TREVENA INC
Form 4
February 07, 2014

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Forest Laboratories Holdings Ltd

(Last) (First) (Middle)

C/O FOREST LABORATORIES, INC., 909 THIRD AVENUE

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TREVENA INC [TRVN]

3. Date of Earliest Transaction (Month/Day/Year)
02/05/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
_X_ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/05/2014		C		2,964,895 (1)	A	(1)	2,964,895 (1)	D (2)	
Common Stock	02/05/2014		P		428,571	A	$ 7	3,393,466	D (2)	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount o Number o Shares
Series C Preferred Stock	(1)	02/05/2014		C			18,382,352	(1)	(1)	Common Stock	2,964,8 (1)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Forest Laboratories Holdings Ltd C/O FOREST LABORATORIES, INC. 909 THIRD AVENUE NEW YORK, NY 10022		X		
FOREST LABORATORIES INC 909 THIRD AVENUE NEW YORK, NY 10022		X		
FL Holding C.V. BEURSPLEIN 37 3011 AA ROTTERDAM, NL		X		
FLI International, LLC C/O FOREST LABORATORIES, INC. 909 THIRD AVENUE NEW YORK, NY 10022		X		

Signatures

Frank Perier as Chairman of Forest Laboratories Holdings Limited	02/07/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Immediately prior to the closing of Trevena, Inc.'s (the "Issuer") initial public offering of its common stock on February 5, 2014, the 18,382,352 shares Series C Preferred Stock directly held by Forest Laboratories Holdings Limited ("FLHL") automatically converted without payment of further consideration into 2,964,895 shares of the Issuer's common stock after giving effect to the Issuer's 1-for-6.2 reverse stock split that became effective October 30, 2013. The Series C Preferred Stock was convertible at any time, in whole or in part, at the option of the holder and had no expiration date.

(2) These securities are directly held by FLHL, and indirectly held by Forest Laboratories, Inc. ("Forest"), FL Holding C.V. ("FL Holding"), and FLI International LLC ("FLI International", and together with Forest and FL Holding, the "Indirect Reporting Persons"). FLHL is a wholly-owned subsidiary of FL Holding, a Netherlands partnership. The sole limited partner of FL Holding is Forest and the sole general partner of FL Holding is FLI International. FLI International is a wholly-owned subsidiary of Forest. Each of the Indirect Reporting Persons disclaims beneficial ownership within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, of such portion of the securities of the Issuer held by FLHL in which such Indirect Reporting Person has no pecuniary interest.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. owrap; vertical-align: bottom; text-align: left"> 3,107 1.1% First Call Resolution, LLC(h) L+7.00% 8.66% 9/22/2022 4,988 4,909 5,137 1.9% Madison Logic, Inc.(h) L+8.00% 9.88% 11/30/2021 10,172 10,013 10,172 3.7% Madison Logic, Inc. (Revolver)(f) L+8.00% 9.88% 11/30/2021 988 0.0% 35,235 33,158 33,725 12.3% **Services: Consumer**

PeopleConnect Intermediate, LLC L+6.50% 8.20% 7/1/2020 4,476 4,425 4,476 1.7% PeopleConnect Intermediate, LLC L+12.50% 14.20% 7/1/2020 4,738 4,681 4,726 1.7% PeopleConnect Intermediate, LLC (Revolver)(f) L+9.50% 11.20% 7/1/2020 236 118 118 0.0% 9,450 9,224 9,320 3.4% **Telecommunications**

Peerless Network, Inc.(h) L+9.25% 10.16% Cash/ 0.75% PIK(p) 12/11/2020 2,964 2,919 2,985 1.1% 2,964 2,919 2,985 1.1% **Utilities: Electric**

CRCI Holdings, Inc. L+5.50% 8.17% 8/31/2023 2,782 2,760 2,797 1.0% 2,782 2,760 2,797 1.0%

See Notes to Consolidated Financial Statements.

F-8

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

(a) All of the Company s investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940 (the 1940 Act), unless otherwise noted. All of the Company s investments are issued by U.S. portfolio companies unless otherwise noted.

(b) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, monthly, quarterly, or semiannually. F each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at March 31, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor, or rate cap.

(c) Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

(d) Percentages are based on net assets of $273,005 as of March 31, 2018.

See Notes to Consolidated Financial Statements.

F-13

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

(e) This investment is treated as a non-qualifying investment 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 the Company s total assets. As of March 31, 2018, non-qualifying assets totaled 14.26% of the Company s total assets.

(f) All or a portion of this commitment was unfunded at March 31, 2018. As such, interest is earned only on the funded portion of this commitment.

(g) This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

(h) All of this loan is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(i) A portion of this loan (principal of $2,086) is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(j) A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.

(k) This investment represents a senior secured note that is traded in the secondary bond market.

(l) The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.

(m) This is an international company.

(n) This term loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.

(o) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.60% per annum.

(p) The PIK portion of the interest rate for Peerless Network, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.75% per annum.

(q) The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a first out portion of the loan to an investor and retains a last out portion of the loan, in which case the first out portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company s unitranche secured loans will expose the Company to the risks associated with second lien and subordinated loans and may limit the Company s recourse or ability to recover collateral upon a portfolio company s bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.

(r) A portion of this loan (principal of $5,061) is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(s) This term loan is subject to a prime rate cap of 1.10%.

(t) Represents less than 5% ownership of the portfolio company s voting securities.

(u) Ownership of certain equity investments may occur through a holding company or partnership.

(v) Represents a non-income producing security.

See Notes to Consolidated Financial Statements.

F-14

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
March 31, 2018
(in thousands, except for shares and units)

(w) As defined in the 1940 Act, the Company is deemed to be an Affiliated Person of the portfolio company as it owns five percent or more of the portfolio company s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

(x) This is a demand note with no stated maturity.

(y) This position was on non-accrual status as of March 31, 2018, meaning that the Company has ceased accruing interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company s accounting policies.

(z) This investment is held in a wholly owned entity, MCC Holdco Equity Manager I, LLC (MCC Holdco), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company s equity interest in TPP. See Note 5 in the accompanying notes to the consolidated financial statements for additional information.

(aa) As defined in the 1940 Act, the Company is deemed to be both an Affiliated Person of and to Control this portfolio company as it owns more than 25% in company s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(ab) The PIK portion of the interest rate for Incipio Technologies, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.55% per annum.

n/a not applicable

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued) December 31, 2017 (in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued) December 31, 2017 (in thousands, except for shares and units)

(a) All of the Company s investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940 (the 1940 Act), unless otherwise noted. All of the Company s investments are issued by U.S. portfolio companies unless otherwise noted.

(b) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, monthly, quarterly, or semiannually. F each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

(d) Percentages are based on net assets of $278,699 as of December 31, 2017.

(e) This investment is treated as a non-qualifying investment 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 the Company s total assets. As of December 31, 2017, non-qualifying assets totaled 13.13% of the Company s total assets excluding prepaid expenses.

(f) All or a portion of this commitment was unfunded at December 31, 2017. As such, interest is earned only on the funded portion of this commitment.

(g) This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

(h) All of this loan is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(i) A portion of this loan (principal of $2,113) is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(j) A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.

(k) This investment represents a senior secured note that is traded in the secondary bond market.

(l) The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.

(m) This is an international company.

(n) This term loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.

(o) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.92% per annum.

(p) A portion of this loan (principal of $4,099) is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

(q) A portion of the PIK interest rate for Vacation Innovations, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 1.81% per annum.

(r) The PIK portion of the interest rate for Peerless Network, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.75% per annum.

(s) A portion of this loan (principal of $4,477) is held in the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company s revolving credit facility.

(t) Represents less than 5% ownership of the portfolio company s voting securities.

(u) Ownership of certain equity investments may occur through a holding company or partnership.

(v) Represents a non-income producing security.

(w) As defined in the 1940 Act, the Company is deemed to be an Affiliated Person of the portfolio company as it owns five percent or more of the portfolio company s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

(x) This is a demand note with no stated maturity.

(y) This position was on non-accrual status as of December 31, 2017, meaning that the Company has ceased accruing interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company's accounting policies.

(z) This investment is held in a wholly owned entity, MCC Holdco Equity Manager I, LLC (MCC Holdco), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company's equity interest in TPP. See Note 5 in the accompanying notes to the consolidated financial statements for additional information.

(aa) As defined in the 1940 Act, the Company is deemed to be both an Affiliated Person of and to Control this portfolio company as it owns more than 25% in company s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(ab) The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a first out portion of the loan to an investor and retains a last out portion of the loan, in which case the first out portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company s unitranche secured loans will expose the Company to the risks associated with second lien and subordinated loans and may limit the Company s recourse or ability to recover collateral upon a portfolio company s bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.

(ac) This term loan is subject to a prime rate cap of 1.10%.

n/a not applicable

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 1. Organization and Principal Business

Monroe Capital Corporation (Monroe Capital and together with its subsidiaries, the Company) was formed in February 2011 to act as an externally managed non-diversified, closed-end management investment company and has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the 1940 Act). The Company had no substantive operating activities prior to October 24, 2012, the date of its initial public offering. Monroe Capital s investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through investment in senior secured, junior secured and unitranche secured (a combination of senior secured and junior secured debt in the same facility in which the Company syndicates a first out portion of the loan to an investor and retains a last out portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity investments. Monroe Capital is managed by Monroe Capital BDC Advisors, LLC (MC Advisors), a registered investment adviser under the Investment Advisers Act of 1940, as amended. In addition, for U.S. federal income tax purposes, Monroe Capital has elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

On February 28, 2014, the Company s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP (MRCC SBIC), a Delaware limited partnership, received a license from the Small Business Administration (SBA) to operate as a Small Business Investment Company (SBIC) under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013. As of March 31, 2018, MRCC SBIC had $57,624 in leverageable capital and $112,800 in SBA-guaranteed debentures outstanding. See Note 7 for additional information.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. The Company has determined it meets the definition of an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 *Financial Services Investment Companies* (ASC Topic 946). Certain prior period amounts have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation

As permitted under Regulation S-X and ASC Topic 946, the Company will generally not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company s wholly-owned subsidiaries, MRCC SBIC and its wholly-owned general partner MCC SBIC GP, LLC, MC Forest Park Lender, LLC, and MC Reserve Lender, LLC, in its consolidated financial statements. All intercompany balances and transactions have been eliminated. The Company does not consolidate its non-controlling interest in MRCC Senior Loan Fund I, LLC (SLF). See further description of the Company s investment in SLF in Note 3.

F-25

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Company applies fair value to substantially all of its financial instruments in accordance with ASC Topic 820 *Fair Value Measurements and Disclosures* (ASC Topic 820). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. See Note 4 for further discussion regarding the fair value measurements and hierarchy.

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such instruments.

