

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2019-08-13** | Period of Report: **2019-06-30**

SEC Accession No. [0001715268-19-000072](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

Golub Capital BDC 3, Inc.

CIK: [1715268](#) | IRS No.: **822375481** | State of Incorp.: **MD** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: [814-01244](#) | Film No.: **191021762**

Mailing Address
666 FIFTH AVENUE, 18TH
FLOOR
NEW YORK NY 10103

Business Address
666 FIFTH AVENUE, 18TH
FLOOR
NEW YORK NY 10103
(212) 750-6060

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2019

OR

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

For the transition period from _____ to _____

Commission File Number 814-01244

Golub Capital BDC 3, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

82-2375481

(I.R.S. Employer Identification No.)

**666 Fifth Avenue, 18th Floor
New York, NY 10103**

(Address of principal executive offices)

(212) 750-6060

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☐

Non-accelerated filer ☐

Emerging growth company ☒

Accelerated filer ☐

Smaller reporting company ☐

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

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

As of August 13, 2019, the Registrant had 20,040,521.316 shares of common stock, \$0.001 par value, outstanding.

[TABLE OF CONTENTS](#)

Part I. Financial Information		
Item 1.	Financial Statements	3
	Consolidated Statements of Financial Condition as of June 30, 2019 (unaudited) and September 30, 2018	3
	Consolidated Statements of Operations for the three and nine months ended June 30, 2019 (unaudited) and 2018 (unaudited)	4
	Consolidated Statements of Changes in Net Assets for the three and nine months ended June 30, 2019 (unaudited) and 2018 (unaudited)	5
	Consolidated Statements of Cash Flows for the nine months ended June 30, 2019 (unaudited) and 2018 (unaudited)	6
	Consolidated Schedules of Investments as of June 30, 2019 (unaudited) and September 30, 2018	8
	Notes to Consolidated Financial Statements (unaudited)	24
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	55
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	73
Item 4.	Controls and Procedures	74
Part II. Other Information		
Item 1.	Legal Proceedings	75
Item 1A.	Risk Factors	75
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	75
Item 3.	Defaults Upon Senior Securities	75
Item 4.	Mine Safety Disclosures	75
Item 5.	Other Information	75
Item 6.	Exhibits	75

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Consolidated Statements of Financial Condition (In thousands, except share and per share data)

	June 30, 2019	September 30, 2018
	(unaudited)	
Assets		
Investments, at fair value (amortized cost of \$472,334 and \$142,077 respectively)	\$ 476,300	\$ 143,659
Cash and cash equivalents	36,209	3,653
Foreign currencies (cost of \$126 and \$0, respectively)	126	—
Cash collateral held at broker for forward currency contracts	450	—
Interest receivable	1,372	492
Other assets	137	196
Total Assets	\$ 514,594	\$ 148,000
Liabilities		
Debt	\$ 231,707	\$ 58,500
Less unamortized debt issuance costs	526	493
Debt less unamortized debt issuance costs	231,181	58,007
Other short-term borrowings (proceeds of \$1,901 and \$0, respectively)	1,846	—
Unrealized depreciation on forward currency contracts	70	—
Interest payable	497	136
Distributions payable	5,853	1,560
Management and incentive fees payable	2,328	729
Accounts payable and accrued expenses	725	332
Accrued trustee fees	21	11
Total Liabilities	242,521	60,775
Commitments and Contingencies (Note 9)		
Net Assets		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2019 and September 30, 2018	—	—
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 18,138,176.915 and 5,815,002.633 shares issued and outstanding as of June 30, 2019 and September 30, 2018, respectively	18	6
Paid in capital in excess of par	272,054	87,218
Distributable earnings	1	1
Total Net Assets	272,073	87,225
Total Liabilities and Total Net Assets	\$ 514,594	\$ 148,000
Number of common shares outstanding	18,138,176.915	5,815,002.633
Net asset value per common share	\$ 15.00	\$ 15.00

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Statement of Operations (unaudited)
(In thousands, except share and per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
Investment income				
Interest income	\$ 8,504	\$ 1,317	\$ 18,832	\$ 2,088
Fee income	195	—	278	1
Total investment income	8,699	1,317	19,110	2,089
Expenses				
Interest and other debt financing expenses	1,760	225	4,292	296
Base management fee	1,329	200	2,902	318
Incentive fee	1,291	166	2,440	207
Professional fees	217	181	635	502
Administrative service fee	156	25	332	41
General and administrative expenses	26	12	82	16
Total expenses	4,779	809	10,683	1,380
Base management fee waived (Note 4)	(362)	(55)	(791)	(87)
Incentive fee waived (Note 4)	(273)	(23)	(352)	(32)
Professional fees waived (Note 4)	—	—	—	(112)
Net expenses	4,144	731	9,540	1,149
Net investment income	4,555	586	9,570	940
Excise tax	—	—	—	1
Net investment income - after excise tax	4,555	586	9,570	939
Net gain (loss) on investments, foreign currency, and forward currency contracts				
Net realized gain (loss) on investments and foreign currency transactions:				
Investments	3	—	4	—
Foreign currency transactions	8	—	56	—
Net realized gain (loss) on investments and foreign currency transactions	11	—	60	—
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts:				
Investments	1,302	611	2,385	1,013
Translation of assets and liabilities in foreign currencies	55	—	55	—
Forward currency contracts	(70)	—	(70)	—
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	1,287	611	2,370	1,013
Net gain (loss) on investments, foreign currency and forward currency contracts	1,298	611	2,430	1,013
Net increase in net assets resulting from operations	\$ 5,853	\$ 1,197	\$ 12,000	\$ 1,952
Per Common Share Data				
Basic and diluted earnings per common share	\$ 0.39	\$ 0.46	\$ 1.04	\$ 1.34
Basic and diluted weighted average common shares outstanding	15,480,105	2,588,187	11,471,687	1,457,514

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Consolidated Statements of Changes in Net Assets (unaudited) (In thousands, except share data)

	Common Stock		Paid in Capital in Excess of Par	Distributable Earnings (1)	Total Net Assets
	Shares	Par Amount			
Balance at September 30, 2017	700,000	\$ —	\$ 10	\$ —	\$ 10
Issuance of common stock (2)	4,472,993.323	4	67,091	—	67,095
Net investment income	—	—	—	939	939
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	—	—	—	1,013	1,013
Distributions to stockholders:					
Stock issued in connection with dividend reinvestment plan	27,849.209	—	418	—	418
Distributions from distributable earnings (1)	—	—	—	(755)	(755)
Distributions declared and payable	—	—	—	(1,197)	(1,197)
Total increase (decrease) for nine months ended June 30, 2018	4,500,842.532	4	67,509	—	67,513
Balance at June 30, 2018	4,501,542.532	\$ 4	\$ 67,519	\$ —	\$ 67,523
Balance at March 31, 2018	2,219,371.824	\$ 2	\$ 33,288	\$ —	\$ 33,290
Issuance of common stock (2)	2,262,959.988	2	33,943	—	33,945
Net investment income	—	—	—	586	586
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	—	—	—	611	611
Distributions to stockholders:					
Stock issued in connection with dividend reinvestment plan	19,210.720	—	288	—	288
Distributions from distributable earnings	—	—	—	—	—
Distributions declared and payable	—	—	—	(1,197)	(1,197)
Total increase (decrease) for the three months ended June 30, 2018	2,282,170.708	2	34,231	—	34,233
Balance at June 30, 2018	4,501,542.532	\$ 4	\$ 67,519	\$ —	\$ 67,523
Balance at September 30, 2018	5,815,002.633	\$ 6	\$ 87,218	\$ 1	\$ 87,225
Issuance of common stock (3)	12,091,728.084	12	181,364	—	181,376
Net investment income	—	—	—	9,570	9,570
Net realized gain (loss) on investments and foreign currency transactions	—	—	—	60	60
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	—	—	—	2,370	2,370
Distributions to stockholders:					
Stock issued in connection with dividend reinvestment plan	231,446.198	—	3,472	—	3,472
Distributions from distributable earnings	—	—	—	(6,147)	(6,147)
Distributions declared and payable	—	—	—	(5,853)	(5,853)
Total increase (decrease) for the nine months ended June 30, 2019	12,323,174.282	12	184,836	—	184,848
Balance at June 30, 2019	18,138,176.915	\$ 18	\$ 272,054	\$ 1	\$ 272,073
Balance at March 31, 2019	12,268,702.801	\$ 12	\$ 184,017	\$ 1	\$ 184,030
Issuance of common stock (3)	5,804,831.723	6	87,067	—	87,073
Net investment income	—	—	—	4,555	4,555
Net realized gain (loss) on investments and foreign currency transactions	—	—	—	11	11
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	—	—	—	1,287	1,287

Distributions to stockholders:

Stock issued in connection with dividend reinvestment plan	64,642.391	—	970	—	970
Distributions from distributable earnings	—	—	—	—	—
Distributions declared and payable	—	—	—	(5,853)	(5,853)
Total increase (decrease) for the three months ended June 30, 2019	5,869,474.114	6	88,037	—	88,043
Balance at June 30, 2019	18,138,176.915	\$ 18	\$ 272,054	\$ 1	\$ 272,073

(1) See Note 2, Significant Accounting Policies and Recent Accounting Updates.

(2) Refer to Note 3 for a detailed listing of the common stock issuances for the three and nine months ended June 30, 2018.

