade Date (or as of such other date as maybe expressly set forth below):

(a) it is duly organized or incorporated, as the case may be, and validly existing under the laws of the jurisdiction of its organization or incorporation and has all requisite power and authority to execute, deliver and perform this Agreement and each other Loan Document to which it is or may become a party and to consummate the transactions herein and therein contemplated;

(b) the execution, delivery and performance of this Agreement and each such other Loan Document, and the consummation of the transactions contemplated therein have been duly authorized by it and this Agreement and each other Loan Document to which it is or may become a party constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms (subject to (A) bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally, (B) equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law and (C) implied covenants of good faith and fair dealing);

(c) the execution, delivery and performance of this Agreement and each other Loan Document to which it is or may become a party and the consummation of such transactions do not conflict with the provisions of its governing instruments and, except where such violation would not reasonably be expected to have a Material Adverse Effect, will not violate in any material way any provisions of Applicable Law or regulation or any applicable order of any court or regulatory body and will not result in the material breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected;

(d) it is not subject to any Adverse Proceeding;

(e) it has obtained all consents and authorizations (including all required consents and authorizations of any governmental authority) that are necessary or advisable to be obtained by it in connection with the execution, delivery and performance of this Agreement and each other Loan Document to which it is or may become a party and each such consent and authorization is in full force and effect except where the failure to do so would not reasonably be expected to have a Material Adverse Effect;

(f) it is not required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended;

(g) it has not issued any securities that are or are required to be registered under the Securities Act of 1933, as amended, and it is not a reporting company under the Securities Exchange Act of 1934, as amended;

(h) it has no Indebtedness other than (i) Indebtedness incurred under the terms of the Loan Documents, (ii) Indebtedness incurred pursuant to certain ordinary business expenses arising pursuant to the transactions contemplated by this Agreement and the other Loan Documents and (iii) if applicable, the obligation to make future payments under any Delayed Funding Term Loan or Revolving Loan;

(i) (x) it does not have underlying assets which constitute "plan assets" within the meaning of the Plan Asset Rules; and (y) it has not within the last six years sponsored, maintained, contributed to, or been required to contribute to and does not have any material liability with respect to any Plan;

(j) as of the date of this Agreement it is, and after giving effect to any Advance it will be, Solvent and it is not entering into this Agreement or any other Loan Document or consummating any transaction contemplated hereby or thereby with any intent to hinder, delay or defraud any of its creditors;

(k) it is not in default under any other contract to which it is a party except where such default would not reasonably be expected to have a Material Adverse Effect;

(l) it has complied in all material respects with all Applicable Laws, judgments, agreements with governmental authorities, decrees and orders with respect to its business and properties and the Portfolio;

(m) it does not have any Subsidiaries (other than, solely with respect to the Company, the Permitted Subsidiary), or own any Investments in any Person other than the Portfolio Investments or Investments (i) constituting Eligible Investments (as measured at their time of acquisition), (ii) acquired by the Company with the approval of the Administrative Agent, or (iii) those the Company shall have acquired or received as a distribution in connection with a workout, bankruptcy, foreclosure, restructuring or similar process or proceeding involving a Portfolio Investment or any issuer thereof;

(n) (x) it has disclosed to the Administrative Agent all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters actually known to it, without inquiry, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect and (y) no information (other than projections, forward-looking information, general economic data or industry information) heretofore furnished by or on behalf of the Company in writing to the Administrative Agent or any Lender in connection with this Agreement or any transaction contemplated hereby (after taking into account all updates, modifications and supplements to such information) contains (or, to the extent any such information was furnished by or relating to a third party, to the Company's or the Portfolio Manager's knowledge contains), when taken as a whole, as of its delivery date, any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading;

(o) [Reserved];

(p) it has timely filed all Tax returns required by Applicable Law to have been filed by it; all such Tax returns are true and correct in all material respects; and it has paid or withheld (as applicable) all Taxes owing or required to be withheld by it (if any) shown on such Tax returns, except any such Taxes which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside in accordance with GAAP on its books and records;

(q) each of the Company and the Permitted Subsidiary is and will be treated as a disregarded entity or partnership for U.S. federal income tax purposes;

(r) the Company is and will be wholly owned by the Parent, and the Permitted Subsidiary is and will be wholly owned by the Company, each of which is a U.S. Person;

(s) prior to the date hereof, the Company has not engaged in any business operations or activities other than as an ownership entity for Portfolio Investments and similar loan or debt obligations and activities incidental thereto;

(t) neither it nor any of its Affiliates is (i) the subject or target of Sanctions; (ii) a Person that resides or has a place of business in a country or territory named on such lists or which is designated as a "Non-Cooperative Jurisdiction" by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction; (iii) a "Foreign Shell Bank" within the meaning of the PATRIOT Act, i.e., a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision; or (iv) a person or entity that resides in or is organized under the laws of a jurisdiction designated by the United States Secretary of the Treasury under Sections 311 or 312 of the PATRIOT Act as warranting special measures due to money laundering concerns. It is in compliance with all applicable Sanctions and also in compliance with all applicable provisions of the PATRIOT Act;

(u) the Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Company, its agents and their respective directors, managers, officers and employees (as applicable) with Anti-Corruption Laws and applicable Sanctions, and the Company and its officers and directors and, to its knowledge, its employees, members and agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Company being designated as a Sanctioned Person. None of (i) the Company or its officers and employees or (ii) to the knowledge of the Company, any manager or agent of the Company that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person;

(v) the Loan Documents represent all of the material agreements between the Portfolio Manager, the Parent, the Permitted Subsidiary and the Seller, on the one hand, and the Company, on the other. The Company (or, in the case of Subsidiary Investments, the Permitted Subsidiary) has good and marketable title to all Portfolio Investments and other Collateral free of any Liens (other than Liens in favor of the Secured Parties pursuant to the Loan Documents, Permitted Liens and inchoate liens arising by operation of law);

(w) it is not relying on any advice (whether written or oral) of any Lender, the Administrative Agent or any of their Affiliates;

(x) there are no judgments for Taxes with respect to the Company and no claim is being asserted with respect to the Taxes of the Company;

(y) all proceeds of the Advances will be used by the Company only in accordance with the provisions of this Agreement. No part of the proceeds of any Advance will be used by the Company to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock. Neither the making of any Advance nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve Board. No Advance is secured, directly or indirectly, by Margin Stock, and the Collateral does not include Margin Stock;

(z) [Reserved];

(aa) [Reserved];

(bb) upon the making of each Advance, the Collateral Agent, for the benefit of the Secured Parties, will have acquired a perfected, first priority and valid security interest (except, as to priority, for any Permitted Liens) in such Collateral, free and clear of any adverse claim (other than Permitted Liens) or restrictions on transferability, to the extent (as to perfection and priority) that a security interest in said Collateral may be perfected under the applicable UCC;

(cc) the Parent (i) is not required to register as an investment company under the Investment Company Act of 1940, as amended, and (ii) has elected to be treated a business development corporation for purposes of the Investment Company Act of 1940, as amended;

(dd) the Portfolio Manager is not required to register as an investment adviser under the Investment Advisers Act of 1940, as amended;

(ee) the constituent documents of the Permitted Subsidiary restrict its activities to the origination, acquisition, holding and disposition of Subsidiary Investments and activities incidental or related thereto; and

(ff) the Company is the sole legal and beneficial owner of all equity interests in the Permitted Subsidiary.

SECTION 6.02. Covenants of the Company . The Company:

(a) shall at all times (and shall ensure that the Permitted Subsidiary shall at all times): (i) maintain at least one independent manager or director (who is in the business of serving as an independent manager or director); (ii) maintain its own separate books and records and bank accounts; (iii) hold itself out to the public and all other Persons as a legal entity separate from any other Person; (iv) have a board of managers separate from that of any other Person; (v) file its own Tax returns, except to the extent that the Company is treated as a "disregarded entity" for Tax purposes and is not required to file Taxes under Applicable Law, and pay any Taxes so required to be paid under Applicable Law, except for those Taxes being contested in good faith by appropriate proceedings and in respect of which the Company has established proper reserves on its books in accordance with GAAP; (vi) not commingle its assets with assets of any other Person; (vii) conduct its business in its own name and comply with all organizational formalities to maintain its separate existence; (viii) maintain separate financial statements; (ix) pay its own liabilities only out of its own funds; (x) maintain an arm's length relationship with the Parent and each of its other Affiliates; (xi) not hold out its credit or assets as being available to satisfy the obligations of others; (xii) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including for shared office space; (xiii) use separate stationery, invoices and checks; (xiv) except as expressly permitted by this Agreement, not pledge its assets as security for the obligations of any other Person; (xv) correct any known misunderstanding regarding its separate identity; (xvi) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities and pay its operating expenses and liabilities from its own assets; (xvii) not acquire the obligations or any securities of its Affiliates; (xviii) cause the managers, officers, agents and other representatives of the Company to act at all times with respect to the Company consistently and in furtherance of the foregoing and in the best interests of the Company; and (xix) maintain at least one special member, who, upon the dissolution of the sole member or the withdrawal or the disassociation of the sole member from the Company, shall immediately become the member of the Company in accordance with its organizational documents.

(b) shall not (i) engage, directly or indirectly, in any business, other than the actions required or permitted to be performed under the preceding clause (a), including, other than with respect to any warrants received in connection with a Portfolio Investment, controlling the decisions or actions respecting the daily business or affairs of any other Person except as otherwise permitted hereunder (which, for the avoidance of doubt, shall not prohibit the Company from taking, or refraining to take, any action under or with respect to a Portfolio Investment); (ii) fail to be Solvent; (iii) release, sell, transfer, convey or assign any Portfolio Investment (or permit the Permitted Subsidiary to take any such action) unless in accordance with the Loan Documents; (iv) except for capital contributions or capital distributions permitted under the terms and conditions of this Agreement and properly reflected on the books and records of the Company, enter into any transaction with an Affiliate of the Company except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction; (v) identify itself as a department or division of any other Person; or (vi) own any asset or property other than the Collateral and the related assets and incidental personal property necessary for the ownership or operation of these assets.