Revenue Recognition

The Company s revenue recognition policies are as follows:

Investments and related investment income: Interest and dividend income are recorded on the accrual basis to the extent that the Company expects to collect such amounts. Interest income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. All other income is recorded into income when earned. The Company records fees on loans based on the determination of whether the fee is considered a yield enhancement or payment for a service. If the fee is considered a yield enhancement associated with a funding of cash on a loan, the fee is generally deferred and recognized into interest income using the effective interest method if captured in the cost basis or using the straight-line method if the loan is unfunded and therefore there is no cost basis. If the fee is not considered a yield enhancement because a service was provided, and the fee is payment for that service, the fee is deemed earned and recognized as fee income in the period earned.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies. Each distribution received from limited liability company (LLC) and limited partnership (LP) investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. For the three months ended March 31, 2018 and 2017, the Company received return of capital distributions from the Company s investment in LLC equity interest in SLF of $9,500 and zero, respectively.

Loan origination fees, original issue discount and market discount or premiums are capitalized, and the Company then amortizes such amounts using the effective interest method as interest income over the life of the investment. Unamortized discounts and loan origination fees totaled $7,352 and $8,005 as of March 31, 2018 and December 31, 2017, respectively. Upfront loan origination and closing fees received for the three months ended March 31, 2018 and 2017 totaled $316 and $690, respectively. For the three months ended March 31, 2018 and 2017, interest income included $1,032 and $388 of accretion of loan origination fees, original issue discounts and market discounts or premiums, respectively. Upon the prepayment of a loan or debt security, any unamortized premium or discount or loan origination fees are recorded as interest

F-26

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

income. For the three months ended March 31, 2018 and 2017, interest income included $133 and $652 of unamortized discount or loan origination fees recorded as interest income upon prepayment of a loan or debt security, respectively.

The Company has certain investments in its portfolio that contain a payment-in-kind (PIK) interest provision, which represents contractual interest or dividends that are added to the principal balance and recorded as income. For the three months ended March 31, 2018 and 2017, interest income included $329 and $613 of PIK interest, respectively. For the three months ended March 31, 2018 and 2017, dividend income included $260 and zero of PIK dividends, respectively. The Company stops accruing PIK interest when it is determined that PIK interest is no longer collectible. To maintain RIC tax treatment, and to avoid corporate tax, substantially all of this income must be paid out to stockholders in the form of distributions, even though the Company has not yet collected the cash.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on portfolio investments are calculated based upon the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains and losses previously recognized. Realized gains and losses are recorded within net realized gain (loss) on investments in the consolidated statements of operations. Changes in the fair value of investments from the prior period, as determined by the Company s board of directors (the Board) through the application of the Company s valuation policy, are included within net change in unrealized gain (loss) on investments in the consolidated statements of operations.

Non-accrual: Loans or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected. The Company generally reverses accrued interest when a loan is placed on non-accrual status. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the 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, interest, or dividends are paid, and, in management s judgment are likely to remain current. The fair value of the Company s investments on non-accrual status totaled $4,189 and $8,516 at March 31, 2018 and December 31, 2017, respectively.

Partial loan sales: The Company follows the guidance in ASC Topic 860 Transfers and Servicing (ASC Topic 860), when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a participating interest, as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on the Company s consolidated statements of assets and liabilities and the proceeds are recorded as a secured borrowing until the definition is met. For these partial loan sales, the interest earned on the entire loan balance is recorded within interest income and the interest earned by the buyer in the partial loan sale is recorded within interest and other debt financing expenses in the accompanying consolidated statements of operations. Changes in the fair value of secured borrowings from the prior period, as determined by the Board through the application of the Company s valuation policy, are included as changes in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. See Note 7 *Secured Borrowings* for additional information.

Distributions

Distributions to common stockholders are recorded on the record date. The amount, if any, to be distributed is determined by the Board each quarter and is generally based upon the earnings estimated by

F-27

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

management. Net realized capital gains, if any, are generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

The determination of the tax attributes for the Company s distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on qualified dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

The Company has adopted a dividend reinvestment plan (DRIP) that provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if the Company declares a cash dividend, the Company s stockholders who have not opted out of the DRIP at least three days prior to the dividend payment date will have their cash dividend automatically reinvested into additional shares of the Company s common stock. The Company has the option to satisfy the share requirements of the DRIP through the issuance of new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares are valued based upon the final closing price of the Company s common stock on a date determined by the Board. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs. See Note 8 for additional information.

Earnings per Share

In accordance with the provisions of ASC Topic 260 *Earnings per Share* (ASC Topic 260), basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. The weighted average shares outstanding utilized in the calculation of earnings per share take into account share issues on the issuance date and the Company s repurchases of its common stock on the repurchase date. See Note 9 for additional information on the Company s share activity. For the periods presented in these consolidated financial statements, there were no potentially dilutive common shares issued.

Segments

In accordance with ASC Topic 280 *Segment Reporting*, the Company has determined that it has a single reporting segment and operating unit structure.

Cash

The Company deposits its cash in a financial institution and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Restricted Cash

Restricted cash includes amounts held within MRCC SBIC. Cash held within an SBIC is generally restricted to the originations of new loans from the SBIC and the payment of SBA debentures and related interest expense.

F-28

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

Unamortized Deferred Financing Costs

Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company s borrowings. As of March 31, 2018 and December 31, 2017, the Company had unamortized deferred financing costs of $4,468 and $4,670, respectively, presented as a direct reduction of the carrying amount of debt on the consolidated statements of assets and liabilities. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization of deferred financing costs for the three months ended March 31, 2018 and 2017 was $281 and $231, respectively.

Offering Costs

Offering costs include, among other things, fees paid in relation to legal, accounting, regulatory and printing work completed in preparation of equity offerings. Offering costs are charged against the proceeds from equity offerings within the consolidated statements of changes in net assets. As of March 31, 2018 and December 31, 2017, other assets on the consolidated statements of assets and liabilities included $501 and $494, respectively, of deferred offering costs which will be charged against the proceeds from future equity offerings when received.

Investments Denominated in Foreign Currency

As of March 31, 2018, the Company held investments in two portfolio companies that were denominated in Great Britain pounds.

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into U.S. dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into U.S. dollars using the rates of exchange prevailing on the respective dates of such transactions.

Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into U.S. dollars using the applicable foreign exchange rates described above, the Company does not isolate that portion of the change in fair values resulting from foreign currency exchange rates fluctuations from the change in fair values of the underlying investment. All fluctuations in fair value are included in net change in unrealized gain (loss) of investments in the Company s consolidated statements of operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain consideration and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

Income Taxes

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment available to RICs. To maintain qualification as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and distribute to stockholders, for each taxable year, at least 90% of the Company s investment company taxable income, which is generally the Company s net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. If the Company qualifies as a RIC and satisfies the annual distribution requirement, the Company will not have to pay corporate-level federal income taxes on any income that the Company distributes to its stockholders. The Company intends to make distributions in an amount sufficient to maintain RIC status each year and to avoid any federal income taxes on income. The Company will also be subject to nondeductible federal excise taxes if the Company does not

F-29

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

distribute at least 98% of net ordinary income, 98.2% of any capital gain net income, if any, and any recognized and undistributed income from prior years for which it paid no federal income taxes. To the extent that the Company determines that its estimated current year annual taxable income may exceed estimated current year dividend distributions, the Company accrues excise tax, if any, calculated as 4% of the estimated excess taxable income as taxable income is earned. For the three months ended March 31, 2018 and 2017, $11 and zero, respectively, were recorded on the consolidated statements of operations for U.S. federal excise taxes. As of March 31, 2018 and December 31, 2017, payables for excise taxes of zero and $80, respectively, were included in accounts payable and accrued expenses on the consolidated statements of assets and liabilities.

The Company accounts for income taxes in conformity with ASC Topic 740 *Income Taxes* (ASC Topic 740). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company s tax returns to determine whether the tax positions are more-likely-than-not to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company s policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions through March 31, 2018. The 2014 through 2017 tax years remain subject to examination by U.S. federal and state tax authorities.

Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued and such disclosure is included in Note 12. Other than what was disclosed in Note 12, there have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the consolidated financial statements as of and for the three months ended March 31, 2018.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) (ASU 2014-09). The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

ASU 2014-09 also specified the accounting for some costs to obtain or fulfill a contract with a customer. In addition, ASU 2014-09 requires that an entity disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The initial effective date of ASU 2014-09 was for fiscal periods beginning after December 15, 2016. However, in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (ASC Topic 606): *Deferral of the Effective Date*, which deferred the effective date to fiscal periods beginning after December 15, 2017. The Company has adopted ASU 2014-09, and the adoption did not have a material impact on the Company s consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 retains many current requirements for the classification and measurement of financial instruments; however, it

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 2. Summary of Significant Accounting Policies (continued)

significantly revises an entity s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is not permitted for public business entities. The Company has adopted ASU 2016-01, and the adoption did not have a material impact on the Company s consolidated financial statements.

Note 3. Investments

The following tables show the composition of the investment portfolio, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	March 31, 2018		December 31, 2017	
Amortized Cost:				
Senior secured loans	$ 395,936	76.7 %	$ 399,770	78.8 %
Unitranche secured loans	46,478	9.0	40,661	8.0
Junior secured loans	40,496	7.8	40,449	8.0
LLC equity interest in SLF	15,750	3.1	9,500	1.8
Equity securities	17,461	3.4	17,200	3.4
Total	$ 516,121	100.0 %	$ 507,580	100.0 %

	March 31, 2018		December 31, 2017	
Fair Value:				
Senior secured loans	$ 380,115	76.6 %	$ 387,874	78.5 %
Unitranche secured loans	45,976	9.3	40,295	8.2
Junior secured loans	38,578	7.8	38,549	7.8
LLC equity interest in SLF	16,333	3.3	9,640	1.9
Equity securities	15,032	3.0	17,780	3.6
Total	$ 496,034	100.0 %	$ 494,138	100.0 %

The following tables show the composition of the investment portfolio by geographic region, at amortized cost and fair value (with corresponding percentage of total portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company s business:

	March 31, 2018			December 31, 2017		
Amortized Cost:						
International	$ 13,857	2.7	%	$ 13,858	2.7	%
Midwest	97,547	18.9		91,160	18.0	
Northeast	147,024	28.5		142,742	28.1	
Southeast	76,045	14.7		84,108	16.6	
Southwest	60,982	11.8		59,335	11.7	
West	120,666	23.4		116,377	22.9	
Total	$ 516,121	100.0	%	$ 507,580	100.0	%

F-31

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

	March 31, 2018			December 31, 2017		
Fair Value:						
International	$ 15,095	3.0	%	$ 14,632	3.0	%
Midwest	98,915	19.9		90,399	18.3	
Northeast	148,335	30.0		143,942	29.1	
Southeast	75,236	15.2		85,293	17.3	
Southwest	42,637	8.6		47,968	9.7	
West	115,816	23.3		111,904	22.6	
Total	$ 496,034	100.0	%	$ 494,138	100.0	%