(3) Refer to Note 3 for a detailed listing of the common stock issuances for the three and nine months ended June 30, 2019.

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Consolidated Statements of Cash Flows (unaudited) (In thousands)

	Nine months ended June 30,	
	2019	2018
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 12,000	\$ 1,952
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:		
Amortization of deferred debt issuance costs	600	36
Accretion of discounts and amortization of premiums	(854)	(81)
Net realized (gain) loss on investments	(4)	—
Net realized (gain) loss on foreign currency transactions	(40)	—
Net change in unrealized (appreciation) depreciation on investments	(2,385)	(1,013)
Net change in unrealized (appreciation) depreciation on translation of assets and liabilities in foreign currencies	(55)	—
Net change in unrealized (appreciation) depreciation on forward currency contracts	70	—
Proceeds from (fundings of) revolving loans, net	(1,559)	(349)
Fundings of investments	(346,315)	(87,808)
Proceeds from principal payments and sales of portfolio investments	18,619	134
PIK interest	(143)	—
Changes in operating assets and liabilities:		
Cash collateral held at broker for forward currency contracts	(450)	—
Interest receivable	(880)	(293)
Other assets	59	(83)
Interest payable	361	69
Management and incentive fees payable	1,599	314
Accounts payable and accrued expenses	393	264
Accrued trustee fees	10	3
Net cash (used in) provided by operating activities	(318,974)	(86,855)
Cash flows from financing activities		
Borrowings on debt	405,629	127,550
Repayments of debt	(232,422)	(97,550)
Proceeds from other short-term borrowings	9,499	—
Repayments on other short-term borrowings	(7,558)	—
Capitalized debt issuance costs	(633)	(417)
Proceeds from issuance of common shares	181,376	67,025
Distributions paid	(4,235)	(337)
Net cash (used in) provided by financing activities	351,656	96,271
Net change in cash, cash equivalents and foreign currencies	32,682	9,416
Cash, cash equivalents, and foreign currencies, beginning of the period	3,653	10
Cash, cash equivalents, and foreign currencies, end of period	\$ 36,335	\$ 9,426
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 3,331	\$ 191
Taxes, including excise tax, paid during the period	—	1

Distributions declared during the period	12,000	1,952
Supplemental disclosure of noncash financing activity:		
Capital call receivable	\$ —	\$ 70
Stock issued in connection with dividend reinvestment plan	3,472	418
Distributions payable	5,853	1,197

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited) - (continued)
(In thousands)

The following table provides a reconciliation of cash and cash equivalents and foreign currencies reported within the Consolidated Statements of Financial Condition that sum to the total of the same such amounts in the Consolidated Statements of Cash Flows:

	As of June 30,	
	2019	2018
Cash and cash equivalents	\$ 36,209	\$ 9,426
Foreign currencies	126	—
Total cash, cash equivalents, and foreign currencies shown in the Consolidated Statements of Cash Flows	<u>\$ 36,335</u>	<u>\$ 9,426</u>

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Investments								
Debt investments								
Automobile								
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	\$ 476	\$ 472	0.2 %	\$ 476
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	354	349	0.1	354
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	180	179	0.1	180
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	163	162	0.1	163
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	55	54	—	55
Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.40%	11/2022	19	17	—	19
Power Stop, LLC	Senior loan	L + 4.75% (c)(f)	7.08%	10/2025	677	674	0.2	677
Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.90%	04/2023	1,699	1,683	0.6	1,699
Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.90%	04/2023	722	715	0.3	722
Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.90%	04/2023	482	478	0.2	482
Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.90%	04/2023	242	231	0.1	242
Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.90%	04/2023	40	40	—	40
					5,109	5,054	1.9	5,109
Beverage, Food and Tobacco								
Fintech Midco, LLC	One stop	L + 5.25% (a)	7.66%	08/2024	4,947	4,904	1.8	4,947
Fintech Midco, LLC	One stop	L + 5.25% (a)	7.66%	08/2024	445	442	0.2	445
Fintech Midco, LLC(5)	One stop	L + 5.25%	N/A(6)	08/2024	—	(1)	—	—
Fintech Midco, LLC(5)	One stop	L + 5.25%	N/A(6)	08/2024	—	(8)	—	—
Flavor Producers, LLC	Senior loan	L + 4.75% (c)	7.06%	12/2023	442	437	0.2	429
Flavor Producers, LLC	Senior loan	L + 4.75% (c)	7.24%	12/2022	6	5	—	4
Mendocino Farms, LLC	One stop	L + 8.50% (a)	3.40% cash/7.50% PIK	06/2023	262	260	0.1	262
Mendocino Farms, LLC(5)	One stop	L + 1.00%	N/A(6)	06/2023	—	(5)	—	—
Wood Fired Holding Corp.	One stop	L + 5.75% (c)	8.35%	12/2023	3,194	3,165	1.2	3,194
Wood Fired Holding Corp.(5)	One stop	L + 5.75%	N/A(6)	12/2023	—	(1)	—	—
Wood Fired Holding Corp.(5)	One stop	L + 5.75%	N/A(6)	12/2023	—	(3)	—	—
					9,296	9,195	3.5	9,281
Buildings and Real Estate								
MRI Software LLC	One stop	L + 5.75% (a)	8.16%	06/2023	12,840	12,730	4.7	12,840
MRI Software LLC	One stop	L + 5.75% (a)	8.16%	06/2023	6,842	6,788	2.5	6,842
MRI Software LLC	One stop	L + 5.75% (a)	8.16%	06/2023	317	314	0.1	317
MRI Software LLC(5)	One stop	L + 5.75%	N/A(6)	06/2023	—	(16)	—	—
					19,999	19,816	7.3	19,999
Chemicals, Plastics and Rubber								
Inhance Technologies Holdings LLC	One stop	L + 5.25% (c)	7.65%	07/2024	2,517	2,491	0.9	2,517
Inhance Technologies Holdings LLC	One stop	L + 5.25% (b)	7.78%	07/2024	334	327	0.1	334
Inhance Technologies Holdings LLC	One stop	P + 4.25% (f)	9.75%	07/2024	10	9	—	10

						2,861	2,827	1.0	2,861
Diversified/Conglomerate Manufacturing									
Blackbird Purchaser, Inc.	Senior loan	L + 4.50%	(c)	6.83%	04/2026	3,855	3,781	1.4	3,797
Blackbird Purchaser, Inc.	Senior loan	L + 4.50%	(c)	6.83%	04/2026	252	227	0.1	233
Blackbird Purchaser, Inc.	Senior loan	P + 3.50%	(f)	9.00%	04/2024	14	12	—	13
Chase Industries, Inc.	Senior loan	L + 4.00%	(c)(f)	6.34%	05/2025	1,976	1,947	0.7	1,976
Chase Industries, Inc.	Senior loan	L + 4.00%	(c)(f)	6.33%	05/2025	342	325	0.1	342
Chase Industries, Inc.	Senior loan	L + 4.00%	(c)(f)	6.38%	05/2023	99	97	—	99
Togetherwork Holdings, LLC	One stop	L + 6.25%	(a)	8.65%	03/2025	1,985	1,961	0.7	1,985
Togetherwork Holdings, LLC	One stop	L + 6.25%	(a)	8.65%	03/2025	507	501	0.2	507
Togetherwork Holdings, LLC	One stop	L + 6.25%	(a)	8.65%	03/2025	480	474	0.2	480
Togetherwork Holdings, LLC	One stop	L + 6.25%	(a)	8.65%	03/2025	447	441	0.2	447
Togetherwork Holdings, LLC	One stop	L + 6.25%	(a)	8.65%	03/2025	410	404	0.2	410