(c) shall take all actions consistent with and shall not take any action contrary to the "Facts and Assumptions" sections in the opinions of Dechert LLP, dated the date hereof, relating to certain true sale and non-consolidation matters;

(d) shall not create, incur, assume or suffer to exist any Indebtedness (and shall not permit the Permitted Subsidiary to do so) other than (i) Indebtedness incurred under the terms of the Loan Documents, (ii) Indebtedness incurred pursuant to certain ordinary business expenses arising pursuant to the transactions contemplated by this Agreement and the other Loan Documents and (iii) if applicable, the obligation to make future payments under any Delayed Funding Term Loan or Revolving Loan;

(e) shall comply with all Anti-Corruption Laws and applicable Sanctions and shall maintain in effect and enforce policies and procedures designed to ensure compliance by the Company and its managers, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions;

(f) (i) shall not amend any of its constituent documents or any document to which it is a party in any manner that would reasonably be expected to adversely affect the Lenders in any material respect without the prior written consent of the Administrative Agent and (ii) shall not amend or permit the Permitted Subsidiary to amend any of its constituent documents or any document to which it is a party in any manner (other than an amendment of a purely administrative or clerical nature) without the prior written consent of the Administrative Agent);

(g) [Reserved];

(h) shall not (and shall not permit the Permitted Subsidiary to), without the prior consent of the Administrative Agent (acting at the direction of the Required Financing Providers), which consent may be withheld in the sole and absolute discretion of the Required Financing Providers, enter into any hedge agreement;

(i) shall not (and shall ensure that the Permitted Subsidiary does not) change its name, identity or entity structure in any manner that would make any financing statement or continuation statement filed by the Company or the Permitted Subsidiary (or by the Collateral Agent on behalf of the Company or the Permitted Subsidiary) in accordance with subsection (a) above materially misleading or change its jurisdiction of organization, unless the Company or the Permitted Subsidiary shall have given the Administrative Agent and the Collateral Agent at least 30 days prior written notice thereof, and shall promptly file, or authorize the filing of, appropriate amendments to all previously filed financing statements and continuation statements (and shall provide a copy of such amendments to the Collateral Agent and Administrative Agent together with written confirmation to the effect that all appropriate amendments or other documents in respect of previously filed statements have been filed);

(j) shall do or cause to be done all things reasonably necessary to (i) preserve and keep in full force and effect its existence as a limited liability company (and the Permitted Subsidiary's existence as a limited liability company) and take all reasonable action to maintain its and the Permitted Subsidiary's rights, franchises, licenses and permits material to its business or the Permitted Subsidiary's business in its applicable jurisdiction of its formation, (ii) qualify and remain qualified as a limited liability company in good standing in each jurisdiction where the failure to qualify and remain qualified would reasonably be expected to have a Material Adverse Effect and (iii) cause the Permitted Subsidiary to qualify and remain qualified as a limited liability company in good standing in each jurisdiction where the failure to qualify and remain qualified would reasonably be expected to have a Material Adverse Effect;

(k) shall comply, and shall cause the Permitted Subsidiary to comply, with all Applicable Law (whether statutory, regulatory or otherwise), except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect;

(l) shall not (and shall not permit the Permitted Subsidiary to) merge into or consolidate with any person or dissolve, terminate or liquidate in whole or in part, in each case, without the prior written consent of the Administrative Agent;

(m) except for the Permitted Subsidiary and Investments permitted by Section 6.02.(u)(C) and without the prior written consent of the Administrative Agent, shall not form, or cause to be formed, any Subsidiaries; or make or suffer to exist (or permit the Permitted Subsidiary to make or suffer to exist) any loans or advances to, or extend any credit to, or make any investments (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except investments as otherwise permitted herein and pursuant to the other Loan Documents;

(n) shall ensure that (i) its affairs and the Permitted Subsidiary's affairs are conducted so that its underlying assets do not constitute "plan assets" within the meaning of the Plan Asset Rules, and (ii) it does not sponsor, maintain, contribute to or become required to contribute to or have any liability with respect to any Plan;

(o) except for the security interest granted hereunder, under the Equity Pledge Agreement and the Asset Pledge Agreement and as otherwise permitted hereunder, shall not (and shall not permit the Permitted Subsidiary to) sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on the Collateral or the Subsidiary Investments or any interest therein (other than Liens in favor of the Secured Parties pursuant to the Loan Documents, Permitted Liens and inchoate liens arising by operation of law), and the Company shall defend the right, title, and interest of the Collateral Agent (for the benefit of the Secured Parties) and the Lenders in and to the Collateral and the Subsidiary Investments against all claims of third parties claiming through or under the Company or the Permitted Subsidiary (other than Liens in favor of the Secured Parties pursuant to the Loan Documents, Permitted Liens and inchoate liens arising by operation of law);

(p) shall promptly furnish to the Administrative Agent, and the Administrative Agent shall furnish to the Lenders, copies of the following financial statements, reports and information: (i) as soon as available, but in any event within 120 days after the end of each fiscal year of the Parent, a copy of the audited consolidated and consolidating balance sheet of the Parent and its consolidated Subsidiaries as at the end of such year, the related consolidated and consolidating statements of income for such year and the related consolidated statements of changes in net assets and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year; *provided*, that the financial statements required to be delivered pursuant to this clause (i) which are made available via EDGAR, or any successor system of the Securities Exchange Commission, in the Parent's annual report on Form 10-K, shall be deemed delivered to the Administrative Agent on the date such documents are made so available; (ii) as soon as available and in any event within 45 days after the end of each fiscal quarter of each fiscal year (other than the last fiscal quarter of each fiscal year), an unaudited consolidated and consolidating balance sheet of the Parent and its consolidated Subsidiaries as of the end of such fiscal quarter and including the prior comparable period (if any), and the unaudited consolidated and consolidating statements of income of the Parent and its consolidated Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, and the unaudited consolidated statements of cash flows of the Parent and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter; *provided*, that the financial statements required to be delivered pursuant to this clause (ii) which are made available via EDGAR, or any successor system of the Securities Exchange Commission, in Parent's quarterly report on Form 10-Q, shall be deemed delivered to the Administrative Agent on the date such documents are made so available; and (iii) from time to time, such other information or documents (financial or otherwise) as the Administrative Agent or the Required Financing Providers may reasonably request;

(q) shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all Taxes levied or imposed upon the Company or upon the income, profits or property of the Company; *provided* that the Company shall not be required to pay or discharge or cause to be paid or discharged any such Tax (i) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which disputed amounts adequate reserves in accordance with GAAP have been made or (ii) the failure of which to pay or discharge could not reasonably be expected to have a Material Adverse Effect, and shall cause the Permitted Subsidiary to take all such actions;

(r) shall permit representatives of the Administrative Agent at any time and from time to time as the Administrative Agent shall reasonably request (A) to inspect and make copies of and abstracts from its records relating to the Portfolio Investments and (B) to visit its properties in connection with the collection, processing or managing of the Portfolio Investments for the purpose of examining such records, and to discuss matters relating to the Portfolio Investments or such Person's performance under this Agreement and the other Loan Documents with any officer or employee or auditor (if any) of such Person having knowledge of such matters. The Company agrees to render to the Administrative Agent such clerical and other assistance as may be reasonably requested with regard to the foregoing; *provided* that such assistance shall not interfere in any material respect with the Company's or the Portfolio Manager's business and operations. So long as no Event of Default has occurred and is continuing, such visits and inspections shall occur only (i) upon five (5) Business Days' prior written notice, (ii) during normal business hours and (iii) no more than once in any calendar year. During the existence of an Event of Default, there shall be no limit on the timing or number of such inspections and only one (1) Business Day' prior notice will be required before any inspection;

(s) shall not use (and shall not permit the Permitted Subsidiary to use) any part of the proceeds of any Advance, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board of Governors of the Federal Reserve System of the United States of America, including Regulations T, U and X;

(t) shall not make any Restricted Payments without the prior written consent of the Administrative Agent; *provided* that (A) the Company may make Permitted Distributions subject to the other requirements of this Agreement and (B) the Company may make Permitted Tax Distributions so long as (i) after giving effect to such Permitted Tax Distribution, the Borrowing Base Test is satisfied, (ii) the Company gives at least two (2) Business Days prior notice thereof to the Administrative Agent and (iii) if Permitted Tax Distributions are made after the occurrence and during the continuance of an Event of Default, the aggregate amount of all Permitted Tax Distributions made in any 90 calendar day period (after giving effect to such Permitted Tax Distribution) is not greater than $1,500,000;

(u) shall not make or hold any Investments, except its equity interest in the Permitted Subsidiary, the Portfolio Investments or Investments (A) constituting Eligible Investments (measured at the time of acquisition), (B) that have been consented to by the Administrative Agent, (C) those the Company shall have acquired or received as a distribution in connection with a workout, bankruptcy, foreclosure, restructuring or similar process or proceeding involving a Portfolio Investment or any issuer thereof or (D) received in connection with making an Eligible Investment;

(v) shall not request any Advance, and shall not directly, or to the knowledge of the Company, indirectly, use, and shall procure that its agents shall not directly, or to the knowledge of the Company, indirectly, use, the proceeds of any Advance (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto, and shall not permit the Permitted Subsidiary to take any such action;

(w) shall not (and shall ensure that the Permitted Subsidiary does not) acquire any Revolving Loan or Delayed Funding Term Loan if such acquisition would cause the Unfunded Exposure Amount, collateralized or uncollateralized, to exceed 10% of the Collateral Principal Amount;

(x) other than pursuant to the Natixis Sale Agreement, the Parent Sale Agreement or in connection with a Substitution, shall not transfer to any of its Affiliates any Portfolio Investment purchased from any of its Affiliates (other than sales to Affiliates conducted on terms and conditions consistent with those of an arm's length transaction and, if applicable, at fair market value);

(y) shall post on a password protected website maintained by the Portfolio Manager to which the Administrative Agent will have access or deliver via email to the Administrative Agent, with respect to each obligor in respect of a Portfolio Investment, within ten (10) Business Days of the Portfolio Manager's receipt of such information, without duplication of any other reporting requirements set forth in this Agreement or any other Loan Document, any management discussion and analysis provided by such obligor and any financial reporting packages with respect to such obligor and with respect to each Portfolio Investment for such obligor (including any attached or included information, statements and calculations). The Company shall cause the Portfolio Manager to provide such other information as the Administrative Agent may reasonably request with respect to any Portfolio Investment or obligor (to the extent reasonably available to the Portfolio Manager);

(z) shall not elect to be classified as other than a disregarded entity or partnership for U.S. federal income tax purposes, nor shall the Company take any other action or actions that would cause it to be classified, taxed or treated as a corporation or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes (including transferring interests in the Company on or through an established securities market or secondary market (or the substantial equivalent thereof), within the meaning of Section 7704(b) of the Code (and Treasury regulations thereunder) and shall cause the Permitted Subsidiary to be classified as a disregarded entity or partnership for U.S. federal income tax purposes;

(aa) shall only have partners or owners that are treated as U.S. Persons or that are disregarded entities owned by a U.S. Person and shall not recognize the transfer of any interest in the Company that constitutes equity for U.S. federal income tax purposes to a person that is not a U.S. Person;

(bb) shall from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action as may be reasonably necessary to secure the rights and remedies of the Secured Parties hereunder and to grant more effectively all or any portion of the Collateral, maintain or preserve the security interest (and the priority thereof) of this Agreement or to carry out more effectively the purposes hereof, perfect, publish notice of or protect the validity of any grant made or to be made by this Agreement, preserve and defend title to the Collateral and the rights therein of the Collateral Agent and the Secured Parties in the Collateral and the Collateral Agent against the claims of all persons and parties, pay any and all Taxes levied or assessed upon all or any part of the Collateral and use its commercially reasonable efforts to minimize Taxes and any other costs arising in connection with its activities or give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable to create, preserve, perfect or validate the security interest granted pursuant to this Agreement or to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to such pledge and security interest, and hereby authorizes the Collateral Agent to file a UCC financing statement listing 'all assets of the debtor' in the collateral description of such financing statement and shall ensure that the Permitted Subsidiary takes all such actions with respect to its assets and the Asset Pledge Agreement;

(cc) shall use all commercially reasonable efforts to elevate all Participation Interests granted under the Natixis Sale Agreement to absolute assignments within the applicable then-current standard settlement timeframes set forth in LSTA guidelines;

(dd) on the Effective Date, shall promptly (or, in any event, on the Effective Date) cause the initial Advance to be applied to pay in full all amounts payable by the Seller under the Natixis Credit Facility and shall obtain the Natixis Lien Release;