The following tables show the composition of the investment portfolio by industry, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	March 31, 2018			December 31, 2017		
Amortized Cost:						
Aerospace & Defense	$ 4,945	1.0	%	$ 4,943	1.0	%
Banking, Finance, Insurance & Real Estate	59,226	11.5		60,519	11.9	
Beverage, Food & Tobacco	17,843	3.5		17,888	3.5	
Chemicals, Plastics & Rubber	10,337	2.0		8,734	1.7	
Construction & Building	18,353	3.6		17,851	3.5	
Consumer Goods: Durable	11,489	2.2		11,625	2.3	
Consumer Goods: Non-Durable	36,796	7.1		32,563	6.4	
Containers, Packaging & Glass	5,116	1.0		5,084	1.0	
Energy: Oil & Gas	2,300	0.4		2,372	0.5	
Environmental Industries	4,334	0.8		4,359	0.9	
Healthcare & Pharmaceuticals	62,117	12.0		59,613	11.7	
High Tech Industries	50,334	9.8		46,124	9.1	
Hotels, Gaming & Leisure	32,168	6.2		41,924	8.2	
Investment Funds & Vehicles	15,750	3.1		9,500	1.9	
Media: Advertising, Printing & Publishing	22,441	4.3		22,647	4.5	
Media: Broadcasting & Subscription	15,490	3.0		15,712	3.1	
Media: Diversified & Production	4,949	1.0		4,947	1.0	
Retail	57,546	11.1		57,424	11.3	
Services: Business	33,553	6.5		33,350	6.6	

Services: Consumer	21,472	4.2	21,263	4.2
Telecommunications	2,919	0.6	3,089	0.6
Utilities: Electric	2,760	0.5	2,759	0.5
Wholesale	23,883	4.6	23,290	4.6
Total	$ 516,121	100.0 %	$ 507,580	100.0 %

F-32

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

	March 31, 2018			December 31, 2017		
Fair Value:						
Aerospace & Defense	$ 5,000	1.0	%	$ 5,000	1.0	%
Banking, Finance, Insurance & Real Estate	60,526	12.2		61,407	12.4	
Beverage, Food & Tobacco	17,566	3.5		17,770	3.6	
Chemicals, Plastics & Rubber	10,461	2.1		8,860	1.8	
Construction & Building	18,573	3.7		18,049	3.6	
Consumer Goods: Durable	11,693	2.4		11,808	2.4	
Consumer Goods: Non-Durable	29,768	6.0		26,546	5.4	
Containers, Packaging & Glass	4,967	1.0		4,928	1.0	
Energy: Oil & Gas	2,273	0.5		2,352	0.5	
Environmental Industries	4,397	0.9		4,457	0.9	
Healthcare & Pharmaceuticals	65,645	13.2		65,582	13.3	
High Tech Industries	50,967	10.3		46,239	9.4	
Hotels, Gaming & Leisure	33,241	6.7		42,744	8.6	
Investment Funds & Vehicles	16,333	3.3		9,640	2.0	
Media: Advertising, Printing & Publishing	23,048	4.6		23,264	4.7	
Media: Broadcasting & Subscription	15,742	3.2		15,965	3.2	
Media: Diversified & Production	5,006	1.0		5,006	1.0	
Retail	35,157	7.1		39,815	8.1	
Services: Business	34,152	6.9		33,732	6.8	
Services: Consumer	21,463	4.3		21,474	4.3	
Telecommunications	2,985	0.6		3,152	0.6	
Utilities: Electric	2,797	0.6		2,792	0.6	
Wholesale	24,274	4.9		23,556	4.8	
Total	$ 496,034	100.0	%	$ 494,138	100.0	%

MRCC Senior Loan Fund I, LLC

The Company co-invests with NLV Financial Corporation (NLV) in senior secured loans through SLF, an unconsolidated Delaware limited liability company. SLF is capitalized as underlying investment transactions are completed, taking into account available debt and equity commitments available for funding these investments. All portfolio and investment decisions in respect of SLF must be approved by the SLF investment committee, consisting of one representative of each of the Company and NLV. SLF may cease making new investments upon notification of either member, but operations will continue until all investments have been sold or paid-off in the normal course of business. Investments held by SLF are measured at fair value using the same valuation methodologies as described in Note 4.

SLF s profits and losses are allocated to the Company and NLV in accordance with their respective ownership interests. As of March 31, 2018, the Company and NLV owned 50.0% and 50.0%, respectively of the LLC equity interests of SLF. As of March 31, 2018, SLF had $100,000 in commitments from its members (in the aggregate), of which $31,500 was funded. As of December 31, 2017, the Company and NLV owned 50.0% and 50.0%, respectively of the LLC equity interests of SLF. As of December 31, 2017, SLF had $100,000 in commitments from its members (in the aggregate), of which $19,000 was funded.

F-33

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

SLF has entered into a senior secured revolving credit facility (as amended, the SLF Credit Facility) with Capital One, N.A., through its wholly-owned subsidiary MRCC Senior Loan Fund I Financing SPV, LLC (SLF SPV), which as of March 31, 2018 allowed SLF SPV to borrow up to $100,000 at any one time outstanding, subject to leverage and borrowing base restrictions. Borrowings under the SLF Credit Facility bear interest at an annual rate of LIBOR (three-month) plus 2.25%. The maturity date on the SLF Credit Facility is March 22, 2023.

As of March 31, 2018 and December 31, 2017, SLF had total assets at fair value of $60,510 and $41,641, respectively. As of March 31, 2018 and December 31, 2017, SLF had zero and zero portfolio company investments on non-accrual status, respectively. The portfolio companies in SLF are in industries and geographies similar to those in which the Company may invest directly. Additionally, as of March 31, 2018 and December 31, 2017, SLF had commitments to fund various undrawn revolvers and delayed draw investments to its portfolio companies totaling $3,812 and $2,083, respectively.

Below is a summary of SLF s portfolio, followed by a listing of the individual investments in SLF s portfolio as of March 31, 2018 and December 31, 2017 (in thousands):

	As of March 31, 2018	December 31, 2017
Senior secured loans(1)	58,207	29,438
Weighted average current interest rate on senior secured loans(2)	7.4 %	7.1 %
Number of borrowers in SLF	17	8

(1) Represents outstanding principal amount, excluding unfunded commitments.

(2) Computed as the (a) annual stated interest rate on accruing senior secured loans divided by (b) total senior secured loans at outstanding principal amount.

F-34

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(in thousands, except share and per share data)

Note 3. Investments (continued)

MRCC SENIOR LOAN FUND I, LLC

SCHEDULE OF INVESTMENTS
(unaudited)
March 31, 2018

Portfolio Company[a]	Spread Above Index[b]	Interest Rate[b]	Maturity	Principal	Fair Value
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Banking, Finance, Insurance & Real Estate					
MTC Intermediate Holdco, Inc.	L+4.75 %	6.63 %	1/30/2023	5,000	$4,998
				5,000	4,998
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50 %	8.38 %	11/10/2022	4,973	4,973
US Salt, LLC	L+4.75 %	6.63 %	11/30/2023	3,500	3,500
				8,473	8,473
Chemicals, Plastics & Rubber					
Loparex International B.V.[c]	L+4.25 %	6.13 %	4/09/2025	500	498
Peach State Labs, LLC, and Flow Polymers, LLC	L+6.25 %	7.92 %	6/30/2021	2,876	2,891
				3,376	3,389
Construction & Building					
Fastener Acquisition, Inc.[c]	L+4.25 %	6.13 %	3/23/2025	1,333	1,338
				1,333	1,338
Consumer Goods: Non-Durable					
Solaray, LLC	L+6.50 %	8.53 %	9/09/2023	1,621	1,621
Solaray, LLC (Delayed Draw)[d]	L+6.50 %	8.53 %	9/09/2023	1,875	838
				3,496	2,459

Healthcare & Pharmaceuticals					
LSCS Holdings, Inc.[(c)]	L+4.25 %	6.40 %	3/16/2025	2,800	2,786
LSCS Holdings, Inc. (Delayed Draw)[(c)(d)]	L+4.25 %	6.40 %	3/16/2025	700	
Radiology Partners Holdings, LLC	L+5.75 %	7.69 %	12/04/2023	1,701	1,704
Radiology Partners Holdings, LLC (Delayed Draw)[(d)]	L+5.75 %	7.69 %	12/04/2023	1,170	396
				6,371	4,886
High Tech Industries					
Gigamon, Inc.	L+4.50 %	6.80 %	12/19/2024	2,993	3,022
				2,993	3,022
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC	L+5.50 %	7.86 %	12/06/2024	6,983	6,950
				6,983	6,950

F-35

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

Portfolio Company[a]	Spread Above Index[b]	Interest Rate[b]	Maturity	Principal	Fair Value
Services: Business					
Engage2Excel, Inc.	L+6.50 %	8.54 %	3/07/2023	4,375	4,288
Engage2Excel, Inc. (Revolver)[d]	L+6.50 %	8.21 %	3/07/2023	545	98
Output Services Group, Inc.[c]	L+4.25 %	6.13 %	3/27/2024	4,145	4,166
Output Services Group, Inc. (Delayed Draw)[c][d]	L+4.25 %	6.13 %	3/27/2024	855	
				9,920	8,552
Services: Consumer					
EWC Ventures, LLC	L+5.50 %	7.17 %	1/18/2023	3,350	3,358
LegalZoom.com, Inc.	L+4.50 %	6.34 %	11/21/2024	1,995	2,012
Zenith Merger Sub, Inc.	L+5.50 %	7.80 %	12/13/2023	3,741	3,741
				9,086	9,111
Wholesale					
BMC Acquisition, Inc.	L+5.25 %	7.70 %	12/28/2024	4,988	5,000
				4,988	5,000
TOTAL INVESTMENTS					**$58,178**

(a) All investments are U.S. companies, except for Loparex International B.V.

(b) The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, quarterly or semiannually. The Compa has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at March 31, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of March 31, 2018.

(d) All or a portion of this commitment was unfunded as of March 31, 2018. Principal reflects the commitment outstanding.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(in thousands, except share and per share data)

Note 3. Investments (continued)

MRCC SENIOR LOAN FUND I, LLC

SCHEDULE OF INVESTMENTS
December 31, 2017

Portfolio Company[(a)]	Spread Above Index[(b)]	Interest Rate[(b)]	Maturity	Principal	Fair Value
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Banking, Finance, Insurance & Real Estate					
Clearent Holdings LLC and Clearent, LLC[(c)]	P+3.75 %	8.25 %	1/02/2024	1,056	$1,045
Clearent Holdings LLC and Clearent, LLC[(c)]	P+3.75 %	8.25 %	1/02/2024	1,257	1,244
Clearent Holdings LLC and Clearent, LLC[(c)(d)]	P+3.75 %	8.25 %	1/02/2024	208	
				2,521	2,289
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50 %	8.07 %	11/10/2022	5,000	5,008
US Salt, LLC[(c)]	L+4.75 %	6.18 %	11/30/2023	3,500	3,500
				8,500	8,508
Consumer Goods: Non-Durable					
Solaray, LLC	L+6.50 %	8.02 %	9/09/2023	1,625	1,625
Solaray, LLC (Delayed Draw)[(d)]	L+6.50 %	8.02 %	9/09/2023	1,875	
				3,500	1,625
High Tech Industries					
Gigamon, Inc.[(c)]	L+4.50 %	6.03 %	12/19/2024	3,000	2,985
				3,000	2,985
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC[(c)]	L+5.50 %	7.13 %	12/06/2024	7,000	6,714
				7,000	6,714

Services: Consumer					
LegalZoom.com, Inc.[c]	L+4.50 %	5.94 %	11/21/2024	2,000	2,005
				2,000	2,005
Wholesale					
BMC Acquisition, Inc.[c]	L+5.25 %	6.94 %	12/28/2024	5,000	5,000
				5,000	5,000
TOTAL INVESTMENTS					**$29,126**

(a) All investments are U.S. companies.