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Manufacturing - (continued)								
Togetherwork Holdings, LLC	One stop	L + 6.25% (a)	8.65%	03/2025	\$ 205	\$ 202	0.1 %	\$ 205
Togetherwork Holdings, LLC	One stop	L + 6.25% (a)	8.65%	03/2025	185	182	0.1	185
Togetherwork Holdings, LLC	One stop	L + 6.25% (a)	8.65%	03/2024	73	71	—	73
Togetherwork Holdings, LLC	One stop	L + 6.25% (a)	8.65%	03/2025	17	16	—	17
Togetherwork Holdings, LLC	One stop	L + 6.25%	N/A(6)	03/2025	—	—	—	—
					10,847	10,641	4.0	10,769
Diversified/Conglomerate Service								
3ES Innovation, Inc.(7)(10)	One stop	L + 5.75% (c)	8.29%	05/2025	3,661	3,580	1.3	3,578
3ES Innovation, Inc.(5)(7)(10)	One stop	L + 5.75%	N/A(6)	05/2025	—	(2)	—	(2)
Apptio, Inc.	One stop	L + 7.25% (a)	9.67%	01/2025	12,605	12,371	4.5	12,353
Apptio, Inc. (5)	One stop	L + 7.25%	N/A(6)	01/2025	—	(2)	—	(2)
Arch Global CCT Holdings Corp.	Senior loan	L + 4.75% (a)(c)	7.15%	04/2026	612	606	0.2	605
Arch Global CCT Holdings Corp.	Senior loan	L + 4.75%	N/A(6)	04/2026	—	—	—	—
Arch Global CCT Holdings Corp.	Senior loan	L + 4.75%	N/A(6)	04/2025	—	—	—	—
Astute Holdings, Inc.	One stop	L + 6.00% (a)	8.42%	04/2025	2,820	2,793	1.0	2,792
Astute Holdings, Inc.	One stop	L + 6.00% (a)	8.40%	04/2025	10	9	—	9
Astute Holdings, Inc. (5)	One stop	L + 6.00%	N/A(6)	04/2025	—	(11)	—	(12)
AutoQuotes, LLC	One stop	L + 6.00% (c)	8.53%	11/2024	2,326	2,305	0.9	2,326
AutoQuotes, LLC	One stop	L + 6.00%	N/A(6)	11/2024	—	—	—	—
Axiom Merger Sub Inc.	One stop	L + 5.50% (b)(c)	7.99%	04/2026	1,167	1,148	0.4	1,156
Axiom Merger Sub Inc.(7)(8)	One stop	E + 5.75% (g)	5.75%	04/2026	486	478	0.2	484
Axiom Merger Sub Inc.(5)	One stop	L + 5.50%	N/A(6)	04/2026	—	(1)	—	—
Axiom Merger Sub Inc.(5)	One stop	L + 5.50%	N/A(6)	04/2026	—	(17)	—	(13)
Bazaarvoice, Inc.	One stop	L + 5.75% (a)	8.15%	02/2024	7,173	7,091	2.6	7,173
Bazaarvoice, Inc.	One stop	L + 5.75% (a)(c)	8.12%	02/2024	130	127	0.1	130
Calabrio, Inc.	One stop	L + 6.50% (c)	8.83%	06/2025	22,076	21,857	8.0	21,855
Calabrio, Inc. (5)	One stop	L + 6.50%	N/A(6)	06/2025	—	(1)	—	(1)
Caliper Software, Inc.	One stop	L + 6.00% (c)(f)	8.33%	11/2025	6,759	6,675	2.5	6,759
Caliper Software, Inc.	One stop	L + 6.00% (c)	8.33%	11/2023	100	98	0.1	100
Centrify Corporation	One stop	L + 6.25% (c)	8.58%	08/2024	5,246	5,179	1.9	5,141
Centrify Corporation	One stop	P + 5.25% (f)	10.75%	08/2024	150	148	0.1	147
Cloudbees, Inc.	One stop	L + 9.00% (a)	10.94% cash/0.50% PIK	05/2023	841	823	0.3	841
Cloudbees, Inc.	One stop	L + 8.50%	N/A(6)	05/2023	—	—	—	—
Confluence Technologies, Inc.	One stop	L + 5.50% (a)	7.91%	03/2024	2,537	2,512	0.9	2,537
Confluence Technologies, Inc.(5)	One stop	L + 5.50%	N/A(6)	03/2024	—	(1)	—	—
Connexin Software, Inc.	One stop	L + 8.50% (c)	10.83%	02/2024	916	905	0.3	916
Connexin Software, Inc.	One stop	L + 8.50%	N/A(6)	02/2024	—	—	—	—
Conservice, LLC	One stop	L + 5.25% (c)	7.58%	12/2024	895	887	0.3	895
Conservice, LLC	One stop	L + 5.25%	N/A(6)	12/2024	—	—	—	—

Digital Guardian, Inc.	One stop	L + 9.50% (c)	9.09% cash/3.00% PIK	06/2023	1,636	1,626	0.6	1,704
Digital Guardian, Inc.	Subordinated debt	N/A	8.00% PIK	06/2023	2	—	—	2
Digital Guardian, Inc.	One stop	L + 5.00%	N/A(6)	06/2023	—	—	—	—
Digital Guardian, Inc.(5)	One stop	L + 6.50%	N/A(6)	06/2023	—	(1)	—	6
E2open, LLC	One stop	L + 5.00% (c)	7.52%	11/2024	13,806	13,620	5.0	13,668
E2open, LLC	One stop	L + 5.00% (c)	7.52%	11/2024	4,968	4,900	1.8	4,918
E2open, LLC(5)	One stop	L + 5.00%	N/A(6)	11/2024	—	(3)	—	(2)
GS Acquisitionco, Inc.	One stop	L + 5.25% (a)	7.66%	05/2024	13,326	13,203	4.9	13,326
GS Acquisitionco, Inc.	One stop	L + 5.25% (a)	7.66%	05/2024	4,438	4,402	1.6	4,438
GS Acquisitionco, Inc.	One stop	L + 5.25% (a)	7.66%	05/2024	1,161	1,151	0.4	1,161
GS Acquisitionco, Inc.	One stop	L + 5.25% (a)	7.66%	05/2024	1,071	1,062	0.4	1,071

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Service - (continued)								
GS Acquisitionco, Inc.(5)	One stop	L + 5.00%	N/A(6)	05/2024	\$ —	\$ (1)	— %	\$ —
GS Acquisitionco, Inc.(5)	One stop	L + 5.25%	N/A(6)	05/2024	—	(6)	—	—
ICIMS, Inc.	One stop	L + 6.50% (a)	8.90%	09/2024	2,607	2,562	1.0	2,607
ICIMS, Inc.	One stop	L + 6.50% (a)	8.91%	06/2025	1,065	1,054	0.4	1,065
ICIMS, Inc.(5)	One stop	L + 6.50%	N/A(6)	09/2024	—	(1)	—	—
Imprivata, Inc.	Senior loan	L + 4.00% (c)	6.33%	10/2023	1,623	1,609	0.6	1,623
Imprivata, Inc.(5)	Senior loan	L + 4.00%	N/A(6)	10/2023	—	(2)	—	—
Infogix, Inc.	One stop	L + 6.00% (c)	8.33%	04/2024	1,475	1,470	0.5	1,475
Infogix, Inc.	One stop	L + 6.00% (c)	8.33%	04/2024	232	229	0.1	232
Infogix, Inc.	One stop	L + 6.00% (c)	8.15%	04/2024	14	13	—	14
Integral Ad Science, Inc.	One stop	L + 7.25% (a)	8.41% cash/1.25% PIK	07/2024	2,423	2,383	0.9	2,423
Integral Ad Science, Inc.(5)	One stop	L + 6.00%	N/A(6)	07/2023	—	(1)	—	(2)
Integration Appliance, Inc.	One stop	L + 7.25% (a)	9.69%	08/2023	14,126	14,008	5.1	13,984
Integration Appliance, Inc.	One stop	L + 7.25%	N/A(6)	08/2023	—	—	—	—
Internet Truckstop Group LLC	One stop	L + 5.50% (a)	7.91%	04/2025	8,138	7,943	3.0	8,138
Internet Truckstop Group LLC(5)	One stop	L + 5.50%	N/A(6)	04/2025	—	(3)	—	—
Invoice Cloud, Inc.	One stop	L + 6.50% (c)	5.79% cash/3.25% PIK	02/2024	1,069	1,059	0.4	1,069
Invoice Cloud, Inc.	One stop	L + 6.00%	N/A(6)	02/2024	—	—	—	—
Invoice Cloud, Inc.(5)	One stop	L + 6.00%	N/A(6)	02/2024	—	(8)	—	—
JAMF Holdings, Inc.	One stop	L + 7.00% (c)	9.53%	11/2022	1,058	1,038	0.4	1,058
JAMF Holdings, Inc.	One stop	L + 7.00% (a)	9.41%	11/2022	34	33	—	34
Kaseya Traverse Inc	One stop	L + 6.50% (a)	7.94% cash/1.00% PIK	05/2025	13,022	12,769	4.7	12,762
Kaseya Traverse Inc(5)	One stop	L + 5.50%	N/A(6)	05/2025	—	(17)	—	(17)
Kaseya Traverse Inc(5)	One stop	L + 5.50%	N/A(6)	05/2025	—	(2)	—	(2)
Keais Records Service, LLC	One stop	L + 4.50% (a)	6.90%	10/2024	4,138	4,111	1.5	4,138
Keais Records Service, LLC(5)	One stop	L + 4.50%	N/A(6)	10/2024	—	(1)	—	—
Keais Records Service, LLC(5)	One stop	L + 4.50%	N/A(6)	10/2024	—	(2)	—	—
Learn-it Systems, LLC	Senior loan	L + 4.50% (c)	6.90%	03/2025	766	755	0.3	766
Learn-it Systems, LLC	Senior loan	L + 4.50% (a)(c)	6.90%	03/2025	10	10	—	10
Learn-it Systems, LLC(5)	Senior loan	L + 4.50%	N/A(6)	03/2025	—	(8)	—	—
Litera Bidco LLC	One stop	L + 5.75% (d)	7.95%	05/2026	459	453	0.2	459
Litera Bidco LLC	One stop	L + 5.75%	N/A(6)	05/2025	—	—	—	—
Litera Bidco LLC(5)	One stop	L + 5.75%	N/A(6)	05/2026	—	(3)	—	—
Litera Bidco LLC	One stop	L + 5.75%	N/A(6)	05/2026	—	—	—	—
MetricStream, Inc.	One stop	L + 7.00% (c)	9.34%	05/2024	2,010	1,935	0.7	1,950
MetricStream, Inc.	One stop	L + 7.00%	N/A(6)	05/2024	—	—	—	—
MetricStream, Inc.(5)	One stop	L + 7.00%	N/A(6)	04/2024	—	(4)	—	1
Mindbody, Inc.	One stop	L + 7.00% (a)	9.39%	02/2025	11,692	11,582	4.3	11,692
Mindbody, Inc.(5)	One stop	L + 7.00%	N/A(6)	02/2025	—	(1)	—	—