(ee) shall not (and shall not permit the Permitted Subsidiary to) become liable in any way, whether directly or by assignment or as a guarantor or other surety, for the obligations of a lessee under any lease, hire any employees or make any distributions (other than in accordance with the Loan Documents);

(ff) shall not maintain any bank accounts or securities accounts other than the Accounts and shall not permit the Permitted Subsidiary to maintain any bank accounts or securities accounts other than the Pledged Accounts;

(gg) shall not act on behalf of, a country, territory, entity or individual that, at the time of such act, is the subject or target of Sanctions, and none of the Company, the Portfolio Manager or any of their respective Affiliates, owners, directors or officers is a natural person or entity with whom dealings are prohibited under Sanctions for a natural person or entity required to comply with such Sanctions. The Company does not own and will not acquire, and the Portfolio Manager will not cause the Company to own or acquire, any security issued by, or interest in, any country, territory, or entity whose direct ownership would be or is prohibited under Sanctions for a natural person or entity required to comply with Sanctions;

(hh) shall not permit the Permitted Subsidiary to Purchase any Subsidiary Investment that is not held for the benefit of, or intended to be transferred to, the Company or the Parent;

(ii) except as otherwise expressly permitted herein, shall not (and shall not permit the Permitted Subsidiary to) cancel or terminate any of the underlying instruments in respect of a Portfolio Investment to which it is party or beneficiary (in any capacity), or consent to or accept any cancellation or termination of any of such agreements unless (in each case) the Administrative Agent shall have consented thereto in its sole discretion; and

(jj) shall give notice to the Administrative Agent promptly in writing upon (and in no event later than three (3) Business Days (or, in the case of clause (ii)(y) below, one (1) Business Day) after) the Company or the Portfolio Manager has actual knowledge of the occurrence of any of the following:

(i) any Adverse Proceeding;

(ii) any (x) Default or (y) Event of Default; and

(iii) any adverse claim asserted against any of the Permitted Subsidiary, Portfolio Investments, the Accounts, the Pledged Accounts or any other Collateral.

SECTION 6.03. Amendments of Portfolio Investments, Etc. If the Company or the Portfolio Manager receives any notice or other communication concerning any amendment, supplement, consent, waiver or other modification of any Portfolio Investment or any related underlying instrument or rights thereunder (each, an "Amendment") with respect to any Portfolio Investment or any related underlying instrument, or makes any affirmative determination to exercise or refrain from exercising any rights or remedies thereunder, it will give prompt (and in any event, not later than three (3) Business Days') notice thereof to the Administrative Agent. In any such event, the Company shall exercise all voting and other powers of ownership relating to such Amendment or the exercise of such rights or remedies as the Portfolio Manager shall deem appropriate under the circumstances. If an Event of Default has occurred and is continuing or a Market Value Event has occurred, the Company will exercise all voting and other powers of ownership as the Administrative Agent (acting at the direction of the Required Financing Providers) shall instruct (it being understood that if the terms of the related underlying instrument expressly prohibit or restrict any such rights given to the Administrative Agent, then such right shall be limited to the extent necessary so that such prohibition or restriction is not violated). In any such case, following the Company's receipt thereof, the Company shall promptly provide to the Administrative Agent copies of all executed amendments to underlying instruments, executed waiver or consent forms or other documents executed or delivered in connection with any Amendment.

ARTICLE VII
EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Company shall fail to pay any amount owing by it in respect of the Secured Obligations (whether for principal, interest, fees or other amounts) when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise and, in the case of amounts other than principal and interest, such failure continues for a period of one (1) Business Day (or, in the case of a default in payment resulting solely from an administrative error or omission by the Collateral Agent or from a Disruption Event, two (2) Business Days) following the earlier of (x) the Company becoming aware of such failure or (y) receipt of written notice by the Company of such failure;

(b) any representation or warranty made or deemed made by or on behalf of the Company, the Portfolio Manager, the Permitted Subsidiary (collectively, the "Credit Risk Parties") or the Seller herein or in any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, or other document (other than projections, forward-looking information, general economic data, industry information or information relating to third parties) furnished pursuant hereto or in connection herewith or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made (it being understood that the failure of a Portfolio Investment to satisfy the Eligibility Criteria after the date of its purchase shall not constitute a failure) and if such failure is capable of being remedied, such failure shall continue for a period of 30 days following the earlier of (i) receipt by such Credit Risk Party or the Seller, as applicable, of written notice of such inaccuracy from the Administrative Agent and (ii) an officer of such Credit Risk Party or the Seller, as applicable, becoming aware of such inaccuracy (or, if such failure could not reasonably be expected to be cured within 30 days, such Credit Risk Party or the Seller, as applicable, commences and diligently pursues such cure and such failure is cured within 45 days);

(c) (A) the Company (or to the extent it is obligated, the Permitted Subsidiary) shall fail to observe or perform any covenant, condition or agreement contained in Section 6.02.(a)(i) through (vii), (xi) or (xix), (b)(i) through (iv), (d), (f), (h), (i), (l), (m), (o), (t), (v), (dd), (ee) or (jj) or (B) any Credit Risk Party or the Seller shall fail to observe or perform any other covenant, condition or agreement contained herein (it being understood that the failure of a Portfolio Investment to satisfy the Eligibility Criteria after the date of its purchase shall not constitute such a failure) or in any other Loan Document and, in the case of this clause (B), if such failure is capable of being remedied, such failure shall continue for a period of 30 days following the earlier of (i) receipt by such Credit Risk Party or the Seller, as applicable, of written notice of such failure from the Administrative Agent and (ii) an officer of such Credit Risk Party or the Seller, as applicable, becoming aware of such failure (or, if such failure could not reasonably be expected to be cured within 30 days, such Credit Risk Party or the Seller, as applicable, commences and diligently pursues such cure and such failure is cured within 45 days);

(d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Risk Party or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Risk Party or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for thirty (30) days or an order or decree approving or ordering any of the foregoing shall be entered;

(e) any Credit Risk Party shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (d) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Credit Risk Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(f) any Credit Risk Party shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(g) the passing of a resolution by the equity holders of the Company or the Permitted Subsidiary in respect of the winding up on a voluntary basis of the Company or the Permitted Subsidiary;

(h) any final judgments or orders (not subject to appeal or otherwise non-appealable) by one or more courts of competent jurisdiction for the payment of money in an aggregate amount in excess of U.S.$1,000,000 (after giving effect to insurance, if any, available with respect thereto) shall be rendered against the Company or the Permitted Subsidiary, and the same shall remain unsatisfied, unvacated, unbonded or unstayed for a period of sixty (60) days after the date on which the right to appeal has expired;

(i) an ERISA Event occurs;

(j) a Change of Control occurs;

(k) the Company or the arrangements contemplated by the Loan Documents, shall become required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended;

(l) the Portfolio Manager resigns as Portfolio Manager under this Agreement;

(m) (i) failure of the Company to fund the Unfunded Exposure Account when required in accordance with Section 2.03.(f) other than in the case that any Lender fails to make the Advance required in accordance with Section 2.03.(f) or (ii) failure of the Company to satisfy its obligations in respect of unfunded obligations with respect to any Delayed Funding Term Loan or Revolving Loan (including the payment of any amount in connection with the sale thereof to the extent required under this Agreement) other than if the Company provides the Administrative Agent with written notice in reasonable detail stating that it has elected not to fund any applicable amount due to a good faith contractual dispute with respect to the related Portfolio Investment or a determination by the Company that an advance is not required under its underlying instruments; *provided* that the failure of the Company to undertake any action set forth in this clause (m) is not remedied within two Business Days; or

(n) the Net Advances exceed the product of (a) 75% and (b) Net Asset Value and the failure of the Company to maintain the required Net Asset Value set forth in this clause (m) is not remedied within one Business Day after the earlier of (x) receipt by the Company and the Portfolio Manager of written notice of such failure from the Administrative Agent or (y) the date the Company or the Portfolio Manager has actual knowledge of the occurrence of such excess;

then, and in every such event (other than an event with respect to the Company described in clause (d) or (e) of this Article), and at any time thereafter in each case during the continuance of such event, the Administrative Agent may, and at the request of the Required Financing Providers shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Financing Commitments, and thereupon the Financing Commitments shall terminate immediately, and (ii) declare all of the Secured Obligations then outstanding to be due and payable in whole (or in part, in which case any Secured Obligations not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the Secured Obligations so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Company accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; and in case of any event with respect to the Company described in clause (d) or (e) of this Article, the Financing Commitments shall automatically terminate and all Secured Obligations then outstanding, together with accrued interest thereon and all fees and other obligations of the Company accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

ARTICLE VIII
ACCOUNTS; COLLATERAL SECURITY

SECTION 8.01. The Accounts; Agreement As to Control.

(a) Establishment and Maintenance of Accounts. The Company hereby appoints Citibank, N.A. as Securities Intermediary and has directed and the Securities Intermediary hereby acknowledges that it has established (1) an account designated as the "Custodial Account", (2) an account designated as the "Collection Account", (3) an account designated as the "MV Cure Account", (4) an account designated as the "Expense Reserve Account" and (5) an account designated as the "Unfunded Exposure Account" (the Unfunded Exposure Account, together with the Collection Account, the Custodial Account, the MV Cure Account, the Expense Reserve Account and any successor accounts established in connection with the resignation or removal of the Securities Intermediary, the "Accounts"), and the account numbers for the Accounts are set forth on the Transaction Schedule. The Securities Intermediary agrees to maintain each of the Accounts as a securities intermediary in the name of the Company subject to the lien of the Collateral Agent under this Agreement and (y) agrees not to change the name or account number of any Account without the prior consent of the Collateral Agent. The Securities Intermediary hereby certifies that it is a bank or trust company that in the ordinary course of business maintains securities accounts for others and in that capacity has established the Accounts in the name of the Company.

(b) Collateral Agent in Control of Securities Accounts. Each of the parties hereto hereby agrees that (1) each Account shall be deemed to be a "securities account" (within the meaning of Section 8-501(a) of the Uniform Commercial Code in effect in the State of New York (the "UCC")), (2) all property credited to any Account shall be treated as a financial asset for purposes of Article 8 of the UCC and (3) except as otherwise expressly provided herein, the Collateral Agent will be exclusively entitled to exercise the rights that comprise each financial asset credited to each Account. The parties hereto agree that the Securities Intermediary shall act only on entitlement orders or other instructions with respect to the Accounts originated by the Collateral Agent and no other person (and without further consent by any other person); and the Collateral Agent, for the benefit of the Secured Parties, shall have exclusive control and the sole right of withdrawal over each Account. The only permitted withdrawals from the Accounts shall be in accordance with the provisions of this Agreement. Furthermore, the parties hereto agree that the Portfolio Manager may, in its sole discretion, but shall not be obligated to, direct the Securities Intermediary and the Collateral Agent to withdraw from the Expense Reserve Account and pay to the Portfolio Manager an amount equal to any and all reasonable costs and expenses incurred on behalf of the Company in connection with its management, administration and collection activities with respect to the Collateral and in compliance with the terms of this Agreement; *provided* that such amount shall not exceed U.S.$100,000 during any Calculation Period.