F-37

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

(b) The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, quarterly or semiannually. The Compa has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of December 31, 2017.

(d) All or a portion of this commitment was unfunded as of December 31, 2017. Principal reflects the commitment outstanding.

As of March 31, 2018 and December 31, 2017, the Company has committed to fund $50,000 and $50,000 of LLC equity interest subscriptions to SLF, respectively. As of March 31, 2018 and December 31, 2017, $15,750 and $9,500 of the Company s LLC equity interest subscriptions to SLF had been called and contributed, net of return of capital distributions subject to recall, respectively. For the three months ended March 31, 2018 and 2017, the Company received $175 and zero dividend income from the SLF LLC equity interests, respectively.

Below is certain summarized financial information for SLF as of March 31, 2018 and December 31, 2017 and for the three months ended March 31, 2018 and 2017 (dollars in thousands):

	March 31, 2018	December 31, 2017
Assets		
Investments, at fair value	$ 58,178	$ 29,126
Cash	858	12,504
Restricted cash	1,287	
Receivable for open trades	48	
Interest receivable	139	11
Total assets	$ 60,510	$ 41,641
Liabilities		
Revolving credit facility	$ 20,297	$
Less: Unamortized deferred financing costs	(1,310)	
Total debt, less unamortized deferred financing costs	18,987	
Payable for open trades	8,735	22,304
Interest payable	36	
Accounts payable and accrued expenses	87	57
Total liabilities	27,845	22,361

Members capital	32,665	19,280
Total liabilities and members capital	$ 60,510	$ 41,641

F-38

Note 3. Investments (continued)

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 3. Investments (continued)

	Three months ended	
	March 31, 2018	March 31, 2017[1]
Investment income:		
Interest income	$ 780	$
Total investment income	780	
Expenses:		
Interest and other debt financing expenses	44	
Organizational costs	6	
Professional fees	40	
Total expenses	90	
Net investment income (loss)	690	
Net gain (loss) on investments:		
Net change in unrealized gain (loss) on investments	545	
Net gain (loss) on investments	545	
Net increase (decrease) in members capital	$ 1,235	$

(1) SLF commenced operations on November 14, 2017.

Note 4. Fair Value Measurements

Investments

The Company values all investments in accordance with ASC Topic 820. ASC Topic 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 assets or liabilities or market and the assets or liabilities complexity.

ASC Topic 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Company is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Valuations based on inputs other than quoted prices in active markets, including quoted prices for similar assets or liabilities, which are either directly or indirectly observable.

F-39

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement. This includes situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value are based upon the best information available and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset s or liability 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 asset or liability. All investments, with the exception of investments measured at fair value using net asset value (NAV), as of March 31, 2018 and December 31, 2017 were categorized as Level 3 investments.

With respect to investments for which market quotations are not readily available, the Company s Board undertakes a multi-step valuation process each quarter, as described below:

the quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of MC Advisors responsible for the portfolio investment;
preliminary valuation conclusions are then documented and discussed with the investment committee of the Company;
the Board also engages one or more independent valuation firm(s) to conduct independent appraisals of a selection of investments for which market quotations are not readily available. The Company will consult with independent valuation firm(s) relative to each portfolio company at least once in every calendar year, but are generally received quarterly;
the audit committee of the Board reviews the preliminary valuations of MC Advisors and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and
the Board discusses these valuations and determines the fair value of each investment in the portfolio in good faith, based on the input of MC Advisors, the independent valuation firm(s) and the audit committee.

The accompanying consolidated schedules of investments held by the Company consist primarily of private debt instruments (Level 3 debt). The Company generally uses the yield approach to determine fair value, as long as it is appropriate. If there is deterioration in credit quality or a debt investment is in workout status, the Company may consider other factors in determining the fair value, including the value attributable to the debt investment from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis. The Company generally considers its Level 3 debt to be performing loans if the borrower is not in default, the borrower is remitting payments in a timely manner; the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 debt, the Company considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions and other relevant factors, both qualitative and quantitative. In the event that a Level 3 debt instrument is not performing, as defined above, the Company will evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 debt instrument.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

Under the yield approach, the Company uses discounted cash flow models to determine the present value of the future cash flow streams of its debt investments, based on future interest and principal payments as set forth in the associated loan agreements. In determining fair value under the yield approach, the Company also considers the following factors: applicable market yields and leverage levels, credit quality, prepayment penalties, the nature and realizable value of any collateral, the portfolio company s ability to make payments, and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made.

Under the market approach, the Company typically uses the enterprise value methodology to determine the fair value of an investment. There is no one methodology to estimate enterprise value and, in fact, for any one portfolio company, enterprise value is generally best expressed as a range of values, from which the Company derives a single estimate of enterprise value. In estimating the enterprise value of a portfolio company, the Company analyzes various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company s historical and projected financial results, applicable market trading and transaction comparables, applicable market yields and leverage levels, the nature and realizable value of any collateral, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public. Typically, the enterprise values of private companies are based on multiples of earnings before interest, income taxes, depreciation and amortization (EBITDA), cash flows, net income, revenues, or in limited cases, book value.

In addition, for certain debt investments, the Company may base its valuation on indicative bid and ask prices provided by an independent third-party pricing service. Bid prices reflect the highest price that the Company and others may be willing to pay. Ask prices represent the lowest price that the Company and others may be willing to accept. The Company generally uses the midpoint of the bid/ask range as its best estimate of fair value of such investment.

Secured Borrowings

The Company has elected the fair value option under ASC Topic 825 *Financial Instruments* (ASC Topic 825) relating to accounting for debt obligations at their fair value for its secured borrowings which arose due to partial loan sales which did not meet the criteria for sale treatment under ASC Topic 860. The Company reports changes in the fair value of its secured borrowings within net change in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. The net gain or loss reflects the difference between the fair value and the principal amount due on maturity.

Due to the absence of a liquid trading market for these secured borrowings, they are valued by calculating the net present value of the future expected cash flow streams using an appropriate risk-adjusted discount rate model. The discount rate considers projected performance of the related loan investment, applicable market yields and leverage levels, credit quality, prepayment penalties and comparable company analysis. The Company consults with an independent valuation firm relative to the fair value of its secured borrowings at least once in every calendar year.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

Fair Value Disclosures

The following table presents fair value measurements of investments and secured borrowings, by major class, as of March 31, 2018, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investments:				
Senior secured loans	$	$	$ 380,115	$ 380,115
Unitranche secured loans			45,976	45,976
Junior secured loans			38,578	38,578
Equity securities			15,032	15,032
Investments measured at NAV(1)(2)				16,333
Total Investments	$	$	$ 479,701	$ 496,034

The following table presents fair value measurements of investments and secured borrowings, by major class, as of December 31, 2017, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investments:				
Senior secured loans	$	$	$ 387,874	$ 387,874
Unitranche secured loans			40,295	40,295
Junior secured loans			38,549	38,549
Equity securities			17,780	17,780
Investments measured at NAV(1)(2)				9,640
Total Investments	$	$	$ 484,498	$ 494,138

(1) Certain investments that are measured at fair value using the NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

(2)

Represents the Company s investment in LLC equity interests in SLF. The fair value of this investment has been determined using the NAV of the Company s ownership interest in members capital.

Senior, unitranche and junior secured loans are collateralized by tangible and intangible assets of the borrowers. These investments include loans to entities that have some level of challenge in obtaining financing from other, more conventional institutions, such as a bank. Interest rates on these loans are either fixed or floating, and are based on current market conditions and credit ratings of the borrower. Excluding loans on non-accrual, the contractual interest rates on the loans ranged between 6.88% to 16.38% at March 31, 2018 and 6.57% to 15.00% at December 31, 2017. The maturity dates on the loans outstanding at March 31, 2018 range between April 2018 and August 2025.

F-42

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

The following tables provide a reconciliation of the beginning and ending balances for investments and secured borrowings that use Level 3 inputs for the three months ended March 31, 2018 and 2017:

	Investments Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings
Balance as of December 31, 2017	$387,874	$40,295	$38,549	$17,780	$484,498	$
Net change in unrealized gain (loss) on investments	(3,927)	(136)	(17)	(3,008)	(7,088)	
Net realized gain (loss) on investments						
Purchases of investments and other adjustments to cost[1]	12,024	6,019	47	260	18,350	
Proceeds from principal payments and sales on investments[2]	(15,856)	(202)	(1)		(16,059)	
Net change in unrealized gain (loss) on secured borrowings						
Repayments on secured borrowings						
Net realized (gain) loss on secured borrowings						
Balance as of March 31, 2018	$380,115	$45,976	$38,578	$15,032	$479,701	$

	Investments Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings
Balance as of December 31, 2016	$275,253	$51,638	$59,366	$26,663	$412,920	$1,314
Net change in unrealized gain (loss) on investments	(2,241)	(110)	182	(1,462)	(3,631)	
Net realized gain (loss) on investments	41			126	167	
Purchases of investments and other adjustments to cost[1]	42,156	232	149		42,537	

Proceeds from principal payments and sales on investments(2)	(14,986)	(1,295)	(17,437)	(126)	(33,844)	
Net change in unrealized gain (loss) on secured borrowings						1
Repayments on secured borrowings						
Net realized (gain) loss on secured borrowings						
Balance as of March 31, 2017	$300,223	$50,465	$42,260	$25,201	$418,149	$1,315

(1) Includes purchases of new investments, effects of refinancing and restructurings, premium and discount accretion and amortization and PIK interest.

(2) Represents net proceeds from investments sold and principal paydowns received.