Ministry Brands, LLC	Senior loan	L + 4.00% (c)	6.33%	12/2022	225	224	0.1	225
Ministry Brands, LLC	Senior loan	L + 4.00% (c)	6.33%	12/2022	132	131	0.1	132
Ministry Brands, LLC	Senior loan	L + 4.00% (c)	6.33%	12/2022	129	128	0.1	129
Namely, Inc.	One stop	L + 7.50% (c)	8.56% cash/1.25% PIK	06/2024	2,091	2,067	0.8	2,064
Namely, Inc.	One stop	L + 6.25%	N/A(6)	06/2024	—	—	—	—
Namely, Inc.(5)	One stop	L + 6.25%	N/A(6)	06/2024	—	(7)	—	(7)
Net Health Acquisition Corp.	One stop	L + 5.50% (c)	7.83%	12/2023	755	749	0.3	755
Net Health Acquisition Corp.	One stop	L + 5.50% (c)	7.83%	12/2023	112	112	0.1	112
Net Health Acquisition Corp.	One stop	L + 5.50%	N/A(6)	12/2023	—	—	—	—
Nextech Holdings, LLC	One stop	L + 5.50% (c)	7.90%	06/2025	18,032	17,852	6.6	17,851
Nextech Holdings, LLC	One stop	L + 5.50% (c)	7.90%	06/2025	50	47	—	47
Nextech Holdings, LLC(5)	One stop	L + 5.50%	N/A(6)	06/2025	—	(9)	—	(9)

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Service - (continued)								
Nexus Brands Group, Inc.	One stop	L + 6.00% (i)	8.43%	11/2023	\$ 596	\$ 591	0.2 %	\$ 596
Nexus Brands Group, Inc.	One stop	L + 6.00% (i)	8.33%	11/2023	297	295	0.1	297
Nexus Brands Group, Inc.	One stop	L + 6.00% (i)	8.33%	11/2023	215	214	0.1	215
Nexus Brands Group, Inc.	One stop	L + 6.00% (h)(i)	8.42%	11/2023	40	39	—	40
Nexus Brands Group, Inc.(5)	One stop	L + 6.00%	N/A(6)	11/2023	—	(2)	—	—
Personify, Inc.	One stop	L + 5.75% (c)	8.08%	09/2024	3,519	3,489	1.3	3,519
Personify, Inc.	One stop	L + 5.75% (c)	8.06%	09/2024	20	19	—	20
PlanSource Holdings, Inc.	One stop	L + 6.25% (d)	8.81%	04/2025	2,296	2,274	0.8	2,273
PlanSource Holdings, Inc. (5)	One stop	L + 6.25%	N/A(6)	04/2025	—	(1)	—	(1)
Project Power Buyer, LLC	One stop	L + 5.75% (c)	8.28%	05/2026	2,866	2,831	1.0	2,838
Project Power Buyer, LLC(5)	One stop	L + 5.75%	N/A(6)	05/2025	—	(1)	—	(1)
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	2,815	2,788	1.0	2,815
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	1,136	1,126	0.4	1,136
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	927	919	0.3	927
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	400	396	0.1	400
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	340	337	0.1	340
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	338	335	0.1	338
Property Brands, Inc.	One stop	L + 6.00% (a)	8.40%	01/2024	141	140	0.1	141
Property Brands, Inc.(5)	One stop	L + 6.00%	N/A(6)	01/2024	—	(1)	—	—
Property Brands, Inc.(5)	One stop	L + 6.00%	N/A(6)	01/2024	—	(11)	—	—
Qgenda Intermediate Holdings, LLC	One stop	L + 4.75% (a)	7.15%	06/2025	5,154	5,103	1.9	5,103
Qgenda Intermediate Holdings, LLC(5)	One stop	L + 4.75%	N/A(6)	06/2025	—	(1)	—	(1)
RegEd Aquireco, LLC	Senior loan	L + 4.25% (a)	6.65%	12/2024	1,233	1,222	0.5	1,233
RegEd Aquireco, LLC(5)	Senior loan	L + 4.25%	N/A(6)	12/2024	—	(1)	—	—
RegEd Aquireco, LLC(5)	Senior loan	L + 4.25%	N/A(6)	12/2024	—	(31)	—	—
Saba Software, Inc.	Senior loan	L + 4.50% (c)	6.83%	05/2023	14,289	14,167	5.3	14,289
TI Intermediate Holdings, LLC	Senior loan	L + 4.50% (a)(f)	6.91%	12/2024	833	825	0.3	833
TI Intermediate Holdings, LLC	Senior loan	L + 4.50% (a)	6.90%	12/2024	4	3	—	4
Transaction Data Systems, Inc.	One stop	L + 5.25% (a)	7.66%	06/2021	13,832	13,790	5.1	13,832
Transaction Data Systems, Inc.	One stop	L + 5.25% (a)	7.66%	06/2021	13	13	—	13
Trintech, Inc.	One stop	L + 6.50% (c)	9.09%	12/2023	2,120	2,100	0.8	2,120
Trintech, Inc.	One stop	L + 6.50% (c)	9.09%	12/2023	1,054	1,044	0.4	1,054
Trintech, Inc.	One stop	L + 6.50% (c)	9.04%	12/2023	60	59	—	60
True Commerce, Inc.	One stop	L + 5.75% (c)	8.08%	11/2023	1,315	1,302	0.5	1,315
True Commerce, Inc.(5)	One stop	L + 5.75%	N/A(6)	11/2023	—	(1)	—	—
Upserve, Inc.	One stop	L + 5.50% (a)	7.90%	07/2023	908	903	0.3	908
Upserve, Inc.	One stop	L + 5.50% (a)	7.90%	07/2023	565	562	0.2	565
Upserve, Inc.	One stop	L + 5.50%	N/A(6)	07/2023	—	—	—	—
Vector CS Midco Limited & Cloudsense Ltd.(7)(8)(9)(12)	One stop	L + 7.25% (i)	5.31% cash/2.75% PIK	05/2024	1,901	1,883	0.7	1,827

Vector CS Midco Limited & Cloudsense Ltd.(5)(7)(8)(9)	One stop	L + 4.50%	N/A(6)	05/2024	—	(1)	—	(1)
Velocity Technology Solutions, Inc.	One stop	L + 6.00% (c)	8.33%	12/2023	1,627	1,605	0.6	1,627
Velocity Technology Solutions, Inc.(5)	One stop	L + 6.00%	N/A(6)	12/2023	—	(1)	—	—
					259,259	256,089	94.7	257,511

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Electronics								
Appriss Holdings, Inc.	One stop	L + 5.50% (c)	7.83%	06/2026	\$ 8,364	\$ 8,199	3.0 %	\$ 8,281
Appriss Holdings, Inc.(5)	One stop	L + 5.50%	N/A(6)	06/2025	—	(4)	—	(2)
Diligent Corporation	One stop	L + 5.50% (d)	8.19%	04/2022	7,706	7,619	2.8	7,706
Diligent Corporation	One stop	L + 5.50% (d)	8.35%	04/2022	3,729	3,687	1.4	3,729
Diligent Corporation	One stop	L + 5.50% (c)	7.83%	04/2022	1,948	1,932	0.7	1,948
Diligent Corporation	One stop	L + 5.50% (d)	8.35%	04/2022	959	949	0.4	959
Diligent Corporation	One stop	L + 5.50% (c)(d)	8.14%	04/2022	721	707	0.3	721
Diligent Corporation	One stop	L + 5.50% (c)	8.02%	04/2022	276	275	0.1	276
Diligent Corporation	One stop	L + 5.50% (d)	8.19%	04/2022	97	95	—	97
Diligent Corporation(5)	One stop	L + 5.50%	N/A(6)	04/2022	—	(55)	—	—
Episerver, Inc.(7)(8)	One stop	L + 6.00% (a)	6.00%	10/2024	4,786	4,730	1.7	4,737
Episerver, Inc.	One stop	L + 5.75% (a)	8.15%	10/2024	2,775	2,742	1.0	2,775
Episerver, Inc.(5)	One stop	L + 5.75%	N/A(6)	10/2024	—	(2)	—	—
Silver Peak Systems, Inc.	One stop	L + 7.00% (a)	9.39%	04/2024	957	944	0.4	962
Silver Peak Systems, Inc.	One stop	L + 7.00%	N/A(6)	04/2024	—	—	—	—
Sovos Compliance	One stop	L + 4.75% (a)	7.15%	04/2024	7,513	7,368	2.7	7,362
Sovos Compliance	Second lien	N/A	12.00% PIK	04/2025	3,284	3,206	1.2	3,202
Sovos Compliance	Second lien	N/A	12.00% PIK	04/2025	427	416	0.2	422
Sovos Compliance	One stop	L + 4.75% (a)	7.15%	04/2024	282	269	0.1	279
Sovos Compliance(5)	One stop	L + 4.75%	N/A(6)	04/2024	—	(2)	—	(2)
					43,824	43,075	16.0	43,452
Finance								
Institutional Shareholder Services	Senior loan	L + 4.50% (c)	6.83%	03/2026	6,461	6,399	2.4	6,412
Institutional Shareholder Services	Senior loan	L + 4.50% (c)	6.83%	03/2024	30	28	—	27
					6,491	6,427	2.4	6,439
Healthcare, Education and Childcare								
Aspen Medical Products, LLC	One stop	L + 5.25% (c)	7.70%	06/2025	982	973	0.4	972
Aspen Medical Products, LLC	One stop	L + 5.25%	N/A(6)	06/2025	—	—	—	—
BIO18 Borrower, LLC	One stop	L + 5.25% (b)	7.74%	11/2024	1,776	1,756	0.7	1,776
BIO18 Borrower, LLC	One stop	L + 5.25% (b)	7.74%	11/2024	33	32	—	33
BIO18 Borrower, LLC(5)	One stop	L + 5.25%	N/A(6)	11/2024	—	(23)	—	—
CRH Healthcare Purchaser, Inc.	Senior loan	L + 4.50% (c)	6.83%	12/2024	2,553	2,529	0.9	2,553
CRH Healthcare Purchaser, Inc.(5)	Senior loan	L + 4.50%	N/A(6)	12/2024	—	(1)	—	—
CRH Healthcare Purchaser, Inc.(5)	Senior loan	L + 4.50%	N/A(6)	12/2024	—	(16)	—	—
Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	746	737	0.3	746
Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	653	646	0.2	653
Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	613	605	0.2	613
Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	584	577	0.2	584
Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	560	554	0.2	560

Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.65%	06/2023	100	99	—	100
Elite Dental Partners LLC(5)	One stop	L + 5.25%	N/A(6)	06/2023	—	(32)	—	—
ERG Buyer, LLC	One stop	L + 5.50% (c)	7.83%	05/2024	2,319	2,290	0.8	2,249
ERG Buyer, LLC(5)	One stop	L + 5.50%	N/A(6)	05/2024	—	(2)	—	(5)
ERG Buyer, LLC(5)	One stop	L + 5.50%	N/A(6)	05/2024	—	(47)	—	(115)
eSolutions, Inc.	One stop	L + 6.50% (a)	8.90%	03/2022	22,934	22,710	8.3	22,705
Eyecare Services Partners Holdings LLC	One stop	L + 6.25% (c)	8.58%	05/2023	1,127	1,123	0.4	1,105
Eyecare Services Partners Holdings LLC	One stop	L + 6.25% (c)	8.69%	05/2023	814	702	0.3	806
Krueger-Gilbert Health Physics, LLC	One stop	L + 4.75% (a)	7.17%	05/2025	130	129	0.1	129
Krueger-Gilbert Health Physics, LLC(5)	One stop	L + 4.75%	N/A(6)	05/2025	—	(17)	—	(17)
Krueger-Gilbert Health Physics, LLC(5)	One stop	L + 4.75%	N/A(6)	05/2025	—	—	—	(1)
MD Now Holdings, Inc.	One stop	L + 5.00% (c)	7.33%	08/2024	2,935	2,910	1.1	2,935
MD Now Holdings, Inc.(5)	One stop	L + 5.00%	N/A(6)	08/2024	—	(1)	—	—
MD Now Holdings, Inc.(5)	One stop	L + 5.00%	N/A(6)	08/2024	—	(7)	—	—
ONsite Mammography, LLC	One stop	L + 6.75% (a)	9.15%	11/2023	443	438	0.2	443

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Healthcare, Education and Childcare - (continued)								
ONsite Mammography, LLC	One stop	L + 6.75% (a)(d)	9.21%	11/2023	\$ 128	\$ 126	0.1 %	\$ 128
ONsite Mammography, LLC	One stop	L + 6.75% (a)(d)	9.38%	11/2023	8	7	—	8
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (d)	7.44%	10/2023	1,304	1,290	0.5	1,304
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (c)(d)	7.39%	10/2023	140	138	0.1	140
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (d)	7.43%	10/2023	64	59	—	64
Upstream Intermediate, LLC	Senior loan	L + 4.00% (a)	6.40%	01/2024	629	626	0.2	629
					41,575	40,910	15.2	41,097
Insurance								
Integrity Marketing Acquisition, LLC	Senior loan	L + 4.25% (c)(f)	6.58%	11/2025	673	669	0.2	673
Integrity Marketing Acquisition, LLC	Senior loan	L + 4.25% (c)(f)	6.58%	11/2025	161	160	0.1	161
Orchid Underwriters Agency, LLC	Senior loan	L + 4.50% (c)	6.70%	12/2024	817	810	0.3	817
Orchid Underwriters Agency, LLC	Senior loan	L + 4.50%	N/A(6)	12/2024	—	—	—	—
Orchid Underwriters Agency, LLC(5)	Senior loan	L + 4.50%	N/A(6)	12/2024	—	(4)	—	—
RSC Acquisition, Inc.(5)	Senior loan	L + 4.25%	N/A(6)	11/2022	—	(145)	—	—
					1,651	1,490	0.6	1,651
Leisure, Amusement, Motion Pictures, Entertainment								
EOS Fitness Opco Holdings, LLC	One stop	L + 4.75% (c)	7.08%	01/2025	1,760	1,743	0.6	1,760
EOS Fitness Opco Holdings, LLC	One stop	L + 4.75% (c)	7.06%	01/2025	68	62	—	68
EOS Fitness Opco Holdings, LLC	One stop	P + 3.75% (f)	9.25%	01/2025	6	5	—	6
Sunshine Sub, LLC	One stop	L + 4.75% (a)	7.15%	05/2024	1,999	1,967	0.7	1,999
Sunshine Sub, LLC	One stop	L + 4.75% (a)	7.15%	05/2024	1,957	1,926	0.7	1,957
Sunshine Sub, LLC(5)	One stop	L + 4.75%	N/A(6)	05/2024	—	(1)	—	—
Titan Fitness, LLC	One stop	L + 4.75% (a)	7.19%	02/2025	6,740	6,677	2.5	6,740
Titan Fitness, LLC(5)	One stop	L + 4.75%	N/A(6)	02/2025	—	(13)	—	—
Titan Fitness, LLC(5)	One stop	L + 4.75%	N/A(6)	02/2025	—	(2)	—	—
WBZ Investment LLC	One stop	L + 5.50% (a)	7.9%	09/2024	1,438	1,425	0.5	1,438
WBZ Investment LLC	One stop	L + 5.50% (a)	7.94%	09/2024	331	328	0.1	331
WBZ Investment LLC	One stop	L + 5.50% (a)	7.90%	09/2024	178	171	0.1	178
WBZ Investment LLC	One stop	L + 5.50%	N/A(6)	09/2024	—	—	—	—
					14,477	14,288	5.2	14,477
Oil and Gas								
Drilling Info Holdings, Inc.	Senior loan	L + 4.25% (a)	6.65%	07/2025	6,982	6,898	2.6	6,947
Drilling Info Holdings, Inc.(5)	Senior loan	L + 4.25%	N/A(6)	07/2023	—	(2)	—	(1)
Drilling Info Holdings, Inc.	Senior loan	L + 4.25%	N/A(6)	07/2025	—	—	—	—
					6,982	6,896	2.6	6,946
Personal and Non Durable Products (Mfg. Only)								
WU Holdco, Inc.	One stop	L + 5.50% (c)	7.83%	03/2026	938	929	0.3	938
WU Holdco, Inc.	One stop	L + 5.50%	N/A(6)	03/2025	—	—	—	—
WU Holdco, Inc. (5)	One stop	L + 5.50%	N/A(6)	03/2026	—	(1)	—	—

					938	928	0.3	938
Personal, Food and Miscellaneous Services								
Captain D's, LLC	Senior loan	L + 4.50% (a)	6.89%	12/2023	1,245	1,231	0.4	1,220
Captain D's, LLC	Senior loan	L + 4.50% (a)(f)	7.36%	12/2023	30	29	—	29
Clarkson Eyecare LLC	One stop	L + 6.25% (c)	8.58%	04/2021	6,665	6,605	2.4	6,599
Clarkson Eyecare LLC	One stop	L + 6.25% (a)(b)(c)	8.62%	04/2021	3,637	3,587	1.3	3,569
Clarkson Eyecare LLC	One stop	L + 6.25% (c)	8.65%	04/2021	3,128	3,105	1.1	3,097
Clarkson Eyecare LLC(5)	One stop	L + 6.25%	N/A(6)	04/2021	—	(76)	—	(83)
Imperial Optical Midco Inc.	One stop	L + 4.75% (b)(c)	7.15%	08/2023	755	746	0.3	746
Imperial Optical Midco Inc.	One stop	L + 4.75% (c)	7.16%	08/2023	492	486	0.2	486
Imperial Optical Midco Inc.	One stop	L + 4.75% (b)(c)	7.10%	08/2023	283	277	0.1	277
Imperial Optical Midco Inc.	One stop	L + 4.75% (b)	7.23%	08/2023	149	147	0.1	147
Imperial Optical Midco Inc.	One stop	L + 4.75%	N/A(6)	08/2023	—	—	—	—
Imperial Optical Midco Inc.(5)	One stop	L + 4.75%	N/A(6)	08/2023	—	(22)	—	(18)
PPV Intermediate Holdings II, LLC	One stop	L + 5.00% (c)	7.56%	05/2020	800	785	0.3	800