(c) Subordination of Lien, Etc. If the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in any Account or any security entitlement credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Collateral Agent. The property credited to any Account will not be subject to deduction, set-off, banker's lien, or any other right in favor of any person other than the Collateral Agent (except that the Securities Intermediary may set-off (1) all amounts due to the Securities Intermediary in respect of its customary fees and expenses for the routine maintenance and operation of the Accounts, and (2) the face amount of any checks which have been credited to any Account but are subsequently returned unpaid because of uncollected or insufficient funds).

(d) Property Registered, Indorsed, etc. to Securities Intermediary. All securities or other property represented by a promissory note or an instrument underlying any financial assets credited to any Account shall be registered in the name of the Securities Intermediary, indorsed to the Securities Intermediary in blank or credited to another securities account maintained in the name of the Securities Intermediary, and in no case will any financial asset credited to any Account be registered in the name of the Company, payable to the order of the Company or specially indorsed to the Company except to the extent the foregoing have been specially indorsed to the Securities Intermediary or in blank.

(e) Jurisdiction; Governing Law of Accounts. The establishment and maintenance of each Account and all interests, duties and obligations related thereto shall be governed by the law of the State of New York and the "securities intermediary's jurisdiction" (within the meaning of Section 8-110 of the UCC) shall be the State of New York. The parties further agree that the law applicable to all of the issues in Article 2(1) of The Hague Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary shall be the law of the State of New York. Terms used in this Section 8.01 without definition have the meanings given to them in the UCC.

(f) No Duties. The parties hereto acknowledge and agree that the Securities Intermediary shall not have any additional duties under this Agreement other than those expressly set forth in this Section 8.01, and the Securities Intermediary shall satisfy those duties expressly set forth in this Section 8.01 so long as it acts without gross negligence, fraud, reckless disregard or willful misconduct. Without limiting the generality of the foregoing, the Securities Intermediary shall not be subject to any fiduciary or other implied duties, and the Securities Intermediary shall not have any duty to take any discretionary action or exercise any discretionary powers. The Securities Intermediary shall be subject to all of the rights, protections and immunities given to the Collateral Agent hereunder, including indemnities.

(g) Investment of Funds on Deposit in the Expense Reserve Account and Unfunded Exposure Account. All amounts on deposit in the Expense Reserve Account and Unfunded Exposure Account shall be invested (and reinvested) at the written direction of the Company (or the Portfolio Manager on its behalf) delivered to the Collateral Agent in Eligible Investments; *provided* that, following the occurrence of an Event of Default or a Market Value Event, all amounts on deposit in the Expense Reserve Account and the Unfunded Exposure Account shall be invested, reinvested and otherwise disposed of at the written direction of the Administrative Agent delivered to the Collateral Agent.

(h) Unfunded Exposure Account.

(i) Amounts may be deposited into the Unfunded Exposure Account from time to time in accordance with Section 4.05. Amounts shall also be deposited into the Unfunded Exposure Account as set forth in Section 2.03.(f).

(ii) While an Event of Default is not occurring and a Market Value Event has not occurred and subject to satisfaction of the Borrowing Base Test and Section 2.03.(g) (each after giving effect to such release), the Portfolio Manager may direct, by means of an instruction in writing to the Securities Intermediary (with a copy to the Collateral Administrator), the release of funds on deposit in the Unfunded Exposure Account (i) for the purpose of funding the Company's unfunded commitments with respect to Delayed Funding Term Loans and Revolving Loans, for deposit into the Collection Account and (ii) so long as no Unfunded Exposure Shortfall exists or would exist after giving effect to the withdrawal. Upon the occurrence and during the continuance of an Event of Default or the occurrence of a Market Value Event, at the written direction of the Administrative Agent (with a copy to the Collateral Administrator), the Securities Intermediary shall transfer all amounts in the Unfunded Exposure Account to the Collection Account to prepay the outstanding Advances. Upon the direction of the Company by means of an instruction in writing to the Securities Intermediary (with a copy to the Collateral Administrator, the Collateral Agent and the Administrative Agent), any amounts on deposit in the Unfunded Exposure Account in excess of outstanding funding obligations of the Company shall be released to the Collection Account to prepay the outstanding Advances; *provided* that no such prepayment would cause the aggregate outstanding principal amount of the Advances to be below the Minimum Funding Amount.

SECTION 8.02. Collateral Security; Pledge; Delivery.

(a) Grant of Security Interest. As collateral security for the prompt payment in full when due of all the Company's obligations to the Agents and the Lenders (collectively, the "Secured Parties") under this Agreement (collectively, the "Secured Obligations"), the Company hereby pledges to the Collateral Agent and grants a continuing security interest in favor of the Collateral Agent in all of the Company's right, title and interest in, to and under (in each case, whether now owned or existing, or hereafter acquired or arising) all accounts, payment intangibles, general intangibles, chattel paper, electronic chattel paper, instruments, deposit accounts, letter-of-credit rights, investment property, and any and all other property of any type or nature owned by it (all of the property described in this clause (a) being collectively referred to herein as "Collateral"), including: (1) each Portfolio Investment, (2) all of the Company's interests in the Accounts and all investments, obligations and other property from time to time credited thereto, (3) the Natixis Sale Agreement and all rights related thereto, (4) the Parent Sale Agreement and all rights related thereto, (5) the Company's equity interest in the Permitted Subsidiary, all rights relating thereto, and any other interest of the Company in the Permitted Subsidiary, (6) all other property of the Company and (7) all proceeds thereof, all accessions to and substitutions and replacements for, any of the foregoing, and all rents, profits and products of any thereof.

(b) Delivery and Other Perfection. In furtherance of the collateral arrangements contemplated herein, the Company and Permitted Subsidiary shall (1) Deliver to the Collateral Agent the Collateral hereunder as and when acquired by the Company; (2) if any of the securities, monies or other property pledged by the Company and Permitted Subsidiary hereunder are received by the Company or Permitted Subsidiary, forthwith take such action as is necessary to ensure the Collateral Agent's continuing perfected security interest in such Collateral (including Delivering such securities, monies or other property to the Collateral Agent); and (3) upon the reasonable request of the Administrative Agent, deliver to the Administrative Agent, the Financing Providers and the Collateral Agent, at the expense of the Company, legal opinions from Dechert LLP or other counsel reasonably acceptable to the Administrative Agent and the Financing Providers, as to the perfection and priority of the Collateral Agent's security interest in any of the Collateral.

"Deliver" (and its correlative forms) means the taking of the following steps by the Company or the Portfolio Manager:

(1) in the case of Portfolio Investments and Eligible Investments and amounts on deposit in the MV Cure Account, by (x) causing the Securities Intermediary to indicate by book entry that a financial asset comprised thereof has been credited to the applicable Account and (y) causing the Securities Intermediary to agree that it will comply with entitlement orders originated by the Collateral Agent with respect to each such security entitlement without further consent by the Company;

(2) in the case of each general intangible, by notifying the obligor thereunder of the security interest of the Collateral Agent;

(3) in the case of Portfolio Investments consisting of money or instruments (the "New York Collateral") that do not constitute a financial asset forming the basis of a security entitlement delivered to the Collateral Agent pursuant to clause (1) above, by causing (x) the Collateral Agent to obtain possession of such New York Collateral in the State of New York, or (y) a person other than the Company and a securities intermediary (A)(I) to obtain possession of such New York Collateral in the State of New York, and (II) to then authenticate a record acknowledging that it holds possession of such New York Collateral for the benefit of the Collateral Agent or (B)(I) to authenticate a record acknowledging that it will take possession of such New York Collateral for the benefit of the Collateral Agent and (II) to then acquire possession of such New York Collateral in the State of New York;

(4) in the case of any account which constitutes a "deposit account" under Article 9 of the UCC, by causing the Securities Intermediary to continuously identify in its books and records the security interest of the Collateral Agent in such account and, except as may be expressly provided herein to the contrary, establishing dominion and control over such account in favor of the Collateral Agent; and

(5) in all cases, by filing or causing the filing of a financing statement with respect to such Collateral with the Delaware Secretary of State.

(c) Remedies, Etc. During the period in which an Event of Default shall have occurred and be continuing, the Collateral Agent shall (but only if and to the extent directed in writing by the Required Financing Providers, with a copy to the Company) do any of the following:

(1) Exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and also may, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's or its designee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent or a designee of the Collateral Agent (acting at the direction of the Required Financing Providers) may deem commercially reasonable. The Company agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' prior notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. The Collateral Agent or its designee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(2) Transfer all or any part of the Collateral into the name of the Collateral Agent or a nominee thereof.

(3) Enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto.

(4) Endorse any checks, drafts, or other writings in the Company's name to allow collection of the Collateral.

(5) Take control of any proceeds of the Collateral.

(6) Execute (in the name, place and stead of any of the Company) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

(7) Perform such other acts as may be reasonably required to do to protect the Collateral Agent's rights and interest hereunder.

(8) Without limitation to the foregoing, exercise any available rights and remedies under the Equity Pledge Agreement and the Asset Pledge Agreement. In addition, nothing in this Agreement shall limit, or be construed as limiting, any rights and remedies which the Collateral Agent (in any capacity) has under the Asset Pledge Agreement or under the laws of any jurisdiction other than the United States.

(d) Compliance with Restrictions. The Company and the Portfolio Manager agree that in any sale of any of the Collateral whenever an Event of Default shall have occurred and be continuing, the Collateral Agent or its designee are hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel in writing is necessary in order to avoid any violation of Applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official, and the Company and the Portfolio Manager further agree that such compliance shall not, in and of itself, result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Collateral Agent be liable or accountable to the Company or the Portfolio Manager for any discount allowed by the reason of the fact that such Collateral is sold in good faith compliance with any such limitation or restriction.

(e) Private Sale. The Collateral Agent shall incur no liability as a result of a sale of the Collateral, or any part thereof, at any private sale pursuant to clause (c) above conducted in a commercially reasonable manner. The Company and the Portfolio Manager hereby waive any claims against each Agent and Financing Provider arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale.

(f) Collateral Agent Appointed Attorney-in-Fact. The Company hereby appoints the Collateral Agent as the Company's attorney-in-fact (it being understood that the Collateral Agent shall not be deemed to have assumed any of the obligations of the Company by this appointment), with full authority in the place and stead of the Company and in the name of the Company, from time to time in the Collateral Agent's discretion (exercised at the written direction of the Administrative Agent or the Required Financing Providers, as the case may be), after the occurrence and during the continuation of an Event of Default, to take any action and to execute any instrument which the Administrative Agent or the Required Financing Providers may deem necessary or advisable to accomplish the purposes of this Agreement. The Company hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this clause is irrevocable during the term of this Agreement and is coupled with an interest.

(g) Further Assurances. The Company covenants and agrees that, from time to time upon the request of the Collateral Agent (as directed by the Administrative Agent), the Company will execute and deliver such further documents, and do such other acts and things as the Collateral Agent (as directed by the Administrative Agent) may reasonably request in order fully to effect the purposes of this Agreement and to protect and preserve the priority and validity of the security interest granted hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral; *provided* that no such document may alter the rights and protections afforded to the Company or the Portfolio Manager herein.