The total change in unrealized gain (loss) included in the consolidated statements of operations within net change in unrealized gain (loss) on investments for the three months ended March 31, 2018 and 2017, attributable to Level 3 investments still held at March 31, 2018 and 2017, was ($6,219) and ($2,727), respectively. The total change in unrealized (gain) loss included in the consolidated statements of operations within net change in unrealized (gain) loss on secured borrowings for the three months ended March 31, 2018 and 2017, attributable to Level 3 investments still held at March 31, 2018 and 2017, was zero and ($1), respectively. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of Level 3 as of the beginning of the period which the reclassifications occur. There were no transfers among Levels 1, 2 and 3 during the three months ended March 31, 2018 and 2017.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

Significant Unobservable Inputs

ASC Topic 820 requires disclosure of quantitative information about the significant unobservable inputs used in the valuation of assets and liabilities classified as Level 3 within the fair value hierarchy. Disclosure of this information is not required in circumstances where a valuation (unadjusted) is obtained from a third-party pricing service and the information regarding the unobservable inputs is not reasonably available to the Company and as such, the disclosures provided below exclude those investments valued in that manner. The tables below are not intended to be all-inclusive, but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of March 31, 2018 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Mean	Range	
					Minimum	Maximum
Assets:						
Senior secured loans	$251,320	Discounted cash flow	EBITDA multiples	7.1x	3.5x	13.5x
			Market yields	11.6%	8.3%	24.5%
Senior secured loans	56,621	Discounted cash flow	Revenue multiples	2.2x	0.3x	6.0x
			Market yields	13.8%	8.7%	19.0%
Senior secured loans	14,681	Waterfall	Delinquency ratio	0.2%	0.2%	0.2%
Senior secured loans	12,929	Combination of discounted cash flow and enterprise value	Tangible book value multiples	1.3x	1.2x	1.4x
			Market yields	13.5%	10.0%	18.3%
Senior secured loans	9,207	Enterprise value	EBITDA multiples	7.0x	6.3x	7.8x
Senior secured loans	3,648	Combination of enterprise value	Revenue multiples	0.1x	0.1x	0.1x

		and liquidation				
Senior secured loans	541	Enterprise value	Revenue multiples	0.5x	0.4x	0.5x
Unitranche secured loans	45,679	Discounted cash flow	EBITDA multiples	6.2x	3.8x	9.0x
			Market yields	16.3%	9.5%	25.0%
Unitranche secured loans	297	Enterprise value	EBITDA multiples	5.0x	4.5x	5.5x
Junior secured loans	5,625	Discounted cash flow	EBITDA multiples	9.4x	4.0x	10.5x
			Market yields	11.4%	10.4%	14.5%
Equity securities	8,503	Discounted cash flow	EBITDA multiples	4.3x	4.0x	4.5x
			Market yields	22.0%	21.0%	23.0%
Equity securities	3,561	Enterprise value	Revenue multiples	0.4x	0.3x	2.7x
Equity securities	1,574	Enterprise value	EBITDA multiples	7.0x	4.3x	11.0x
Equity securities	227	Enterprise value	Tangible book value multiples	1.3x	1.2x	1.4x
Total Level 3 Assets	**$414,413**[(1)]					

(1) Excludes loans of $65,288 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required. Also excludes the Company s investment in SLF of $16,333.

F-44

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of December 31, 2017 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Mean	Range Minimum	Range Maximum
Assets:						
Senior secured loans	$300,882	Discounted cash flow	EBITDA multiples	6.8x	3.8x	14.0x
			Market yields	11.6%	8.1%	23.5%
Senior secured loans	15,654	Waterfall	Delinquency ratio	0.0%	0.0%	0.0%
Senior secured loans	12,967	Discounted cash flow	Tangible book value multiples	1.3x	1.2x	1.3x
			Market yields	14.5%	10.3%	19.9%
Senior secured loans	9,516	Discounted cash flow	Revenue multiples	4.0x	3.8x	4.3x
			Market yields	8.8%	8.4%	9.2%
Senior secured loans	8,718	Enterprise value	EBITDA multiples	7.5x	6.0x	9.3x
Senior secured loans	8,516	Enterprise value	Revenue multiples	0.3x	0.3x	0.6x
Unitranche secured loans	40,000	Discounted cash flow	EBITDA multiples	6.2x	3.8x	8.5x
			Market yields	15.0%	8.8%	23.0%
Unitranche secured loans	295	Enterprise value	EBITDA multiples	5.0x	4.5x	5.5x
Junior secured loans	5,625	Discounted cash flow	EBITDA multiples	9.1x	3.8x	10.3x
			Market yields	11.1%	10.2%	14.0%
Equity securities	8,429	Discounted cash flow	EBITDA multiples	4.0x	3.8x	4.3x
			Market yields	21.0%	20.0%	22.0%
Equity securities	5,892			0.4x	0.4x	2.7x

		Enterprise value	Revenue multiples			
Equity securities	1,767	Enterprise value	EBITDA multiples	6.8x	4.5x	9.0x
Equity securities	353	Enterprise value	Tangible book value multiples	1.3x	1.2x	1.3x
Total Level 3 Assets	**$418,614**(1)					

(1) Excludes loans of $65,884 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required.

The significant unobservable inputs used in the market approach of fair value measurement of the Company s investments are the market multiples of EBITDA or revenue of the comparable guideline public companies. The Company selects a population of public companies for each investment with similar operations and attributes of the portfolio company. Using these guideline public companies data, a range of multiples of enterprise value to EBITDA or revenue is calculated. The Company selects percentages from the range of multiples for purposes of determining the portfolio company s estimated enterprise value based on said multiple and generally the latest twelve months EBITDA or revenue of the portfolio company (or other meaningful measure). Increases (decreases) in the multiple will result in an increase (decrease) in enterprise value, resulting in an increase (decrease) in the fair value estimate of the investment.

The significant unobservable inputs used in the yield approach of fair value measurement of the Company s investments is the discount rate used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. Increases (decreases) in the discount rate would result in a decrease (increase) in the fair value estimate of the investment. Included in the consideration and selection of discount rates are the following factors: risk of default, rating of the investment and comparable investments, and call provisions.

Other Financial Assets and Liabilities

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such

F-45

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 4. Fair Value Measurements (continued)

instruments. Fair value of the Company s revolving credit facility is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if applicable. The Company believes that the carrying value of its revolving credit facility approximates fair value. SBA-guaranteed debentures are carried at cost and with their longer maturity dates, fair value is estimated by discounting remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the debentures. As of March 31, 2018 and December 31, 2017, the fair value of the Company s SBA debentures using Level 3 inputs were estimated at $112,800 and $109,520, respectively, which is the same as the Company s carrying value of the SBA debentures.

Note 5. Transactions with Affiliated Companies

An affiliated company is a company in which the Company has an ownership interest of 5% or more of its voting securities. A controlled affiliate company is a company in which the Company has an ownership interest of more than 25% of its voting securities. Please see the Company s consolidated schedule of investments for the type of investment, principal amount, interest rate including the spread, and the maturity date. Transactions related to the Company s investments with affiliates for the three months ended March 31, 2018 and 2017 were as follows:

Portfolio Company	Fair value at December 31, 2017	Transfers in (out)	Purchases (cost)	Sales and paydowns (cost)	PIK interest (cost)	Discount accretion	Net realized gains (losses)	Net unrealized gains (losses)	Fair value at March 31, 2018
Non-controlled affiliate company investments:									
American Community Homes, Inc.	$ 7,441	$	$	$ (331)	$	$ 11	$	$ 245	$ 7,366
American Community Homes, Inc.	4,329			(165)	49	5		116	4,334
American Community Homes, Inc.	542				7	1		(1)	549
American Community Homes, Inc.	431					1		15	447
American Community Homes, Inc.	224				2	1		6	233
American Community Homes, Inc. (Delayed Draw)									
American Community Homes, Inc. (Delayed Draw)	353							(126)	227

American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)						
	13,320	(496)	58	19	255	13,156
Luxury Optical Holdings Co.	3,697		103	4	54	3,858
Luxury Optical Holdings Co. (Delayed Draw)	741	(118)				623
Luxury Optical Holdings Co. (Revolver)	170		5		3	178
Luxury Optical Holdings Co. (86 shares of common stock)						
	4,608	(118)	108	4	57	4,659
Millennial Brands LLC						
Millennial Brands LLC						
Millennial Brands LLC						
Millennial Brands LLC	550				(9)	541
Millennial Brands LLC						
Millennial Brands LLC (10 preferred units)						
Millennial Brands LLC (75,502 common units)						
	550				(9)	541

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 5. Transactions with Affiliated Companies (continued)

Portfolio Company	Fair value at December 31, 2017	Transfers in (out)	Purchases (cost)	Sales and paydowns (cost)	PIK interest (cost)	Discount accretion	Net realized gains (losses)	Net unrealized gains (losses)	Fair value at March 31, 2018
Rockdale Blackhawk, LLC	10,594					54		39	10,687
Rockdale Blackhawk, LLC (Capex)	533							4	537
Rockdale Blackhawk, LLC (Revolver)	1,797							8	1,805
Rockdale Blackhawk, LLC (Revolver)	3,145							13	3,158
Rockdale Blackhawk, LLC (Revolver)			1,387					(34)	1,353
Rockdale Blackhawk, LLC LLC Units (22.65% of the LLC interest)(1)	5,673							(2,331)	3,342
	21,742		1,387			54		(2,301)	20,882
SHI Holdings, Inc.	2,625			(7)		4		(4)	2,618
SHI Holdings, Inc. (Revolver)	2,226		328			1		(2)	2,553
SHI Holdings, Inc. (24 shares of common stock)	786							(167)	619
	5,637		328	(7)		5		(173)	5,790
Summit Container Corporation	3,421				18	6		7	3,452
Summit Container Corporation	1,507				8				1,515
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)									
	4,928				26	6		7	4,967
TPP Operating, Inc.(2)(3)									
TPP Operating, Inc.(2)(3)	3,373	724	63	(42)				(4,080)	38
TPP Operating, Inc.(2)(3)	4,593	(724)	467	(47)				(679)	3,610
TPP Operating, Inc. (24 shares of common stock)(2)(3)									
TPP Operating, Inc. (16 shares of common stock)(2)(3)									
	7,966		530	(89)				(4,759)	3,648
Total non-controlled affiliate company investments	$58,751	$	$2,245	$(710)	$192	$88	$	$(6,923)	$53,643

Controlled affiliate company investments:									
MRCC Senior Loan Fund I, LLC	$9,640	$	$15,750	$(9,500)	$	$	$	$443	$16,333
	9,640		15,750	(9,500)				443	16,333
Total controlled affiliate company investments	$9,640	$	$15,750	$(9,500)	$	$	$	$443	$16,333

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 5. Transactions with Affiliated Companies (continued)

Portfolio Company	For the three months ended March 31, 2018 Interest income	Dividend income	Fee income	2017 Interest income	Dividend income	Fee income
Non-controlled affiliate company investments:						
American Community Homes, Inc.	$336	$	$	$193	$	$
American Community Homes, Inc.	241			153		
American Community Homes, Inc.	30			19		
American Community Homes, Inc.	20					
American Community Homes, Inc.	13					
American Community Homes, Inc. (Delayed Draw)						
American Community Homes, Inc. (Delayed Draw)						
American Community Homes, Inc. (Warrant)						
	640			365		
Luxury Optical Holdings Co.	107					
Luxury Optical Holdings Co. (Delayed Draw)	23					
Luxury Optical Holdings Co. (Revolver)	5					
Luxury Optical Holdings Co. (Common stock)						
	135					

F-48

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 5. Transactions with Affiliated Companies (continued)

Portfolio Company	For the three months ended March 31, 2018 Interest income	Dividend income	Fee income	2017 Interest income	Dividend income	Fee income
Millennial Brands LLC				32		
Millennial Brands LLC				15		
Millennial Brands LLC				10		
Millennial Brands LLC				72		
Millennial Brands LLC						
Millennial Brands LLC (Preferred units)						
Millennial Brands LLC (Common units)						
				129		
Rockdale Blackhawk, LLC	452			375		
Rockdale Blackhawk, LLC (Capex)	20			17		
Rockdale Blackhawk, LLC (Revolver)	67			44		
Rockdale Blackhawk, LLC (Revolver)	118					
Rockdale Blackhawk, LLC (Revolver)	32					
Rockdale Blackhawk, LLC (LLC interest)						
	689			436		
SHI Holdings, Inc.	82			70		
SHI Holdings, Inc. (Revolver)	70			33		
SHI Holdings, Inc. (Common stock)						
	152			103		
Summit Container Corporation	159			163		
Summit Container Corporation	53					
Summit Container Corporation (Warrant)						
	212			163		
TPP Operating, Inc.						
TPP Operating, Inc.						
TPP Operating, Inc.						
TPP Operating, Inc. (Common stock)						
TPP Operating, Inc. (Common stock)						
Total non-controlled affiliate company investments	$1,828	$	$	$1,196	$	$

Controlled affiliate company investments:						
MRCC Senior Loan Fund I, LLC	$	$ 175	$	$	$	$
TPP Acquisition, Inc. (Common stock)						
TPP Operating, Inc. (Common stock)				76		
TPP Operating, Inc. (Common stock)				101		
		175		177		
Total controlled affiliate company investments	$	$ 175	$	$ 177	$	$

(1) The Company provided a follow-on investment to Rockdale Blackhawk, LLC (Rockdale) during the three months ended March 31, 2018. In conjunction with the follow-on investment, the Company also received an additional 4.62% of the equity of Rockdale, increasing total equity ownership to 22.65%.