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Personal, Food and Miscellaneous Services - (continued)								
PPV Intermediate Holdings II, LLC	One stop	N/A	7.90% PIK	05/2023	\$ 8	\$ 8	— %	\$ 8
PPV Intermediate Holdings II, LLC(5)	One stop	L + 5.00%	N/A(6)	05/2023	—	(1)	—	—
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	10.04%	01/2023	128	124	0.1	128
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	10.08%	01/2023	59	59	—	59
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	10.02%	01/2023	5	5	—	5
Veterinary Specialists of North America, LLC	Senior loan	L + 4.25% (a)	6.65%	04/2025	17,139	16,975	6.3	17,139
Veterinary Specialists of North America, LLC(5)	Senior loan	L + 4.25%	N/A(6)	04/2025	—	(5)	—	—
Veterinary Specialists of North America, LLC(5)	Senior loan	L + 4.25%	N/A(6)	04/2025	—	(67)	—	—
					34,523	33,998	12.6	34,208
Printing and Publishing								
Messenger, LLC	One stop	L + 6.00% (a)(f)	8.41%	08/2023	1,634	1,621	0.6	1,634
Messenger, LLC	One stop	P + 5.00% (f)	10.50%	08/2023	20	20	—	20
					1,654	1,641	0.6	1,654
Retail Stores								
Jet Equipment & Tools Ltd.(7)(8)(10)	One stop	L + 5.75% (a)	7.71%	11/2024	4,311	4,263	1.6	4,308
Jet Equipment & Tools Ltd.(7)(10)	One stop	L + 5.75% (a)	8.15%	11/2024	3,398	3,366	1.2	3,398
Jet Equipment & Tools Ltd.(7)(10)	One stop	L + 5.75% (a)	8.15%	11/2024	1,044	1,035	0.4	1,044
Jet Equipment & Tools Ltd.(7)(10)	One stop	P + 4.75% (f)	10.25%	11/2024	15	15	—	15
Jet Equipment & Tools Ltd.(5)(7)(8)(10)	One stop	L + 5.75%	N/A(6)	11/2024	—	(1)	—	—
Pet Supplies Plus, LLC	Senior loan	L + 4.50% (a)	6.91%	12/2024	3,350	3,319	1.2	3,350
Pet Supplies Plus, LLC(5)	Senior loan	L + 4.50%	N/A(6)	12/2023	—	(1)	—	—
Sola Franchise, LLC and Sola Salon Studios, LLC	One stop	L + 5.25% (c)	7.58%	10/2024	936	928	0.3	936
Sola Franchise, LLC and Sola Salon Studios, LLC	One stop	L + 5.25% (c)	7.58%	10/2024	679	673	0.2	679
Sola Franchise, LLC and Sola Salon Studios, LLC	One stop	L + 5.25%	N/A(6)	10/2024	—	—	—	—
Sola Franchise, LLC and Sola Salon Studios, LLC(5)(6)	One stop	L + 5.25%	N/A(6)	10/2024	—	(7)	—	—
Vermont Aus Pty Ltd(7)(8)(11)	One stop	L + 5.75% (i)	7.00%	12/2024	439	431	0.2	436
Vermont Aus Pty Ltd(5)(7)(8)(11)	One stop	L + 5.75%	N/A(6)	12/2024	—	(3)	—	(3)
					14,172	14,018	5.1	14,163
Total debt investments					\$ 473,658	\$ 467,293	\$ 173.0 %	\$ 470,555

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal (\$) / Shares ⁽³⁾	Amortized Cost	Percentage of Net Assets	Fair Value ⁽⁴⁾
Equity investments⁽¹³⁾⁽¹⁴⁾								
Automobile								
Grease Monkey International, LLC	LLC units	N/A	N/A	N/A	73	\$ 73	0.1 %	\$ 144
Quick Quack Car Wash Holdings, LLC	LLC units	N/A	N/A	N/A	—	93	—	93
						166	0.1	237
Beverage, Food and Tobacco								
Mendocino Farms, LLC	Common stock	N/A	N/A	N/A	59	257	0.1	248
Wood Fired Holding Corp.	LLC units	N/A	N/A	N/A	103	103	0.1	106
Wood Fired Holding Corp.	LLC units	N/A	N/A	N/A	103	—	—	—
						360	0.2	354
Chemicals, Plastics and Rubber								
Inhance Technologies Holdings LLC	LLC units	N/A	N/A	N/A	—	34	—	30
Diversified/Conglomerate Service								
Astute Holdings, Inc.	LP interest	N/A	N/A	N/A	—	83	—	83
Calabrio, Inc.	Common stock	N/A	N/A	N/A	58	444	0.2	443
Caliper Software, Inc.	Preferred stock	N/A	N/A	N/A	1	596	0.2	667
Caliper Software, Inc.	Common stock	N/A	N/A	N/A	53	53	—	82
Caliper Software, Inc.	Preferred stock	N/A	N/A	N/A	—	8	—	9
Centrify Corporation	LP interest	N/A	N/A	N/A	—	170	0.1	154
Centrify Corporation	LP interest	N/A	N/A	N/A	60	—	—	—
Cloudbees, Inc.	Preferred stock	N/A	N/A	N/A	15	93	0.1	100
Cloudbees, Inc.	Warrant	N/A	N/A	N/A	13	17	—	41
Confluence Technologies, Inc.	LLC interest	N/A	N/A	N/A	—	32	—	53
Connexin Software, Inc.	LLC interest	N/A	N/A	N/A	26	26	—	39
Digital Guardian, Inc.	Preferred stock	N/A	N/A	N/A	725	87	—	82
Digital Guardian, Inc.	Warrant	N/A	N/A	N/A	248	43	—	50
Digital Guardian, Inc.	Preferred stock	N/A	N/A	N/A	150	27	—	31
Digital Guardian, Inc.	Warrant	N/A	N/A	N/A	25	4	—	6
GS Acquisitionco, Inc.	LP interest	N/A	N/A	N/A	—	44	0.1	172
Internet Truckstop Group LLC	LP interest	N/A	N/A	N/A	146	146	0.1	146
MetricStream, Inc.	Warrant	N/A	N/A	N/A	44	67	—	67
Namely, Inc.	Warrant	N/A	N/A	N/A	8	14	—	13
Net Health Acquisition Corp.	LP interest	N/A	N/A	N/A	—	73	—	99
Nexus Brands Group, Inc.	LP interest	N/A	N/A	N/A	—	40	—	44
Personify, Inc.	LLC units	N/A	N/A	N/A	145	145	0.1	205
Pride Midco, Inc.	Preferred stock	N/A	N/A	N/A	1	556	0.2	612
Property Brands, Inc.	LLC units	N/A	N/A	N/A	11	106	0.1	141
RegEd Aquireco, LLC	LP interest	N/A	N/A	N/A	—	70	—	74
RegEd Aquireco, LLC	LP interest	N/A	N/A	N/A	1	—	—	1

						2,944	1.2	3,414
Electronics								
Appriss Holdings, Inc.	Preferred stock	N/A	N/A	N/A	—	43	—	43
Episerver, Inc.	Common stock	N/A	N/A	N/A	17	173	0.1	190
Silver Peak Systems, Inc.	Warrant	N/A	N/A	N/A	11	4	—	4
						220	0.1	237
Healthcare, Education and Childcare								
Aspen Medical Products, LLC	Common stock	N/A	N/A	N/A	—	17	—	17
BIO18 Borrower, LLC	LLC interest	N/A	N/A	N/A	47	246	0.1	265
CRH Healthcare Purchaser, Inc.	LP interest	N/A	N/A	N/A	102	102	0.1	108
Elite Dental Partners LLC	Common stock	N/A	N/A	N/A	—	161	0.1	202
ERG Buyer, LLC	LLC units	N/A	N/A	N/A	—	165	—	87
ERG Buyer, LLC	LLC units	N/A	N/A	N/A	2	2	—	—
Krueger-Gilbert Health Physics, LLC	LLC units	N/A	N/A	N/A	40	40	—	40
MD Now Holdings, Inc.	LLC units	N/A	N/A	N/A	3	33	—	36

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

	Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal (\$) / Shares ⁽³⁾	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Healthcare, Education and Childcare - (continued)								
Summit Behavioral Healthcare, LLC	LLC interest	N/A	N/A	N/A	—	\$ 14	— %	\$ 7
Summit Behavioral Healthcare, LLC	LLC interest	N/A	N/A	N/A	—	—	—	—
						780	0.3	762
Insurance								
Orchid Underwriters Agency, LLC	LP interest	N/A	N/A	N/A	18	18	—	21
Leisure, Amusement, Motion Pictures, Entertainment								
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	15	24	—	24
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	10	16	—	17
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	9	13	—	14
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	8	12	—	12
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	3	5	—	5
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	—	—	—	—
						70	—	72
Personal, Food and Miscellaneous Services								
Captain D's, LLC	LLC interest	N/A	N/A	N/A	15	15	—	10
PPV Intermediate Holdings II, LLC	LLC interest	N/A	N/A	N/A	60	60	—	58
Ruby Slipper Cafe LLC, The	LLC units	N/A	N/A	N/A	6	61	—	78
						136	—	146
Retail Stores								
Jet Equipment & Tools Ltd.(7)(8)(9)	LLC units	N/A	N/A	N/A	—	173	0.1	273
Pet Supplies Plus, LLC	LLC units	N/A	N/A	N/A	34	34	—	47
Sola Franchise, LLC and Sola Salon Studios, LLC	LLC units	N/A	N/A	N/A	1	88	0.1	126
Sola Franchise, LLC and Sola Salon Studios, LLC	LLC units	N/A	N/A	N/A	—	18	—	26
						313	0.2	472
Total equity investments					\$ 2,469	\$ 5,041	2.1 %	\$ 5,745
Total investments					\$ 476,127	\$ 472,334	175.1 %	\$ 476,300
Cash, cash equivalents, and foreign currencies								
Cash and foreign currencies						\$ 1,613	0.6 %	\$ 1,613
BlackRock Liquidity Funds T-Fund Institutional Shares (CUSIP 09248U718)			2.25% ⁽¹⁵⁾			34,772	12.8	34,722
Total cash, cash equivalents and foreign currencies						\$ 36,385	13.4 %	\$ 36,335
Total investments and cash, cash equivalents, and foreign currencies						\$ 508,719	188.5 %	\$ 512,635