(h) Termination. Upon the payment in full of all Secured Obligations and termination of the Financing Commitments, the security interest granted herein shall automatically (and without further action by any party) terminate and all rights to the Collateral shall revert to the Company. Upon any such termination, the Collateral Agent will, at the Company's sole expense, deliver to the Company, or cause the Securities Intermediary to deliver, without any representations, warranties or recourse of any kind whatsoever, all certificates and instruments representing or evidencing all of the Collateral held by the Securities Intermediary hereunder, and execute and deliver to the Company or its nominee such documents as the Company shall reasonably request to evidence such termination.

ARTICLE IX
THE AGENTS

SECTION 9.01. Appointment of Administrative Agent and Collateral Agent. Each of the Financing Providers hereby irrevocably appoints each of the Administrative Agent and the Collateral Agent (each, an "Agent" and collectively, the "Agents") as its agent and authorize such Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. Anything contained herein to the contrary notwithstanding, each Agent and each Financing Provider hereby agree that no Financing Provider shall have any right individually to realize upon any of the Collateral hereunder, it being understood and agreed that all powers, rights and remedies hereunder with respect to the Collateral shall be exercised solely by the Collateral Agent for the benefit of the Secured Parties at the direction of the Administrative Agent.

Each financial institution serving as an Agent hereunder shall have the same rights and powers in its capacity as a Financing Provider (if applicable) as any other Financing Provider and may exercise the same as though it were not an Agent, and such financial institution and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company as if it were not an Agent hereunder.

No Agent or the Collateral Administrator shall have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except that the foregoing shall not limit any duty expressly set forth in this Agreement to include such rights and powers expressly contemplated hereby that such Agent is required to exercise as directed in writing by (i) in the case of the Collateral Agent (A) in respect of the exercise of remedies under Section 8.02.(c), the Required Financing Providers, or (B) in all other cases, the Administrative Agent or (ii) in the case of any Agent, the Required Financing Providers (or such other number or percentage of the Financing Providers as shall be necessary under the circumstances as provided herein), and (c) except as expressly set forth herein, no Agent shall have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company that is communicated to or obtained by the financial institution serving in the capacity of such Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct or with the consent or at the request or direction of the Administrative Agent (in the case of the Collateral Administrator and the Collateral Agent only) or the Required Financing Providers (or such other number or percentage of the Financing Providers that shall be permitted herein to direct such action or forbearance). None of the Collateral Agent, the Collateral Administrator or the Securities Intermediary shall be deemed to have knowledge of any Default, Event of Default, Market Value Event or failure of the Borrowing Base Test unless and until a Responsible Officer has received written notice thereof from the Company, a Financing Provider or the Administrative Agent. None of the Collateral Agent, the Collateral Administrator, the Securities Intermediary or the Administrative Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness, genuineness, value or sufficiency of this Agreement, any other agreement, instrument or document or the Collateral, or (v) the satisfaction of any condition set forth herein, other than to confirm receipt of items expressly required to be delivered to such Agent. None of the Collateral Agent, the Collateral Administrator, the Securities Intermediary or the Administrative Agent shall be required to risk or expend its own funds in connection with the performance of its obligations hereunder if it reasonably believes it will not receive reimbursement therefor hereunder.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, direction, opinion, document or other writing believed by it to be genuine and to have been signed or sent by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

In the event the Collateral Agent or the Collateral Administrator shall receive conflicting instruction from the Administrative Agent and the Required Financing Providers, the instruction of the Required Financing Providers shall govern. Neither the Collateral Administrator nor the Collateral Agent shall have any duties or obligations under or in respect of any other agreement (including any agreement that may be referenced herein) to which it is not a party. The grant of any permissive right or power to the Collateral Agent hereunder shall not be construed to impose a duty to act.

It is expressly acknowledged and agreed that neither the Collateral Administrator nor the Collateral Agent shall be responsible for, and shall not be under any duty to monitor or determine, compliance with the Eligibility Criteria (Schedule 3) or the Concentration Limitations (Schedule 4) in any instance, to determine if the conditions of "Deliver" have been satisfied or otherwise to monitor or determine compliance by any other person with the requirements of this Agreement.

Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. No agent shall be responsible for any misconduct or negligence on the part of any sub-agent or attorney appointed by such Agent with due care. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Affiliates and the respective directors, officers, employees, agents and advisors of such person and its Affiliates (the "Related Parties") for such Agent. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent or Collateral Agent, as the case may be.

Subject to the appointment and acceptance of a successor as provided in this paragraph, each of the Collateral Administrator, the Collateral Agent, the Securities Intermediary and the Administrative Agent may resign at any time upon 30 days' notice to each other agent, the Financing Providers, the Portfolio Manager and the Company. Upon any such resignation, the Required Financing Providers shall have the right (with, so long as no Event of Default has occurred and is continuing or Market Value Event has occurred, the consent of the Company and the Portfolio Manager) to appoint a successor. If no successor shall have been so appointed by the Required Financing Providers and shall have accepted such appointment within thirty (30) days after the retiring Collateral Administrator, Collateral Agent, Securities Intermediary or Administrative Agent, as applicable, gives notice of its resignation, then the Administrative Agent may, on behalf of the Financing Providers, appoint a successor which shall be a financial institution with an office in New York, New York, or an Affiliate of any such financial institution. If no successor shall have been so appointed by the Administrative Agent and shall have accepted such appointment within sixty (60) days after the retiring agent gives notice of its resignation, such agent may petition a court of competent jurisdiction for the appointment of a successor. Upon the acceptance of its appointment as Collateral Administrator, Securities Intermediary, Administrative Agent or Collateral Agent, as the case may be, hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring agent, and the retiring agent shall be discharged from its duties and obligations hereunder. After the retiring agent's resignation hereunder, the provisions of this Article and Sections Section 5.03 and Section 10.04 shall continue in effect for the benefit of such retiring agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Collateral Administrator, Securities Intermediary, Administrative Agent or Collateral Agent, as the case may be.

Subject to the appointment and acceptance of a successor as provided in this paragraph, each of the Collateral Administrator, the Collateral Agent and the Securities Intermediary may be removed at any time with 30 days' notice by the Company (with the written consent of the Administrative Agent), with notice to the Collateral Administrator, the Collateral Agent, the Securities Intermediary, the Financing Providers and the Portfolio Manager. Upon any such removal, the Company shall have the right (with the consent of the Administrative Agent) to appoint a successor to the Collateral Agent, the Collateral Administrator and/or the Securities Intermediary, as applicable. If no successor to any such person shall have been so appointed by the Company and shall have accepted such appointment within thirty (30) days after such notice of removal, then the Administrative Agent may appoint a successor which shall be a financial institution with an office in New York, New York, or an Affiliate of any such financial institution. Upon the acceptance of its appointment as Collateral Administrator, Securities Intermediary or Collateral Agent, as the case may be, hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the removed agent, and the removed agent shall be discharged from its duties and obligations hereunder. After the removed agent's removal hereunder, the provisions of this Article and Sections Section 5.03 and Section 10.04 shall continue in effect for the benefit of such removed agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Collateral Administrator, Securities Intermediary or Collateral Agent, as the case may be.

Upon the request of the Company or the Administrative Agent or the successor agent, such retiring or removed agent shall, upon payment of its charges then unpaid, execute and deliver an instrument transferring to such successor agent all the rights, powers and trusts of the retiring or removed agent, and shall duly assign, transfer and deliver to such successor agent all property and money held by such retiring or removed agent hereunder. Upon request of any such successor agent, the Company and the Administrative Agent shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor agent all such rights, powers and trusts.

Each Financing Provider acknowledges that it has, independently and without reliance upon any Agent or any other Financing Provider and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Financing Provider also acknowledges that it will, independently and without reliance upon any Agent or any other Financing Provider and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Anything in this Agreement notwithstanding, in no event shall any Agent, the Collateral Administrator or the Securities Intermediary be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever (including lost profits), even if such Agent, the Collateral Administrator or the Securities Intermediary, as the case may be, has been advised of such loss or damage and regardless of the form of action.

Each Agent and the Collateral Administrator shall not be liable for any error of judgment made in good faith by an officer or officers of such Agent or the Collateral Administrator, unless it shall be conclusively determined by a court of competent jurisdiction that such Agent or the Collateral Administrator was grossly negligent in ascertaining the pertinent facts.

Each Agent and the Collateral Administrator shall not be responsible for the accuracy or content of any certificate, statement, direction or opinion furnished to it in connection with this Agreement.

Each Agent and the Collateral Administrator shall not be bound to make any investigation into the facts stated in any resolution, certificate, statement, instrument, opinion, report, consent, order, approval, bond or other document or have any responsibility for filing or recording any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder.

No Agent shall be responsible for delays or failures in performance resulting from acts beyond its control. Such acts include but are not limited to acts of God, strikes, lockouts, riots and acts of war. In connection with any payment, the Collateral Agent and the Collateral Administrator are entitled to rely conclusively on any instructions provided to them by the Administrative Agent.

The rights, protections and immunities given to the Agents in this Section 9.01 shall likewise be available and applicable to the Securities Intermediary and the Collateral Administrator.

SECTION 9.02. Additional Provisions Relating to the Collateral Agent, Securities Intermediary and the Collateral Administrator.

(a) Collateral Agent May Perform. The Collateral Agent shall from time to time take such action (at the written direction of the Administrative Agent or the Required Financing Providers) for the maintenance, preservation or protection of any of the Collateral or of its security interest therein, *provided* that the Collateral Agent shall have no obligation to take any such action in the absence of such direction and shall have no obligation to comply with any such direction if it reasonably believes that the same (1) is contrary to Applicable Law or (2) might subject the Collateral Agent to any loss, liability, cost or expense, unless the Administrative Agent or the Required Financing Providers, as the case may be, issuing such instruction makes provision satisfactory to the Collateral Agent for payment of same.

With respect to actions which are incidental to the actions specifically delegated to the Collateral Agent hereunder, the Collateral Agent shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the written direction of the Administrative Agent; *provided* that the Collateral Agent shall not be required to take any action hereunder at the request of the Administrative Agent, the Required Financing Providers or otherwise if the taking of such action, in the determination of the Collateral Agent, (1) is contrary to Applicable Law or (2) is reasonably likely to subject the Collateral Agent to any loss, liability, cost or expense, unless the Administrative Agent or the Required Financing Providers, as the case may be, issuing such instruction make provision satisfactory to the Collateral Agent for payment of same. In the event the Collateral Agent requests the consent of the Administrative Agent and the Collateral Agent does not receive a consent (either positive or negative) from the Administrative Agent within ten (10) Business Days of its receipt of such request, the Administrative Agent shall be deemed to have declined to consent to the relevant action. Any action to be taken or not taken and any discretion to be exercised by the Collateral Agent under the Asset Pledge Agreement and the Equity Pledge Agreement will be done solely at the direction of the Administrative Agent.

If, in performing its duties under this Agreement, the Collateral Agent is required to decide between alternative courses of action, the Collateral Agent may request written instructions from the Administrative Agent as to the course of action desired by it. If the Collateral Agent does not receive such instructions within five (5) Business Days after it has requested them, the Collateral Agent may, but shall be under no duty to, take or refrain from taking any such courses of action and shall have no liability in connection therewith except as otherwise provided in this Agreement. The Collateral Agent shall act in accordance with instructions received after such five (5) Business Day period except to the extent it has already, in good faith, taken or committed itself to take, action inconsistent with such instructions.