(2) In December 2017, the Company transferred 16% of the equity interest in TPP Operating, Inc. shares to a wholly-owned entity, MCC Holdco Equity Manager I, LLC (MCC Holdco), which has an independent

F-49

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 5. Transactions with Affiliated Companies (continued)

manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company s equity interest in TPP Operating, Inc. As a result, the Company now only controls 24.0% of the voting interests in TPP Operating, Inc. and TPP Acquisition, Inc. is no longer considered a controlled affiliate company investment. As a result, TPP Operating, Inc. is presented as a non-controlled affiliate company investment for the three months ended March 31, 2018 and a controlled affiliate company investment for the three months ended March 31, 2017. As of March 31, 2018, the Company valued its positions in TPP Operating, Inc. utilizing a combination of an enterprise value waterfall model and a liquidation analysis. The key inputs to the enterprise value waterfall model were an estimated 2018 revenue forecast and revenue multiple developed using comparable public and private company data. The key inputs to the liquidation analysis were estimated net realizable values for assets of the Company.

(3) On September 2, 2016, TPP Acquisition, Inc. filed for bankruptcy as part of a restructuring process. The existing lenders, including the Company, submitted a credit bid to purchase certain assets of TPP Acquisition, Inc., which was approved by the bankruptcy court. The sale closed on November 8, 2016. A new operating company, TPP Operating, Inc., was formed to acquire certain of the assets of TPP Acquisition, Inc. and continue business operations. These new operations are no longer encumbered by significant lease liabilities. The Company initially owned 40% of the equity interests in the new operating company, TPP Operating, Inc. and owned 40.0% of the equity interests in TPP Acquisition, Inc., the former operating company, until its dissolution during the year ended December 31, 2017.

Note 6. Transactions with Related Parties

The Company has entered into an Investment Advisory and Management Agreement with MC Advisors, under which MC Advisors, subject to the overall supervision of the Board, provides investment advisory services to the Company. The Company pays MC Advisors a fee for its services under the Investment Advisory and Management Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate equal to 1.75% of invested assets (calculated as total assets excluding cash, which includes assets financed using leverage) and is payable in arrears. Base management fees for the three months ended March 31, 2018 and 2017 were $2,163 and $1,805, respectively.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of pre-incentive fee net investment income for the immediately preceding quarter, subject to a 2% (8% annualized) preferred return, or hurdle, and a catch up feature. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of pre-incentive fee net investment income will be payable except to the extent that 20% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters (the Incentive Fee Limitation). Therefore, any ordinary income incentive fee that is payable in a calendar quarter will be limited to the lesser of (1) 20% of the amount by which pre-incentive fee net investment income for such calendar quarter exceeds the 2% hurdle, subject to the catch-up provision, and (2) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding calendar quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the cumulative net increase in net assets resulting from operations is the sum of pre-incentive fee net investment income, realized gains and losses and unrealized gains and losses for the then current and 11 preceding calendar quarters. The second part of the incentive fee is determined and payable in arrears as of the end of each fiscal year in an amount equal to 20% of realized capital gains, if any, on a cumulative basis from inception through the end of the year, computed net of all realized capital losses on a cumulative basis and unrealized depreciation, less the aggregate amount of any previously paid capital gain incentive fees.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 6. Transactions with Related Parties (continued)

Incentive fees for the three months ended March 31, 2018 and 2017 were $761 and $1,290, respectively. Incentive fees for the three months ended March 31, 2018, consisted solely of part one incentive fees (based on net investment income) of $761, which includes the effect of a $1,084 Incentive Fee Limitation as described above. Incentive fees for the three months ended March 31, 2017 consisted of part one incentive fees (based on net investment income) of $1,465 and part two incentive fees (based upon net realized and unrealized gains and losses) of ($175). Part two incentive fees reduced total incentive fees for the three months ended March 31, 2017 primarily as a result of net unrealized losses during the period. The Company accrues, but does not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. If, on a cumulative basis, the sum of net realized gains (losses) plus net unrealized gain (loss) decreases during a period, the Company will reverse any excess capital gains incentive fee previously accrued such that the amount of capital gains incentive fee accrued is no more than 20% of the sum of net realized gains (losses) plus net unrealized gain (loss). For the three months ended March 31, 2018 and 2017, no incentive fees were waived.

The Company has entered into an Administration Agreement with Monroe Capital Management Advisors, LLC (MC Management), under which the Company reimburses MC Management (subject to the review and approval of the Board) for its allocable portion of overhead and other expenses, including the costs of furnishing the Company with office facilities and equipment and providing clerical, bookkeeping, record-keeping and other administrative services at such facilities, and the Company s allocable portion of the cost of the chief financial officer and chief compliance officer and their respective staffs. To the extent that MC Management outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis, without incremental profit to MC Management. For the three months ended March 31, 2018 and 2017, the Company incurred $807 and $830, respectively, in administrative expenses (included within Professional fees, Administrative service fees and General and administrative expenses on the consolidated statements of operations) under the Administration Agreement, of which $324 and $330, respectively, was related to MC Management overhead and salary allocation and paid directly to MC Management. As of March 31, 2018 and December 31, 2017, $324 and $322, respectively, of expenses were due to MC Management under this agreement and are included in accounts payable and accrued expenses on the consolidated statements of assets and liabilities.

The Company has entered into a license agreement with Monroe Capital LLC under which Monroe Capital LLC has agreed to grant the Company a non-exclusive, royalty-free license to use the name Monroe Capital for specified purposes in its business. Under this agreement, the Company will have a right to use the Monroe Capital name at no cost, subject to certain conditions, for so long as the Advisor or one of its affiliates remains its investment advisor. Other than with respect to this limited license, the Company has no legal right to the Monroe Capital name.

As of March 31, 2018 December 31, 2017, the Company had accounts payable to members of the Board of $37 and zero, respectively, representing accrued and unpaid fees for their services.

Note 7. Borrowings

Revolving Credit Facility: As of March 31, 2018, the Company had U.S. dollar borrowings of $113,250 and non-U.S. dollar borrowings denominated in Great Britain pounds of £8,800 ($12,334 in U.S. dollars) under its revolving credit facility with ING Capital LLC, as agent, to finance the purchase of the Company s assets. The borrowings denominated in Great Britain pounds are translated into U.S. dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign currency borrowings is included in net change in unrealized gain (loss) on foreign currency borrowings in the Company s consolidated statements of operations and totaled ($442) and zero for the three months ended March 31, 2018 and 2017, respectively. The borrowings denominated in Great Britain pounds may be positively or negatively affected by

F-51

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 7. Borrowings (continued)

movements in the rate of exchange between the U.S. dollar and the Great Britain pound. These movements are beyond the control of the Company and cannot be predicted. As of December 31, 2017, the Company had U.S. dollar borrowings of $105,200 and non-U.S. dollar borrowings denominated in Great Britain pounds of £8,800 ($11,892 in U.S. dollars) under its revolving credit facility with ING Capital LLC, as agent, to finance the purchase of the Company s assets. As of March 31, 2018, the maximum amount the Company was able to borrow was $200,000 and this borrowing can be increased to $300,000 pursuant to an accordion feature (subject to maintaining 200% asset coverage, as defined by the 1940 Act). On February 22, 2017, the Company closed a $40,000 upsize to the revolving credit facility, bringing the maximum amount the Company is able to borrow from $160,000 to the now current maximum amount of $200,000, in accordance with the facility s accordion feature. The maturity date on the facility is December 14, 2020.

The revolving credit facility is secured by a lien on all of the Company s assets, including cash on hand, but excluding the assets of the Company s wholly-owned subsidiary, MRCC SBIC. The Company s ability to borrow under the revolving credit facility is subject to availability under a defined borrowing base, which varies based on portfolio characteristics and certain eligibility criteria and concentration limits, as well as required valuation methodologies. The Company may make draws under the revolving credit facility to make or purchase additional investments through December 2019 and for general working capital purposes until the maturity date of the revolving credit facility. Borrowings under the revolving credit facility bear interest, at the Company s election, at an annual rate of LIBOR (one-month, two-month, three-month or six-month at our discretion based on the term of the borrowing) plus 3.00% (or 2.75% if the Company s net worth (excluding investments in MRCC SBIC) exceeds $225,000) or at a daily rate equal to 2.00% per annum plus the greater of the prime interest rate, the federal funds rate plus 0.5% or LIBOR plus 1.0%. In addition to the stated interest rate on borrowings under the revolving credit facility, the Company is required to pay a fee of 0.5% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is less than 65% of the then available maximum borrowing or a fee of 1.0% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is greater than or equal to 65% of the then available maximum borrowing. As of March 31, 2018 and December 31, 2017, the outstanding borrowings were accruing at a weighted average interest rate of 4.6% and 4.4%, respectively. The weighted average interest rate of the revolving credit facility borrowings (excluding debt issuance costs) for the three months ended March 31, 2018 and 2017 was 4.6% and 4.1%, respectively. The weighted average fee rate on the unused portion of the revolving credit facility for the three months ended March 31, 2018 and 2017 was 0.5% and 0.5%, respectively.