⁽¹⁾ The majority of the investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L"), Euro Interbank Offered Rate ("EURIBOR" or "E") or Prime ("P") and which reset daily, monthly, quarterly, semiannually or annually. For each, the Company has provided the spread over LIBOR or Prime and the

weighted average current interest rate in effect as of June 30, 2019. Certain investments are subject to a LIBOR, EURIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable. Listed below are the index rates as of June 28, 2019, which was the last business day of the period on which LIBOR was determined. The actual index rate for each loan listed may not be the applicable index rate outstanding as of June 30, 2019, as the loan may have priced or repriced based on an index rate prior to June 28, 2019.

- ^(a) Denotes that all or a portion of the loan was indexed to the 30-day LIBOR, which was 2.39% as of June 28, 2019.
- ^(b) Denotes that all or a portion of the loan was indexed to the 60-day LIBOR, which was 2.33% as of June 28, 2019.
- ^(c) Denotes that all or a portion of the loan was indexed to the 90-day LIBOR, which was 2.32% as of June 28, 2019.
- ^(d) Denotes that all or a portion of the loan was indexed to the 180-day LIBOR, which was 2.20% as of June 28, 2019.
- ^(e) Denotes that all or a portion of the loan was indexed to the 360-day LIBOR, which was 2.18% as of June 28, 2019.
- ^(f) Denotes that all or a portion of the loan was indexed to the Prime rate, which was 5.50% as of June 28, 2019.
- ^(g) Denotes that all or a portion of the loan was indexed to the 90-day EURIBOR, which was -0.39% as of June 28, 2019.
- ^(h) Denotes that all or a portion of the loan was indexed to the 30-day GBP LIBOR, which was 0.72% as of June 28, 2019.
- ⁽ⁱ⁾ Denotes that all or a portion of the loan was indexed to the 90-day GBP LIBOR, which was 0.77% as of June 28, 2019.
- ^(j) Denotes that all or a portion of the loan was indexed to the Australia Three Month Interbank Rate, which was 1.25% as of June 28, 2019

See Notes to Consolidated Financial Statements.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (continued)
June 30, 2019
(In thousands)

- (2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect as of June 30, 2019.
- (3) The total principal amount is presented for debt investments while the number of shares or units owned is presented for equity investments.
- (4) The fair value of the investment was valued using significant unobservable inputs. See Note 7. Fair Value Measurements.
- (5) The negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par. The negative amortized cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
- (6) The entire commitment was unfunded as of June 30, 2019. As such, no interest is being earned on this investment. The investment may be subject to an unused facility fee.
- (7) The investment is treated as a non-qualifying asset under Section 55(a) of the Investment Company Act of 1940, as amended (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 June 30, 2019, total non-qualifying assets at fair value represented 3.9% of the Company's assets calculated in accordance with the 1940 Act.
- (8) Investment is denominated in foreign currency and is translated into U.S. dollars as of the valuation date or the date of the transaction. See Note 2. Significant Accounting Policies and Recent Accounting Updates - Foreign Currency Translation.
- (9) The headquarters of this portfolio company is located in the United Kingdom.
- (10) The headquarters of this portfolio company is located in Canada.
- (11) The headquarters of this portfolio company is located in Australia.
- (12) The sale of a portion of this loan does not qualify for sale accounting under ASC Topic 860 - Transfers and Servicing ("ASC Topic 860"), and therefore, the asset remains in the Consolidated Schedule of Investments. See Note 8. Borrowings.
- (13) Equity investments are non-income producing securities unless otherwise noted.
- (14) Ownership of certain equity investments may occur through a holding company or partnership.
- (15) The rate shown is the annualized seven-day yield as of June 30, 2019.

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments
September 30, 2018
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Investments								
Debt investments								
Automobile								
	Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.24%	11/2022	\$ 480	\$ 475	0.5 % \$ 474
	Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.24%	11/2022	181	180	0.2 179
	Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.24%	11/2022	64	60	0.1 60
	Grease Monkey International, LLC	Senior loan	L + 5.00% (a)	7.24%	11/2022	21	20	— 20
	Grease Monkey International, LLC(5)	Senior loan	L + 5.00%	N/A(6)	11/2022	—	(4)	(0.1) (4)
	Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.74%	04/2023	1,712	1,692	2.0 1,712
	Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.67%	04/2023	727	719	0.8 727
	Quick Quack Car Wash Holdings, LLC	One stop	L + 6.50% (a)	8.7%	04/2023	40	39	— 40
	Quick Quack Car Wash Holdings, LLC(5)	One stop	L + 6.50%	N/A(6)	04/2023	—	(19)	— —
						3,225	3,162	3.5 3,208
Beverage, Food and Tobacco								
	Fintech Midco, LLC	One stop	L + 6.00% (a)	8.25%	08/2024	4,984	4,935	5.7 4,934
	Fintech Midco, LLC(5)	One stop	L + 6.00%	N/A(6)	08/2024	—	(1)	(0.1) (1)
	Fintech Midco, LLC(5)	One stop	L + 6.00%	N/A(6)	08/2024	—	(14)	— (14)
	Flavor Producers, LLC	Senior loan	L + 4.75% (c)	7.13%	12/2023	425	420	0.5 425
	Flavor Producers, LLC(5)	Senior loan	L + 4.75%	N/A(6)	12/2022	—	(1)	— —
	Mendocino Farms, LLC(5)	One stop	L + 8.50%	N/A(6)	06/2023	—	(9)	— —
						5,409	5,330	6.1 5,344
Buildings and Real Estate								
	MRI Software LLC	One stop	L + 5.50% (c)	7.89%	06/2023	6,894	6,829	7.9 6,894
Chemicals, Plastics and Rubber								
	Inhance Technologies Holdings LLC	One stop	L + 5.25% (b)	7.43%	07/2024	2,530	2,499	2.9 2,504
	Inhance Technologies Holdings LLC(5)	One stop	L + 5.25%	N/A(6)	07/2024	—	(1)	— (1)
	Inhance Technologies Holdings LLC(5)	One stop	L + 5.25%	N/A(6)	07/2024	—	(8)	— (8)
						2,530	2,490	2.9 2,495
Diversified/Conglomerate Manufacturing								
	Chase Industries, Inc.	Senior loan	L + 4.00% (c)	6.34%	05/2025	1,991	1,958	2.3 1,991
	Chase Industries, Inc.	Senior loan	L + 4.00% (c)	6.38%	05/2025	61	42	0.1 61
	Chase Industries, Inc.	Senior loan	L + 4.00% (c)	6.34%	05/2023	16	14	— 16
	Source Refrigeration & HVAC, Inc.	Senior loan	L + 4.75% (c)	7.14%	04/2023	2,693	2,665	3.1 2,693
	Source Refrigeration & HVAC, Inc.	Senior loan	L + 4.75% (c)	7.10%	04/2023	535	529	0.6 535
	Source Refrigeration & HVAC, Inc.	Senior loan	L + 4.75% (c)	7.09%	04/2023	275	272	0.3 275
	Source Refrigeration & HVAC, Inc.	Senior loan	P + 3.75% (f)	9.00%	04/2023	88	86	0.1 88
	Source Refrigeration & HVAC, Inc.(5)	Senior loan	L + 4.75%	N/A(6)	04/2023	—	(9)	— —
	Togetherwork Holdings, LLC	One stop	L + 6.50% (a)	8.74%	03/2025	2,000	1,973	2.3 1,980

Togetherwork Holdings, LLC	One stop	L + 6.50% (a)	8.74%	03/2025	483	477	0.6	479
Togetherwork Holdings, LLC	One stop	L + 6.50% (a)	8.74%	03/2025	450	444	0.5	446
Togetherwork Holdings, LLC	One stop	L + 6.50% (a)	8.74%	03/2025	206	203	0.2	204
Togetherwork Holdings, LLC(5)	One stop	L + 6.50%	N/A(6)	03/2024	—	(1)	—	(1)
Togetherwork Holdings, LLC(5)	One stop	L + 6.50%	N/A(6)	03/2025	—	(7)	(0.1)	(5)
Togetherwork Holdings, LLC(5)	One stop	L + 6.50%	N/A(6)	03/2025	—	(9)	—	(6)
					8,798	8,637	10.0	8,756