(b) Reasonable Care. The Collateral Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession, *provided* that the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral if it takes such action for that purpose as the Company reasonably requests at times other than upon the occurrence and during the continuance of any Event of Default, but failure of the Collateral Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care. The Collateral Agent will not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any liens thereon.

(c) Collateral Agent Not Liable. Except to the extent arising from the gross negligence, willful misconduct, criminal conduct, fraud or reckless disregard of the Collateral Agent, the Collateral Agent shall not be liable by reason of its compliance with the terms of this Agreement with respect to (1) the investment of funds held thereunder in Eligible Investments (other than for losses attributable to the Collateral Agent's failure to make payments on investments issued by the Collateral Agent, in its commercial capacity as principal obligor and not as collateral agent, in accordance with their terms) or (2) losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity.

(d) Certain Rights and Obligations of the Collateral Agent. Without further consent or authorization from any Financing Providers, the Collateral Agent may execute any documents or instruments necessary to release any lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted by this Agreement or as otherwise permitted or required hereunder or to which the Required Financing Providers have otherwise consented. Anything contained herein to the contrary notwithstanding, in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, any Agent or Financing Provider may be the purchaser of any or all of such Collateral at any such sale and the Collateral Agent, as agent for and representative of the Financing Providers (but not any Financing Provider in its individual capacity unless the Required Financing Providers shall otherwise agree), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any collateral payable by the purchaser at such sale.

(e) Collateral Agent, Securities Intermediary and Collateral Administrator Fees and Expenses. The Company agrees to pay to the Collateral Agent, the Securities Intermediary and the Collateral Administrator such fees as the Administrative Agent, the Collateral Agent, the Securities Intermediary, the Collateral Administrator and the Portfolio Manager, may agree in writing. The Company further agrees to pay to the Collateral Agent, the Securities Intermediary and the Collateral Administrator, or reimburse the Collateral Agent, the Securities Intermediary and the Collateral Administrator for paying, reasonable and documented out-of-pocket expenses, including attorney's fees, in connection with this Agreement and the transactions contemplated hereby.

(f) Execution by the Collateral Agent, the Securities Intermediary and the Collateral Administrator. The Collateral Agent, the Securities Intermediary and the Collateral Administrator are executing this Agreement solely in their capacity as Collateral Agent, Securities Intermediary and Collateral Administrator hereunder and in no event shall have any obligation to make any Advance, provide any Financing or perform any obligation of the Administrative Agent hereunder. Each of the Lenders, the Administrative Agent and the Borrower hereby directs the Collateral Agent to execute and deliver the Asset Pledge Agreement and the Equity Pledge Agreement and directs the Securities Intermediary to execute and deliver the Asset Pledge Agreement.

(g) Reports by the Collateral Administrator. The Company hereby appoints Virtus Group LP as Collateral Administrator and directs the Collateral Administrator to prepare the reports in a form agreed among the Collateral Administrator, Administrative Agent and the Company. Without limitation to the foregoing, upon the written request (including via email) of the Administrative Agent, which may be in the form of a standing request, the Collateral Administrator shall provide to the Administrative Agent a copy of the most recent notice memo, distribution report or similar notice or report received by it in respect of any Portfolio Investment(s) identified by the Administrative Agent as soon as reasonably practicable after such request is made by the Administrative Agent (or, if such request is a standing request, as soon as reasonably practicable after such notice or report is received).

(h) Information Provided to Collateral Agent and Collateral Administrator. Without limiting the generality of any terms of this Section, neither the Collateral Agent nor the Collateral Administrator shall have liability for any failure, inability or unwillingness on the part of the Portfolio Manager, the Administrative Agent, the Company or the Required Financing Parties to provide accurate and complete information on a timely basis to the Collateral Agent or the Collateral Administrator, as applicable, or otherwise on the part of any such party to comply with the terms of this Agreement, and shall have no liability for any inaccuracy or error in the performance or observance on the Collateral Agent's or Collateral Administrator's, as applicable, part of any of its duties hereunder that is caused by or results from any such inaccurate, incomplete or untimely information received by it, or other failure on the part of any such other party to comply with the terms hereof.

ARTICLE X
MISCELLANEOUS

SECTION 10.01. Non-Petition; Limited Recourse; Limited Recourse. Each of the Collateral Agent, the Securities Intermediary, the Collateral Administrator and the Portfolio Manager hereby agrees not to commence, or join in the commencement of, any proceedings in any jurisdiction for the bankruptcy, winding-up or liquidation of the Company or any similar proceedings, in each case prior to the date that is one year and one day (or if longer, any applicable preference period plus one day) after the payment in full of all amounts owing to the parties hereto. The foregoing restrictions are a material inducement for the parties hereto to enter into this Agreement and are an essential term of this Agreement. The Administrative Agent or the Company may seek and obtain specific performance of such restrictions (including injunctive relief), including, without limitation, in any bankruptcy, winding-up, liquidation or similar proceedings. The Company shall promptly object to the institution of any bankruptcy, winding-up, liquidation or similar proceedings against it and take all necessary or advisable steps to cause the dismissal of any such proceeding; *provided* that such obligation shall be subject to the availability of funds therefor. Nothing in this Section 10.01 shall limit the right of any party hereto to file any claim or otherwise take any action with respect to any proceeding of the type described in this Section that was instituted by the Company or against the Company by any Person other than a party hereto.

Notwithstanding any other provision of this Agreement, no recourse under any obligation, covenant or agreement of the Company or the Portfolio Manager contained in this Agreement shall be had against any incorporator, stockholder, partner, officer, director, member, manager, employee or agent of the Company, the Portfolio Manager or any of their respective Affiliates (solely by virtue of such capacity) by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely a corporate obligation of the Company and (with respect to the express obligations of the Portfolio Manager hereunder) the Portfolio Manager and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, member, manager, employee or agent of the Company, the Portfolio Manager or any of their respective Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of the Company or the Portfolio Manager contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by the Company or the Portfolio Manager of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, stockholder, officer, director, member, manager, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement.

SECTION 10.02. Notices. All notices and other communications in respect hereof (including, without limitation, any modifications hereof, or requests, waivers or consents hereunder) to be given or made by a party hereto shall be in writing (including by electronic mail or other electronic messaging system of .pdf or other similar files) to the other parties hereto at the addresses for notices specified on the Transaction Schedule (or, as to any such party, at such other address as shall be designated by such party in a notice to each other party hereto). All such notices and other communications shall be deemed to have been duly given when (a) transmitted by facsimile, (b) personally delivered, (c) in the case of a mailed notice, upon receipt, or (d) in the case of notices and communications transmitted by electronic mail or any other electronic messaging system, upon delivery, in each case given or addressed as aforesaid.

SECTION 10.03. No Waiver. No failure on the part of any party hereto to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

SECTION 10.04. Expenses; Indemnity; Damage Waiver; Right of Setoff.

(a) The Company shall pay (1) all fees and reasonable and documented out of pocket expenses incurred by the Agents, the Collateral Administrator, the Securities Intermediary and their Related Parties, including the fees, charges and disbursements of outside counsel for each Agent and the Collateral Administrator, and such other local counsel as required for the Agents and the Collateral Administrator, collectively, in connection with the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (2) all reasonable and documented out-of-pocket expenses incurred by the Agents, the Collateral Administrator and the Lenders, including the fees, charges and disbursements of outside counsel for each Agent, the Collateral Administrator and such other local counsel as required for all of them, in connection herewith, including the enforcement or protection of their rights in connection with this Agreement, including their rights under this Section, or in connection with the Financings provided by them hereunder, including all such reasonable and documented out-of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Financings.

(b) The Company shall indemnify the Agents, the Collateral Administrator, the Securities Intermediary, the Lenders and each Related Party of any of the foregoing persons (each such person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of outside counsel for each Indemnitee and such other local counsel as required for any Indemnitees, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (1) the execution or delivery of this Agreement or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations (including, without limitation, any breach of any representation or warranty made by the Company or the Portfolio Manager hereunder (for the avoidance of doubt, after giving effect to any limitation included in any such representation or warranty relating to materiality or causing a Material Adverse Effect)) or the exercise of the parties thereto of their respective rights or the consummation of the transactions contemplated hereby, (2) any Financing or the use of the proceeds therefrom, or (3) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto or is pursuing or defending any such action; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, fraud, reckless disregard or willful misconduct of such Indemnitee or (ii) with respect to the Lenders, relate to the performance of the Portfolio Investments. This Section 10.04.(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) To the extent permitted by Applicable Law, neither the Company nor any Indemnitee shall assert, and each hereby waives, any claim against the Company or any Indemnitee, as applicable, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement, instrument or transaction contemplated hereby, any Financing or the use of the proceeds thereof.

(d) If an Event of Default shall have occurred and be continuing, each Financing Provider and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Financing Provider or Affiliate to or for the credit or the account of the Company against any of and all the obligations of the Company now or hereafter existing under this Agreement held by such Financing Provider, irrespective of whether or not such Financing Provider shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Financing Provider under this clause (d) are in addition to other rights and remedies (including other rights of setoff) which such Financing Provider may have.

SECTION 10.05. Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including, without limitation, a writing evidenced by a facsimile transmission or electronic mail) and executed by each of the Company, the Agents, the Collateral Administrator, the Required Financing Providers and the Portfolio Manager; *provided*, *however*, that any amendment to this Agreement that the Administrative Agent determines in its commercially reasonable judgment is necessary to effectuate the purposes of Section 1.04 hereof following the occurrence and during the continuance of an Event of Default or following the occurrence of a Market Value Event and which would not result in an increase or decrease in the rights, duties or liabilities of the Portfolio Manager shall not be required to be executed by the Portfolio Manager; *provided*, *further*, that the Administrative Agent may waive any of the Eligibility Criteria and the requirements set forth in Schedule 3 or Schedule 4 in its sole discretion; *provided, further*, that none of the Collateral Agent, the Collateral Administrator or the Securities Intermediary shall be required to execute any amendment that affects its rights, duties, protections or immunities.

SECTION 10.06. Successors; Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Portfolio Manager, the Administrative Agent and each Financing Provider (and any attempted assignment or transfer by the Company without such consent shall be null and void) and the Portfolio Manager may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent. Except as expressly set forth herein, nothing in this Agreement, expressed or implied, shall be construed to confer upon any person any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Subject to the conditions set forth below, any Lender may assign to one or more banks or other financial institutions (or Affiliates thereof) or, after the occurrence and during the continuance of an Event of Default or after the occurrence of a Market Value Event, any other person, all or a portion of its rights and obligations under this Agreement (including all or a portion of its Financing Commitment and the Advances at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of the Administrative Agent; *provided* that no consent of the Administrative Agent shall be required for an assignment of any Financing Commitment to an assignee that is a Lender (or any Affiliate thereof) with a Financing Commitment immediately prior to giving effect to such assignment.

Assignments shall be subject to the following additional conditions: (A) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement; (B) the parties to each assignment shall execute and deliver to the Administrative Agent an assignment and assumption agreement in form and substance acceptable to the Administrative Agent; and (C) unless a Market Value Event has occurred or an Event of Default has occurred and is continuing, no Lender may assign this Agreement or any of its rights and obligations under this Agreement to a Person that is primarily engaged in alternative asset management, including, without limitation, any private equity fund, distressed asset fund or hedge fund, in each case, without the prior written consent of the Company.