The Company s ability to borrow under the revolving credit facility is subject to availability under the borrowing base, which permits the Company to borrow up to 70% of the fair market value of its portfolio company investments depending on the type of the investment the Company holds and whether the investment is quoted. The Company s ability to borrow is also subject to certain concentration limits, and continued compliance with the representations, warranties and covenants given by the Company under the facility. The revolving credit facility contains certain financial and restrictive covenants, including, but not limited to, the Company s maintenance of: (1) a minimum consolidated total net assets at least equal to the greater of (a) 40% of the consolidated total assets on the last day of each quarter or (b) $120,000 plus 65% of the net proceeds to the Company from sales of its securities after December 14, 2015; (2) a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of not less than 2.1 times; and (3) a ratio of earnings before interest and taxes to interest expense of at least 2.5 times. The revolving credit facility also requires the Company to undertake customary indemnification obligations with respect to ING Capital LLC and other members of the lending group and to reimburse the lenders for expenses associated with entering into the credit facility. The revolving credit facility also has customary provisions regarding events of default, including events of default for nonpayment, change in control transactions at both Monroe Capital Corporation and MC Advisors, failure to comply with financial and negative covenants, and failure to maintain our

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 7. Borrowings (continued)

relationship with MC Advisors. If the Company incurs an event of default under the revolving credit facility and fails to remedy such default under any applicable grace period, if any, then the entire revolving credit facility could become immediately due and payable, which would materially and adversely affect the Company s liquidity, financial condition, results of operations and cash flows.

The Company s revolving credit facility also imposes certain conditions that may limit the amount of the Company s distributions to stockholders. Distributions payable in the Company s common stock under the DRIP are not limited by the revolving credit facility. Distributions in cash or property other than common stock are generally limited to 115% of the amount of distributions required to maintain the Company s status as a RIC.

See Note 12 for additional disclosure regarding an amendment to the revolving credit facility which occurred on April 25, 2018.

SBA Debentures: On February 28, 2014, the Company s wholly-owned subsidiary, MRCC SBIC received a license from the SBA to operate as a SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013.

The SBIC license allows MRCC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a leverage commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis (pooling date) at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, has a superior claim to MRCC SBIC s assets over the Company s stockholders in the event the Company liquidates MRCC SBIC or the SBA exercises its remedies upon an event of default.

SBA regulations currently limit the amount that an individual SBIC may borrow to a maximum of $150,000 when it has at least $75,000 in regulatory capital, receives a leverage commitment from the SBA and has been through an audit examination by the SBA subsequent to licensing. The SBA also historically limited a related group of SBICs (commonly referred to as a family of funds) to a maximum of $225,000 in total borrowings. On December 18, 2015, this family of funds limitation was raised to $350,000 in total borrowings. As the Company has other affiliated SBICs already in operation, MRCC SBIC was historically limited to a maximum of $40,000 in borrowings. Pursuant to the increase in the family of funds limitation, the Company submitted a commitment application to the SBA and on April 13, 2016, MRCC SBIC was approved by the SBA for an additional $75,000 in SBA-guaranteed debentures, for a total of $115,000 in available debentures.

As of March 31, 2018, MRCC SBIC had $57,624 in leverageable capital and $112,800 in SBA-guaranteed debentures outstanding. As of December 31, 2017, MRCC SBIC had $57,624 in leverageable capital and $109,520 in SBA-guaranteed debentures outstanding. As of March 31, 2018, the Company has made all required leverageable capital contributions to MRCC SBIC in order to access the remaining $2,200 in available SBA-guaranteed debentures.

F-53

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 7. Borrowings (continued)

As of March 31, 2018, MRCC SBIC had the following SBA-guaranteed debentures outstanding (dollars in thousands):

Maturity Date	Interest Rate	Amount
September 2024	3.4 %	$ 12,920
March 2025	3.3 %	14,800
March 2025	2.9 %	7,080
September 2025	3.6 %	5,200
March 2027	3.5 %	20,000
September 2027	3.2 %	32,100
March 2028	3.2 %	18,520
September 2028	3.3 %(1)	2,180
Total		$ 112,800

As of December 31, 2017, MRCC SBIC had the following SBA-guaranteed debentures outstanding (dollars in thousands):

Maturity Date	Interest Rate	Amount
September 2024	3.4 %	$ 12,920
March 2025	3.3 %	14,800
March 2025	2.9 %	7,080
September 2025	3.6 %	5,200
March 2027	3.5 %	20,000
September 2027	3.2 %	32,100
March 2028	2.5 %(1)	9,160
March 2028	2.6 %(1)	2,780
March 2028	2.7 %(1)	5,480
Total		$ 109,520

(1) Represents an interim rate of interest as the SBA-guaranteed debentures had not yet pooled.

On October 2, 2014, the Company was granted exemptive relief from the SEC for permission to exclude the debt of MRCC SBIC guaranteed by the SBA from the 200% asset coverage test under the 1940 Act. The receipt of this exemption for this SBA-guaranteed debt increases flexibility under the 200% asset coverage test.

Secured Borrowings: Certain partial loan sales do not qualify for sale accounting under ASC Topic 860 because these sales do not meet the definition of a participating interest, as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain as an investment on the accompanying consolidated statements of assets and liabilities and the portion sold is recorded as a secured borrowing in the liabilities section of the consolidated statements of assets and liabilities. For these partial loan sales, the interest earned on the entire loan balance is recorded within interest income and the interest earned by the buyer in the partial loan sale is recorded within interest and other debt financing expenses in the accompanying consolidated statements of operations. As of March 31, 2018 and December 31, 2017, there were no secured borrowings.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 7. Borrowings (continued)

Components of interest expense: The components of the Company s interest expense and other debt financing expenses are as follows:

	Three months ended March 31, 2018	2017
Interest expense revolving credit facility	$ 1,557	$ 1,345
Interest expense SBA guaranteed debentures	868	406
Amortization of deferred financing costs	281	231
Interest expense secured borrowings		21
Other		7
Total interest and other debt financing expenses	$ 2,706	$ 2,010

Note 8. Distributions

The Company s distributions are recorded on the record date. The following table summarizes distributions declared during the three months ended March 31, 2018 and 2017:

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value	DRIP Shares Repurchased in the Open Market	Cost of DRIP Shares Repurchased
Three months ended March 31, 2018:								
March 1, 2018	March 16, 2018	March 30, 2018	$ 0.35	$ 7,084		$	23,908	$ 301
Total distributions declared			$ 0.35	$ 7,084		$	23,908	$ 301
Three months ended March 31, 2017:								
March 7, 2017	March 17, 2017	March 31, 2017	$ 0.35	$ 5,549	16,217	$ 254		$

Total distributions declared	$ 0.35	$ 5,549	16,217	$ 254	$

Note 9. Stock Issuances and Repurchases

Stock Issuances: On July 1, 2016, the Company amended the ATM securities offering program with MLV & Co. LLC (MLV) and JMP Securities LLC (JMP) to replace MLV with FBR Capital Markets & Co. (FBR), an affiliate of MLV (the Prior ATM Program). On May 12, 2017, the Company entered into new equity distribution agreements with each FBR and JMP that reference the Company s current registration statement (the ATM Program). All other material terms of the Prior ATM Program remain unchanged under the ATM Program. During the three months ended March 31, 2017, the Company sold 113,600 shares at an average price of $15.70 per share for gross proceeds of $1,784 under the Prior ATM program. Aggregate underwriters discounts and commissions were $27 and offering costs were $21, resulting in net proceeds of approximately $1,736. There were no stock issuances during the three months ended March 31, 2018.

Note 10. Commitments and Contingencies

Commitments: As of March 31, 2018 and December 31, 2017, the Company had $36,572 and $41,238, respectively, in outstanding commitments to fund investments under undrawn revolvers, capital expenditure loans and delayed draw commitments. As described in Note 3, the Company had commitments up to $34,250 and $40,500, respectively, to SLF, as of March 31, 2018 and December 31, 2017 that may be contributed primarily for the purpose of funding new investments approved by the SLF investment committee.

F-55

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 10. Commitments and Contingencies (continued)

Indemnifications: 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 agreements is unknown, as these involve future claims that may be made against the Company but that have not occurred. The Company expects the risk of any future obligations under these indemnifications to be remote.

Concentration of credit and counterparty risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of the contract. In the event that the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparties or issuers of the instruments. It is the Company s policy to review, as necessary, the credit standing of each counterparty.

Market risk: The Company s investments and borrowings are subject to market risk. Market risk is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments and borrowings are traded.

Legal proceedings: In the normal course of business, the Company 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 is not currently aware of any such proceedings or disposition that would have a material adverse effect on the Company s consolidated financial statements.

Note 11. Financial Highlights

The following is a schedule of financial highlights for the three months ended March 31, 2018 and 2017:

	March 31, 2018		March 31, 2017	
Per share data:				
Net asset value at beginning of period	$13.77		$14.52	
Net investment income[1]	0.42		0.36	
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings[1]	(0.35	)	(0.21	)
Net increase in net assets from operations[1]	0.07		0.15	
Stockholder distributions[2]	(0.35	)	(0.35	)
Effect of share issuances above (below) NAV[3]			0.02	

Net asset value at end of period	$13.49	$14.34
Net assets at end of period	$273,005	$239,606
Shares outstanding at end of period	20,239,957	16,711,686
Per share market value at end of period	$12.30	$15.73
Total return based on market value[4]	(8.06)%	4.56 %
Total return based on average net asset value[5]	0.50 %	1.07 %
Ratio/Supplemental data:		
Ratio of net investment income to average net assets[6]	13.29 %	11.83 %
Ratio of total expenses to average net assets[6][7]	8.70 %	8.44 %
Average debt outstanding	$237,017	$180,578
Average debt outstanding per share	$11.71	$10.88
Portfolio turnover[8]	5.16 %	8.14 %

(1) Calculated using the weighted average shares outstanding during the periods presented.

F-56

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (in thousands, except share and per share data)

Note 11. Financial Highlights (continued)

(2) Management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent the Company s taxable earnings fall below the total amount of the Company s distributions for that fiscal year, a portion of those distributions may be deemed a tax return of capital to the Company s stockholders. The tax character of distributions will be determined at the end of the fiscal year. However, if the character of such distributions were determined as of March 31, 2018 and 2017, none of the distributions would have been characterized as a tax return of capital to the Company s stockholders; this tax return of capital may differ from the return of capital calculated with reference to net investment income for financial reporting purposes.

(3) Includes the effect of share issuances above (below) net asset value and the impact of different share amounts used in calculating per share data as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of a period end or transaction date.

(4) Total return based on market value is calculated assuming a purchase of common shares at the market value on the first day and a sale at the market value on the last day of the periods reported. Distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Company s DRIP. Total return based on market value does not reflect brokerage commissions. Return calculations are not annualized.

(5) Total return based on average net asset value is calculated by dividing the net increase in net assets from operations by the average net asset value. Return calculations are not annualized.

(6) Ratios are annualized. Incentive fees included within the ratio are not annualized.

(7) The following is a schedule of supplemental ratios for the three months ended March 31, 2018 and 2017. These ratios have been annualized unless otherwise noted.

	March 31, 2018	March 31, 2017
Ratio of interest and other debt financing expenses to average net assets	3.98 %	3.39 %
Ratio of total expenses (without incentive fees) to average net assets	8.42 %	7.90 %
Ratio of incentive fees, to average net assets (not annualized)[9]	0.28 %	0.54 %

(8) Ratios are not annualized.