Subject to acceptance and recording thereof below, from and after the effective date specified in each assignment and assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such assignment and assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such assignment and assumption, be released from its obligations under this Agreement (and, in the case of an assignment and assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto as a Lender but shall continue to be entitled to the benefits of Sections Section 5.03 and Section 10.04).

The Administrative Agent, acting for this purpose as an agent of the Company, shall maintain at one of its offices a copy of each assignment and assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Financing Commitment of, and principal amount of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the parties hereto shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, any Lender and the Portfolio Manager, at any reasonable time and from time to time upon reasonable prior notice. Upon its receipt of a duly completed assignment and assumption executed by an assigning Lender and an assignee, the Administrative Agent shall accept such assignment and assumption and record the information contained therein in the Register.

(c) Any Lender may, without the consent of the Company or the Administrative Agent, sell participations to one or more banks or other entities (a "Lender Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Financing Commitment and the Advances owing to it); *provided* that (1) such Lender's obligations under this Agreement shall remain unchanged, (2) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (3) the Company, the Agents and the other Financing Providers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Lender Participant, agree to any Material Amendment that affects such Lender Participant. As used herein, "Material Amendment" means any amendment, modification or supplement to this Agreement that (i) increases the Financing Commitment of any Lender, (ii) reduces the principal amount of any Advance or reduces the rate of interest thereon, or reduces any fees payable hereunder, (iii) postpones the scheduled date of payment of the principal amount of any Advance, or any interest thereon, or any other amounts payable hereunder, or reduces the amount of, waives or excuses any such payment, or postpones the scheduled date of expiration of any Financing Commitment, (iv) changes any provision in a manner that would alter the pro rata sharing of payments required hereby, or (v) changes any of the provisions of this Section or the definition of "Required Financing Providers" or any other provision hereof specifying the number or percentage of Financing Providers required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder. No Lender Participant shall be a Person that is primarily engaged in alternative asset management, including, without limitation, any private equity fund, distressed asset fund or hedge fund, in each case, without the prior written consent of the Company.

(d) Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Company, maintain a register on which it enters the name and address of each Lender Participant and the principal amounts (and stated interest) of each Lender Participant's interest in the Advances or other obligations under this Agreement (the "Participant Register"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Lender Participant or any information relating to a Lender Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. The Company agrees that each Participant shall be entitled to the benefits of Sections Section 3.01.(e) and Section 3.03 (subject to the requirements and limitations therein, including the requirements under Section 3.03.(f) (it being understood that the documentation required under Section 3.03.(f) shall be delivered to the Lender that sells the participation)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (d) of this Section; *provided* that such Participant (A) agrees to be subject to the provisions of Section 3.01.(f) relating to replacement of Lenders as if it were an assignee under paragraph (b) of this Section 10.06; and (B) shall not be entitled to receive any greater payment under Sections Section 3.01.(e) and Section 3.03, with respect to any participation, than the Lender that sells the participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Lender or the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the replacement of Lenders provisions set forth in Section 3.01.(f) with respect to any Participant.

SECTION 10.07. Governing Law; Submission to Jurisdiction; Etc.

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law of the State of New York.

(b) Submission to Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement (collectively, "Proceedings"), each party hereto irrevocably (i) submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing in this Agreement precludes any party hereto from bringing Proceedings in any other jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) Waiver of Jury Trial. EACH OF THE PARTIES HERETO AND THE ADMINISTRATIVE AGENT ON BEHALF OF THE FINANCING PROVIDERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10.08. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Advance, together with all fees, charges and other amounts which are treated as interest on such Advance under Applicable Law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Financing Provider holding such Advance in accordance with Applicable Law, the rate of interest payable in respect of such Advance hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Advance but were not payable as a result of the operation of this Section 10.08 shall be cumulated and the interest and Charges payable to such Financing Provider in respect of other Advances or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Financing Provider.

SECTION 10.09. PATRIOT Act. Each Financing Provider and Agent that is subject to the requirements of the PATRIOT Act hereby notifies the Company that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Financing Provider or Agent to identify the Company in accordance with the PATRIOT Act.

SECTION 10.10. Counterparts. This Agreement may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against the party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Acknowledgement and Consent to Bail-In of EEA Financial Institutions.. Notwithstanding anything to the contrary in this Agreement or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under this Agreement may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(1) a reduction in full or in part or cancellation of any such liability;

(2) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement; or

(3) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

As used herein:

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

WHITEHORSE FINANCE CREDIT I, LLC, as Company

By: WhiteHorse Finance, Inc., its Designated Manager

By_____
Name:
Title:

WHITEHORSE FINANCE, INC., as Portfolio Manager

By_____
Name: Edward J. Giordano
Title: Chief Financial Officer

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent

By_____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent

By_____
Name:
Title:

CITIBANK, N.A., as Collateral Agent

By_____
Name:
Title:

CITIBANK, N.A., as Securities Intermediary

By_____
Name:
Title:

VIRTUS GROUP LP, as Collateral Administrator

By_____
Name:
Title:

The Financing Providers

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Lender

By_____
Name:
Title:

Transaction Schedule

1.	**Types of Financing**		**Available**	**Financing Limit**
	Advances		yes	Prior to an Commitment Increase Date: U.S.$200,000,000; After an Commitment Increase Date, if any, U.S.$235,000,000
2.	**Financing Providers**			**Financing Commitment**
	Lender:	JPMorgan Chase Bank, National Association		Prior to an Commitment Increase Date: U.S.$200,000,000; After an Commitment Increase Date, if any, U.S.$235,000,000, in each case, as reduced from time to time pursuant to Section 4.07
3.	**Scheduled Termination Date:**		December 29, 2021	
4.	**Interest Rates**			
	Applicable Margin for Advances:		With respect to interest based on the LIBO Rate, 2.75% per annum. With respect to interest based on the Base Rate, 2.75% per annum.	
5.	**Account Numbers**			
	Custodial Account:		11548100	
	Collection Account:		11548200	
	Expense Reserve Account:		11548300	
	MV Cure Account:		11548400	
	Unfunded Exposure Account:		11548500	
6.	**Market Value Trigger:**		65%	
	Market Value Cure Trigger:		57%	

7. Purchases of Restricted Securities

Notwithstanding anything herein to the contrary, no Portfolio Investment may constitute, at the time of initial purchase, a Restricted Security. As used herein, "Restricted Security" means any security that forms part of a new issue of publicly issued securities (a) with respect to which an Affiliate of any Financing Provider that is a "broker" or a "dealer", within the meaning of the Securities Exchange Act of 1934, participated in the distribution as a member of a selling syndicate or group within 30 days of the proposed purchase by the Company and (b) which the Company proposes to purchase from any such Affiliate of any Financing Provider.

Addresses for Notices

The Company:	WhiteHorse Finance Credit I, LLC 1450 Brickell Avenue, 31st Floor Miami, FL 33131	Attn: Operations Email: operations@higcapital.com
The Portfolio Manager:	WhiteHorse Finance, Inc. 1450 Brickell Avenue, 31st Floor Miami, FL 33131	Attn: Edward J. Giordano Email: egiordano@higcapital.com operations@higcapital.com
The Administrative Agent:	JPMorgan Chase Bank, National Association c/o JPMorgan Services Inc. 500 Stanton Christiana Rd., 3rd Floor Newark, Delaware 19713	Attention: DE_Custom_Business, attention: Nick Rapak Telephone: (302) 634-4961
	with a copy to	
	JPMorgan Chase Bank, National Association 383 Madison Ave. New York, New York 10179	Attention: Louis Cerrotta Telephone: 212-622-7092 Email: louis.cerrotta@jpmorgan.com de_custom_business@jpmorgan.com NA_Private_Financing_Diligence@jpmorgan.com
The Collateral Agent:	Citibank, N.A. 388 Greenwich Street New York, NY 10013	Attention: Agency & Trust Whitehorse Finance Credit I, LLC Telephone: (713) 693-6677 Email: jacqueline.suarez@citi.com
The Securities Intermediary:	Citibank, N.A. 388 Greenwich Street New York, NY 10013	Attention: Agency & Trust Whitehorse Finance Credit I, LLC Telephone: (713) 693-6677 Email: jacqueline.suarez@citi.com
The Collateral Administrator:	Whitehorse Finance Credit I LLC c/o Virtus Group, LP 1301 Fannin St., Suite 1700 Houston, TX	Attention: Paul Plank Telephone: (713) 993-4300 Facsimile: (877) 595-1376 Email: WhitehorseFinCredILLC@virtusllc.com

JPMCB:	JPMorgan Chase Bank, National Association c/o JPMorgan Services Inc. 500 Stanton Christiana Rd., 3rd Floor Newark, Delaware 19713	Attention: Robert Nichols Facsimile: (302) 634-1092
	with a copy to:	
	JPMorgan Chase Bank, National Association 270 Park Avenue New York, New York 10017	Attention: Eugene O'Neill Telephone: 212-834-9295
Each other Financing Provider:	The address (or facsimile number or electronic mail address) provided by it to the Administrative Agent.	

SCHEDULE 2

Contents of Notices of Acquisition

Each Notice of Acquisition shall include the following information for the related Portfolio Investment(s):

JPMorgan Chase Bank, National Association,
as Administrative Agent
c/o JPMorgan Services Inc.
500 Stanton Christiana Rd., 3rd Floor
Newark, Delaware 19713
DE_Custom_Business
Attention: Nick Rapak
Email: de_custom_business@jpmorgan.com

JPMorgan Chase Bank, National Association,
as Administrative Agent
383 Madison Avenue
New York, New York 10179
Attention: Michael Grogan
Email: NA_Private_Financing_Diligence@jpmorgan.com

JPMorgan Chase Bank, National Association,
as Lender
c/o JPMorgan Services Inc.
500 Stanton Christiana Rd., 3rd Floor
Newark, Delaware 19713
DE_Custom_Business
Attention: Robert Nichols

cc:

Citibank, N.A., as Collateral Agent

Virtus Group LP, as Collateral Administrator

Ladies and Gentlemen:

Reference is hereby made to the Loan Agreement, dated as of December 23, 2015 (as amended and restated as of June 27, 2016, as amended October 14, 2016, as amended and restated as of June 29, 2017, as further amended and restated as of May 15, 2018 and as further amended from time to time, the "Agreement"), among WhiteHorse Finance Credit I, LLC, as borrower (the "Company"), JPMorgan Chase Bank, National Association, as administrative agent (the "Administrative Agent"), WhiteHorse Finance, Inc., as portfolio manager (the "Portfolio Manager"), the financing providers party thereto and the collateral agent and securities intermediary party thereto. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given such terms in the Agreement.

Pursuant to the Agreement, the Portfolio Manager hereby [requests approval for the Company to acquire][notifies the Administrative Agent of the Company's intention to acquire] via [Purchase][Substitution] the following Portfolio Investment(s):[1]

Fund	
Issuer / Obligor	
Jurisdiction	
Identifier (LoanX; CUSIP)	
Requested Notional Amount	
Asset Class	
Current Pay (Y/N)	
Syndication Type	
Lien	
Tranche Size	
Price	
Spread / Coupon	
Base Rate	
LIBOR Floor	
Maturity	
Moody's Industry	
LTM EBITDA (In Millions)	
LTM Capital Expenditures (in Millions)	
Leverage Through Tranche (Net)	
Interest Coverage	
Financial Covenants	
Security Identifier	
Security Description	
Quantity	

[1] Company to complete as applicable.