(9) The ratio of waived incentive fees to average net assets was zero and zero for three months ended March 31, 2018 and 2017, respectively.

Note 12. Subsequent Events

The Company has evaluated subsequent events through May 8, 2018, the date on which the consolidated financial statements were issued.

On April 25, 2018, the Company entered into an amendment to its revolving credit agreement (the Amendment). The Amendment amends the Company s revolving credit agreement to, among other things, (i) remove the pricing step-down related to the Company s net worth to set the interest rate the revolving credit facility bears to the stepped-down interest rate of the one-month LIBOR plus 2.75%; (ii) increase the weighted average leverage ratio from 4.50:1 to 4.75:1; and (iii) add to the borrowing base on a limited basis investments structured based on loan-to-value metrics, with corresponding adjustments to the eligibility criteria and concentration limits.

F-57

TABLE OF CONTENTS

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Monroe Capital Corporation (MRCC, and collectively with its subsidiaries, the Company, we, u and our) is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is a process designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

Monroe Capital Corporation s internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions recorded necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Our policies and procedures also provide reasonable assurance that receipts and expenditures are being made only in accordance with authorizations of management and the directors of Monroe Capital Corporation, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition or our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness as to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of Monroe Capital Corporation s internal control over financial reporting as of December 31, 2017. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework* issued in 2013. Based on the assessment, management believes that, as of December 31, 2017, our internal control over financial reporting is effective based on those criteria.

Monroe Capital Corporation s independent registered public accounting firm that audited the financial statements has issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2017. This report appears on page F-60.

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Monroe Capital Corporation and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of Monroe Capital Corporation and Subsidiaries (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2017, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 14, 2018, expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of investments owned as of December 31, 2017 and 2016, by correspondence with the custodian and issuers of equity securities and other appropriate procedures where replies from issuers of equity securities were not received. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company s auditor since 2011.

Chicago, Illinois
March 14, 2018

F-59

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders and the Board of Directors of
Monroe Capital Corporation and Subsidiaries

Opinion on the Internal Control Over Financial Reporting

We have audited Monroe Capital Corporation and Subsidiaries (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities, including the consolidated schedules of investments, of the Company as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2017 and the related notes to the consolidated financial statements of the Company and our report dated March 14, 2018 expressed an unqualified opinion.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ RSM US LLP

Chicago, Illinois
March 14, 2018

F-60

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(in thousands, except per share data)

	December 31, 2017	December 31, 2016
ASSETS		
Investments, at fair value:		
Non-controlled/non-affiliate company investments	$425,747	$353,980
Non-controlled affiliate company investments	58,751	50,041
Controlled affiliate company investments	9,640	8,899
Total investments, at fair value (amortized cost of: $507,580 and $413,242, respectively)	494,138	412,920
Cash	4,332	5,958
Restricted cash	2,867	2,373
Interest receivable	5,335	2,643
Other assets	760	651
Total assets	507,432	424,545
LIABILITIES		
Debt:		
Revolving credit facility	117,092	129,000
SBA debentures payable	109,520	51,500
Total debt	226,612	180,500
Less: Unamortized deferred financing costs	(4,670)	(3,945)
Total debt, less unamortized deferred financing costs	221,942	176,555
Secured borrowings, at fair value (proceeds of: $0 and $1,320, respectively)		1,314
Interest payable	1,535	735
Management fees payable	2,064	1,749
Incentive fees payable	1,157	1,222
Accounts payable and accrued expenses	2,035	2,120
Total liabilities	228,733	183,695
Net assets	$278,699	$240,850
Commitments and contingencies (See Note 11)		
ANALYSIS OF NET ASSETS		
Common stock, $0.001 par value, 100,000 shares authorized, 20,240 and 16,582 shares issued and outstanding, respectively	$20	$17
Capital in excess of par value	286,141	233,526
Undistributed net investment income (accumulated distributions in excess of net investment income)	6,707	7,037
	(372)	587

Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions		
Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	(13,797)	(317)
Total net assets	$ 278,699	$ 240,850
Net asset value per share	$ 13.77	$ 14.52

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share data)

	Year ended December 31,		
	2017	2016	2015
Investment income:			
Interest income:			
Non-controlled/non-affiliate company investments	$42,055	$34,348	$30,222
Non-controlled affiliate company investments	5,566	4,511	3,522
Controlled affiliate company investments	594	140	1,127
Total interest income	48,215	38,999	34,871
Dividend income:			
Non-controlled/non-affiliate company investments	1,002	1,002	325
Non-controlled affiliate company investments		3,546	301
Total dividend income	1,002	4,548	626
Fee income:			
Non-controlled/non-affiliate company investments	1,890	1,435	1,351
Non-controlled affiliate company investments		36	50
Total fee income	1,890	1,471	1,401
Total investment income	51,107	45,018	36,898
Operating expenses:			
Interest and other debt financing expenses	8,312	6,782	5,400
Base management fees	7,726	6,347	5,129
Incentive fees	5,686	5,777	4,685
Professional fees	1,243	988	835
Administrative service fees	1,248	1,287	1,078
General and administrative expenses	948	779	799
Excise taxes	100	679	83
Directors' fees	148	146	148
Expenses before incentive fee waiver	25,411	22,785	18,157
Incentive fee waiver	(308)	(273)	
Total expenses, net of incentive fee waiver	25,103	22,512	18,157
Net investment income	26,004	22,506	18,741
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings:			
Net realized gain (loss):			
Non-controlled/non-affiliate company investments	(439)	587	304
Secured borrowings	66		
Foreign currency transactions	1		
Net realized gain (loss)	(372)	587	304
Net change in unrealized gain (loss):			

Non-controlled/non-affiliate company investments	4,764	(610)	(1,944)
Non-controlled affiliate company investments	(14,635)	7,013	6,585
Controlled affiliate company investments	(3,249)	(5,078)	(5,726)
Secured borrowings	(6)	(53)	(68)
Foreign currency borrowings	(354)		
Net change in unrealized gain (loss)	(13,480)	1,272	(1,153)
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings	(13,852)	1,859	(849)
Net increase (decrease) in net assets resulting from operations	$12,152	$24,365	$17,892
Per common share data:			
Net investment income per share basic and diluted	$1.40	$1.55	$1.60
Net increase (decrease) in net assets resulting from operations per share basic and diluted	$0.65	$1.68	$1.53
Weighted average common shares outstanding - basic and diluted	18,625	14,546	11,683

See Notes to Consolidated Financial Statements.

MONROE CAPITAL CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except p 94

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (in thousands)

	Common Stock Number of shares	Common Stock Par value	Capital in excess of par value	Undistributed net investment income (accumulated distributions in excess of net investment income)	Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions	Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	Total net assets
Balances at December 31, 2014	9,518	$10	$134,803	$(639)	$	$(436)	$133,738
Net increase (decrease) in net assets resulting from operations				18,741	304	(1,153)	17,892
Issuance of common stock, net of offering and underwriting costs	3,490	3	49,616				49,619
Distributions to stockholders:							
Distributions from net investment income				(16,410)			(16,410)
Distributions from capital gains					(304)		(304)
Balances at December 31, 2015	13,008	$13	$184,419	$1,692	$	$(1,589)	$184,535
Net increase (decrease) in net assets resulting from operations		$	$	$22,506	$587	$1,272	$24,365
Issuance of common stock, net of offering and underwriting costs	3,566	4	52,516				52,520
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	8		138	(138)			
Distributions from net investment income				(20,570)			(20,570)
Tax reclassification of stockholders equity in accordance with generally accepted accounting principles			(3,547)	3,547			
Balances at December 31, 2016	16,582	$17	$233,526	$7,037	$587	$(317)	$240,850

Net increase (decrease) in net assets resulting from operations		$	$	$26,004	$(372)	$(13,480)	$12,152
Issuance of common stock, net of offering and underwriting costs	3,624	3	52,218				52,221
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	34		525	(525)			
Distributions from net investment income				(25,933)			(25,933)
Distributions from capital gains					(591)		(591)
Tax reclassification of stockholders equity in accordance with generally accepted accounting principles			(128)	124	4		
Balances at December 31, 2017	20,240	$20	$286,141	$6,707	$(372)	$(13,797)	$278,699

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Year ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	$12,152	$24,365	$17,892
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Net change in unrealized (gain) loss on investments	13,120	(1,325)	1,085
Net change in unrealized (gain) loss on secured borrowings	6	53	68
Net change in unrealized (gain) loss on foreign currency borrowings	354		
Net realized (gain) loss on investments	439	(587)	(304)
Net realized (gain) loss on secured borrowings	(66)		
Net realized (gain) on foreign currency transactions	(1)		
Payment-in-kind interest income	(1,729)	(2,027)	(1,980)
Payment-in-kind dividend income	(241)		
Net accretion of discounts and amortization of premiums	(1,860)	(1,556)	(1,105)
Proceeds from principal payments and sales of investments	173,446	81,446	88,379
Purchases of investments	(264,393)	(147,780)	(193,631)
Amortization of deferred financing costs	1,042	820	742
Changes in operating assets and liabilities:			
Interest receivable	(2,692)	(1,037)	(654)
Other assets	(109)	96	135
Payable for open trades		(5,297)	5,297
Interest payable	800	158	333
Management fees payable	315	246	453
Incentive fees payable	(65)	(29)	111
Accounts payable and accrued expenses	(85)	654	361
Directors' fees payable		(74)	74
Net cash provided by (used in) operating activities	(69,567)	(51,874)	(82,744)
Cash flows from financing activities:			
Borrowings on revolving credit facility	184,538	105,000	144,900
Repayments of revolving credit facility	(196,800)	(99,700)	(103,500)
SBA debentures borrowings	58,020	11,500	20,000
Payments of deferred financing costs	(1,766)	(1,196)	(1,832)
Repayments on secured borrowings	(1,254)	(1,215)	(1,600)
Proceeds from shares sold, net of offering and underwriting costs	52,221	52,520	49,619
Stockholder distributions paid, net of stock issued under the	(26,524)	(20,570)	(16,714)

dividend reinvestment plan of $525, $138 and $0, respectively			
Net cash provided by (used in) financing activities	68,435	46,339	90,873
Net increase (decrease) in Cash and Restricted Cash	(1,132)	(5,535)	8,129
Cash and Restricted Cash, beginning of year	8,331	13,866	5,737
Cash and Restricted Cash, end of year(1)	$7,199	$8,331	$13,866
Supplemental disclosure of cash flow information:			
Cash interest paid during the year	$6,315	$5,530	$4,046
Cash paid for excise taxes during the year	$495	$284	$73

(1) Represents cash and restricted cash of $4,332 and $2,867, respectively, from the consolidated statement of assets and liabilities as of December 31, 2017. Represents cash and restricted cash of $5,958 and $2,373, respectively, from the consolidated statement of assets and liabilities as of December 31, 2016. Represents cash and restricted cash of $5,278 and $8,588, respectively, from the consolidated statement of assets and liabilities as of December 31, 2015.

See Notes to Consolidated Financial Statements.

MONROE CAPITAL CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands) 98

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2017
(in thousands, except for shares and units)