To the extent available, we have included herewith (1) the material underlying instruments (including the collateral and security documents) relating to each such Portfolio Investment, (2) audited financial statement for the previous most recently ended three years of the obligor of each such Portfolio Investment, (3) quarterly statements for the previous most recently ended eight fiscal quarters of the obligor of each such Portfolio Investment, (4) any appraisal or valuation reports conducted by third parties in connection with the proposed investment by the Company, (5) applicable "proof of existence" details (if requested by the Administrative Agent) and (6) the ratio of indebtedness to EBITDA as calculated by the Portfolio Manager. The Portfolio Manager acknowledges that it will provide such other information from time to time reasonably requested by the Administrative Agent.

Very truly yours,

WHITEHORSE FINANCE, INC., as Portfolio Manager

By_____
Name:
Title:

Eligibility Criteria

1. Each Portfolio Investment is a Loan or a debt security and is not a Synthetic Security, a Zero-Coupon Security, a Structured Finance Obligation, a Participation Interest (other than Initial Portfolio Investments), a Mezzanine Obligation (or, for the avoidance of doubt, any other unsecured obligation of an obligor) or a Letter of Credit.

2. Such Portfolio Investment does not require the making of any future advance or payment by the Company to the issuer thereof or any related counterparty except in connection with a Delayed Funding Term Loan or a Revolving Loan.

3. Such Portfolio Investment is eligible to be entered into by, sold or assigned to the Company and pledged to the Collateral Agent.

4. Such Portfolio Investment is denominated and payable in U.S. dollars.

5. Such Portfolio Investment is issued by a company organized in an Eligible Jurisdiction and, if such company is not organized in the United States, such company has submitted to jurisdiction in the United States in the related underlying instrument and the related underlying instrument is governed by the laws of a State of the United States.

6. [Reserved].

7. Such Portfolio Investment is not subject to an event of default (as defined in the underlying instruments for such Portfolio Investment) in accordance with its terms (including the terms of its underlying instruments after giving effect to any grace and/or cure period set forth in the related loan agreement, but not to exceed five (5) days) and no Indebtedness of the obligor thereon ranking *pari passu* with such Portfolio Investment is in default with respect to the payment of principal or interest for which the lenders for such *pari passu* Indebtedness have elected to accelerate such Indebtedness, which such default would trigger a default under the related loan agreement (after giving effect to any grace and/or cure period set forth in the related loan agreement, but not to exceed five (5) days) (a "Defaulted Obligation").

8. On the Trade Date, the timely repayment of such Portfolio Investment is not subject to non-credit-related risk as determined by the Portfolio Manager in its good faith and reasonable judgment.

9. Such Portfolio Investment is not an equity security and does not provide, on the date of acquisition, for conversion or exchange at any time over its life into an equity security.

10. Such Portfolio Investment will not cause the Company or the pool of Collateral to be required to register as an investment company under the Investment Company Act of 1940, as amended.

11. In the case of a Portfolio Investment that is a Loan, (i) the Administrative Agent is an "Eligible Assignee" (as such term, or comparable term, is defined in the documents evidencing such Portfolio Investment) and such Portfolio Investment is otherwise permitted to be entered into by, sold or assigned to the Administrative Agent and (ii) the Company shall have delivered to the Administrative Agent an assignment agreement duly executed by the administrative agent (if such administrative agent is an Affiliate of the Company or the Portfolio Manager) in respect of such Portfolio Investment, naming the Administrative Agent as assignee, within (x) with respect to any Portfolio Investment owned by the Company on the Amendment Date, 15 Business Days of the Amendment Date or (y) with respect to any other Portfolio Investment, 15 Business Days of the acquisition thereof.

The following capitalized terms used in this Schedule 3 shall have the meanings set forth below:

"Eligible Jurisdictions" means Canada and the United States.

"Letter of Credit" means a facility whereby (i) a fronting bank ("LOC Agent Bank") issues or will issue a letter of credit ("LC") for or on behalf of a borrower pursuant to an underlying instrument, (ii) if the LC is drawn upon, and the borrower does not reimburse the LOC Agent Bank, the lender/participant is obligated to fund its portion of the facility and (iii) the LOC Agent Bank passes on (in whole or in part) the fees and any other amounts it receives for providing the LC to the lender/participant.

"Structured Finance Obligation" means any obligation issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any obligor, including collateralized debt obligations and mortgage-backed securities.

"Synthetic Security" means a security or swap transaction, other than a participation interest or a letter of credit, that has payments associated with either payments of interest on and/or principal of a reference obligation or the credit performance of a reference obligation.

"Zero-Coupon Security" means any debt security that by its terms (a) does not bear interest for all or part of the remaining period that it is outstanding or (b) pays interest only at its stated maturity.

Concentration Limitations

The "Concentration Limitations" shall be satisfied on any date of determination if, in the aggregate, the Portfolio Investments owned (or in relation to a proposed purchase of a Portfolio Investment, proposed to be owned) by the Company comply with all the requirements set forth below:

1. Not more than 5% of the Collateral Principal Amount may constitute the funded principal amount and Unfunded Exposure Amount, collateralized or uncollateralized, of Portfolio Investments issued by a single obligor and its Affiliates; *provided* that, the funded principal amount and Unfunded Exposure Amount, collateralized or uncollateralized, of Portfolio Investments issued by three obligors and their Affiliates may constitute up to 7% of the Collateral Principal Amount. Notwithstanding the foregoing, no obligor shall deemed an Affiliate of any person solely because they are under the control of the same private equity sponsor or similar sponsor or because such obligor is owned by a common holding company with an obligor of another obligation so long as the collateral securing such loans is not common.

2. Not less than 72% of the Collateral Principal Amount may consist of cash, Eligible Investments representing Principal Proceeds and the funded principal amount of Senior Secured Loans.

3. Not more than 15% of the Collateral Principal Amount may consist of the funded principal amount of Portfolio Investments whose obligors are organized in Canada.

4. Not more than 20% of the Collateral Principal Amount may consist of the funded principal amount of obligations of obligors with an EBITDA of less than U.S.$10,000,000 for cash flow loans, or with receivable assets of less than U.S.$85,000,000 for asset based loans.

5. Not more than 18% of the Collateral Principal Amount may consist of the funded principal amount of Portfolio Investments that are issued by obligors that belong to the same Moody's Industry Classification; *provided* that the funded principal amount of Portfolio Investments that are issued by obligors that belong to any two Moody's Industry Classifications (with one of the two exceptions being granted exclusively to the Services: Business classification) may constitute up to 25% of the Collateral Principal Amount. As used herein, "Moody's Industry Classifications" means the industry classifications set forth in Schedule 6 hereto, as such industry classifications shall be updated at the option of the Portfolio Manager (with the consent of the Administrative Agent) if Moody's publishes revised industry classifications.

6. The Unfunded Exposure Amount, collateralized or uncollateralized, shall not exceed 10% of the Collateral Principal Amount.

SCHEDULE 5

Initial Portfolio Investments

Moody's Industry Classifications	
Industry Code	Description
1	Aerospace & Defense
2	Automotive
3	Banking, Finance, Insurance & Real Estate
4	Beverage, Food & Tobacco
5	Capital Equipment
6	Chemicals, Plastics & Rubber
7	Construction & Building
8	Consumer goods: Durable
9	Consumer goods: Non-durable
10	Containers, Packaging & Glass
11	Energy: Electricity
12	Energy: Oil & Gas
13	Environmental Industries
14	Forest Products & Paper
15	Healthcare & Pharmaceuticals
16	High Tech Industries
17	Hotel, Gaming & Leisure
18	Media: Advertising, Printing & Publishing
19	Media: Broadcasting & Subscription
20	Media: Diversified & Production
21	Metals & Mining
22	Retail
23	Services: Business
24	Services: Consumer
25	Sovereign & Public Finance
26	Telecommunications
27	Transportation: Cargo
28	Transportation: Consumer
29	Utilities: Electric
30	Utilities: Oil & Gas
31	Utilities: Water
32	Wholesale

EXHIBIT A

Form of Request for Advance

JPMorgan Chase Bank, National Association,
as Administrative Agent
c/o JPMorgan Services Inc.
500 Stanton Christiana Rd., 3rd Floor
Newark, Delaware 19713
DE_Custom_Business
Attention: Nick Rapak
Email: de_custom_business@jpmorgan.com

JPMorgan Chase Bank, National Association,
as Administrative Agent
383 Madison Avenue
New York, New York 10179
Attention: Louis Cerrotta
Email: louis.cerrotta@jpmorgan.com

JPMorgan Chase Bank, National Association,
as Lender
c/o JPMorgan Services Inc.
500 Stanton Christiana Rd., 3rd Floor
Newark, Delaware 19713
Attention: Robert Nichols

cc:

Citibank, N.A., as Collateral Agent

Virtus Group LP, as Collateral Administrator

Ladies and Gentlemen:

Reference is hereby made to the Loan Agreement, dated as of December 23, 2015 (as amended and restated as of June 27, 2016, as amended October 14, 2016, as amended and restated as of June 29, 2017, as further amended and restated as of May 15, 2018 and as further amended from time to time, the "Agreement"), among WhiteHorse Finance Credit I, LLC, as borrower (the "Company"), JPMorgan Chase Bank, National Association, as administrative agent (the "Administrative Agent"), WhiteHorse Finance, Inc., as portfolio manager (the "Portfolio Manager"), the financing providers party thereto, and the collateral agent and securities intermediary party thereto. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given such terms in the Agreement.

Pursuant to the Agreement, you are hereby notified of the following:

(1) The Company hereby requests an Advance under Section 2.03 of the Agreement to be funded on [_____].

(2) The aggregate amount of the Advance requested hereby is U.S.$[_____].[1]

(3) The proposed purchases (if any) relating to this request are as follows:

Security	Par	Price	Purchased Interest (if any)

We hereby certify that all conditions to the Purchase of such Portfolio Investment(s) set forth in Section 1.03 of the Agreement have been satisfied or waived as of the related Trade Date (and shall be satisfied or waived as of the related Settlement Date).

Very truly yours,

WhiteHorse Finance Credit I, LLC

By: WhiteHorse Finance, Inc., as Portfolio Manager

By_____
Name:
Title:

[1] Note: The requested Financing shall be in an amount such that, after giving effect thereto and the related purchase of the applicable Portfolio Investment(s), the Borrowing Base Test is satisfied.

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stuart Aronson, Chief Executive Officer of WhiteHorse Finance, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of WhiteHorse Finance, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

By: /s/ Stuart Aronson
Stuart Aronson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
CHIEF FINANCIAL OFFICER CERTIFICATION

I, Joyson C. Thomas, Chief Financial Officer of WhiteHorse Finance, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of WhiteHorse Finance, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

By: /s/ Joyson C. Thomas
Joyson C. Thomas
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with this Report on Form 10-Q for the three months ended June 30, 2019 (the "Report") of WhiteHorse Finance, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Stuart Aronson, Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Stuart Aronson
Stuart Aronson
Chief Executive Officer
August 9, 2019

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with this Report on Form 10-Q for the three months ended June 30, 2019 (the "Report") of WhiteHorse Finance, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Joyson C. Thomas, Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Joyson C. Thomas
Joyson C. Thomas
Chief Financial Officer
August 9, 2019