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments - (continued)
September 30, 2018
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Service								
Apttus Corporation	One stop	L + 7.85% (c)	10.06%	01/2023	\$ 1,517	\$ 1,466	1.8 %	\$ 1,586
Bazaarvoice, Inc.	One stop	L + 8.00% (a)	10.24%	02/2024	3,294	3,236	3.8	3,294
Bazaarvoice, Inc.	One stop	P + 7.00% (f)	12.25%	02/2024	30	28	—	30
Browz LLC	One stop	L + 9.50% (b)	10.17% cash/ 1.50% PIK	03/2023	546	540	0.6	546
Browz LLC	One stop	L + 9.50%	N/A(6)	03/2023	—	—	—	—
Centrify Corporation	One stop	L + 6.25% (c)	8.59%	08/2024	5,286	5,208	6.0	5,233
Centrify Corporation(5)	One stop	L + 6.25%	N/A(6)	08/2024	—	(2)	—	(2)
Cloudbees, Inc.	One stop	L + 9.00% (a)	10.61% cash/ 0.50% PIK	05/2023	838	817	0.9	825
Cloudbees, Inc.	One stop	L + 9.00%	N/A(6)	05/2023	—	—	—	—
Confluence Technologies, Inc.	One stop	L + 7.50% (a)	9.65%	03/2024	2,556	2,527	2.9	2,556
Confluence Technologies, Inc.	One stop	P + 6.50% (a)(f)	10.96%	03/2024	16	15	—	16
Connexin Software, Inc.	One stop	L + 8.50% (a)	10.74%	02/2024	883	871	1.1	883
Connexin Software, Inc.	One stop	L + 8.50%	N/A(6)	02/2024	—	—	—	—
Datto, Inc.	One stop	L + 8.00% (a)	10.15%	12/2022	2,201	2,164	2.5	2,201
Datto, Inc.(5)	One stop	L + 8.00%	N/A(6)	12/2022	—	(1)	—	—
Digital Guardian, Inc.	One stop	L + 9.00% (c)	10.33% cash/ 1.00% PIK	06/2023	1,623	1,612	1.9	1,623
Digital Guardian, Inc.	Subordinated debt	N/A	8.00% PIK	01/2019	82	82	0.1	82
Digital Guardian, Inc.(5)	One stop	L + 6.00%	N/A(6)	06/2023	—	—	—	(2)
Digital Guardian, Inc.(5)	One stop	L + 9.00%	N/A(6)	06/2023	—	(1)	—	—
GS Acquisitionco, Inc.	One stop	L + 5.00% (a)	7.25%	05/2024	5,011	4,962	5.7	4,961
GS Acquisitionco, Inc.	One stop	L + 5.00% (a)	7.25%	05/2024	4,472	4,430	5.1	4,427
GS Acquisitionco, Inc.(5)	One stop	L + 4.75%	N/A(6)	05/2024	—	(1)	—	(1)
GS Acquisitionco, Inc.(5)	One stop	L + 4.75%	N/A(6)	05/2024	—	(28)	—	(29)
ICIMS, Inc.	One stop	L + 6.50% (c)	8.64%	09/2024	2,607	2,555	2.9	2,555
ICIMS, Inc.(5)	One stop	L + 6.50%	N/A(6)	09/2024	—	(1)	—	(1)
Imprivata, Inc.	Senior loan	L + 4.00% (c)	6.39%	10/2023	2,599	2,571	3.0	2,599
Imprivata, Inc.(5)	Senior loan	L + 4.00%	N/A(6)	10/2023	—	(2)	—	—
Infogix, Inc.	One stop	L + 6.00% (c)	8.39%	04/2024	1,487	1,480	1.7	1,487
Infogix, Inc.	One stop	P + 5.00% (f)	10.25%	04/2024	9	9	—	9
Integral Ad Science, Inc.	One stop	L + 7.25% (a)	8.25% cash/ 1.25% PIK	07/2024	2,400	2,354	2.7	2,352
Integral Ad Science, Inc.(5)	One stop	L + 6.00%	N/A(6)	07/2023	—	(1)	—	(1)
Integration Appliance, Inc.	One stop	L + 7.25% (a)	9.36%	08/2023	9,879	9,789	11.2	9,780
Integration Appliance, Inc.	One stop	L + 7.25%	N/A(6)	08/2023	—	—	—	—
JAMF Holdings, Inc.	One stop	L + 8.00% (c)	10.32%	11/2022	906	891	1.0	906
JAMF Holdings, Inc.(5)	One stop	L + 8.00%	N/A(6)	11/2022	—	(1)	—	—
Jobvite, Inc.	One stop	L + 8.00% (a)	10.15%	07/2023	527	504	0.6	507
Jobvite, Inc.	One stop	L + 8.00%	N/A(6)	07/2023	—	—	—	—
Jobvite, Inc.	One stop	L + 8.00%	N/A(6)	07/2023	—	(2)	—	(3)

Ministry Brands, LLC	Senior loan	L + 4.00%	(a)	6.24%	12/2022	227	225	0.3	227
Ministry Brands, LLC	Senior loan	L + 4.00%	(a)	6.24%	12/2022	130	129	0.1	130
Ministry Brands, LLC	Senior loan	L + 4.00%	(a)	6.24%	12/2022	45	44	0.1	45
Net Health Acquisition Corp.	One stop	L + 5.50%	(a)	7.74%	12/2023	761	754	0.9	761
Net Health Acquisition Corp.	One stop	L + 5.50%	(a)	7.74%	12/2023	113	112	0.1	113
Net Health Acquisition Corp.(5)	One stop	L + 5.50%		N/A(6)	12/2023	—	(1)	—	—
Nextech Systems, LLC	One stop	L + 6.00%	(a)	8.24%	03/2024	3,764	3,752	4.3	3,764
Nextech Systems, LLC	One stop	L + 6.00%		N/A(6)	03/2024	—	—	—	—
Nexus Brands Group, Inc.	One stop	L + 6.00%	(c)	8.33%	11/2023	601	594	0.7	601
Nexus Brands Group, Inc.	One stop	L + 6.00%	(c)	8.39%	11/2023	216	215	0.2	216

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments - (continued)
September 30, 2018
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Service - (continued)								
	Nexus Brands Group, Inc.(5)	One stop	L + 6.00%	N/A(6)	11/2023	\$ —	\$ (1)	— % \$ —
	Nexus Brands Group, Inc.(5)	One stop	L + 6.00%	N/A(6)	11/2023	—	(2)	—
	Personify, Inc.	One stop	L + 5.75% (c)	8.14%	09/2024	2,576	2,551	2.9 2,551
	Personify, Inc.(5)	One stop	L + 5.75%	N/A(6)	09/2024	—	(1)	— (1)
	Property Brands, Inc.	One stop	L + 6.00% (a)	8.24%	01/2024	2,836	2,805	3.3 2,836
	Property Brands, Inc.	One stop	L + 6.00% (a)	8.24%	01/2024	934	924	1.1 934
	Property Brands, Inc.(5)	One stop	L + 6.00%	N/A(6)	01/2024	—	(1)	—
	Property Brands, Inc.(5)	One stop	L + 6.00%	N/A(6)	01/2024	—	(4)	—
	Transaction Data Systems, Inc.	One stop	L + 5.25% (a)	7.50%	06/2021	13,937	13,879	16.0 13,937
	Transaction Data Systems, Inc.	One stop	L + 5.25% (c)	7.64%	06/2021	3	3	— 3
	Trintech, Inc.	One stop	L + 6.00% (b)	8.20%	12/2023	2,136	2,113	2.4 2,136
	Trintech, Inc.	One stop	L + 6.00% (b)	8.20%	12/2023	1,062	1,051	1.2 1,062
	Trintech, Inc.	One stop	L + 6.00% (b)	8.20%	12/2023	30	28	— 30
	True Commerce, Inc.	One stop	L + 5.75% (c)	8.14%	11/2023	1,117	1,106	1.3 1,117
	True Commerce, Inc.(5)	One stop	L + 5.75%	N/A(6)	11/2023	—	(1)	—
	Upserve, Inc.	One stop	L + 5.50% (a)	7.65%	07/2023	908	902	1.0 901
	Upserve, Inc.	One stop	L + 5.50%	N/A(6)	07/2023	—	—	—
	Upserve, Inc.(5)	One stop	L + 5.50%	N/A(6)	07/2023	—	(4)	— (4)
	Velocity Technology Solutions, Inc.	One stop	L + 6.00% (c)	8.39%	12/2023	1,639	1,614	1.9 1,639
	Velocity Technology Solutions, Inc.(5)	One stop	L + 6.00%	N/A(6)	12/2023	—	(1)	—
					81,804	80,856	93.3	81,417
Electronics								
	Diligent Corporation	One stop	L + 5.50% (c)	8.03%	04/2022	7,765	7,653	8.9 7,765
	Diligent Corporation	One stop	L + 5.50% (d)	8.09%	04/2022	1,963	1,942	2.3 1,963
	Diligent Corporation	One stop	L + 5.50% (c)	7.98%	04/2022	278	276	0.3 278
	Diligent Corporation	One stop	L + 5.50% (c)(d)	8.03%	04/2022	98	95	0.1 98
	Diligent Corporation(5)	One stop	L + 5.50%	N/A(6)	04/2022	—	(1)	—
	Diligent Corporation(5)	One stop	L + 5.50%	N/A(6)	04/2022	—	(54)	—
					10,104	9,911	11.6	10,104
Healthcare, Education and Childcare								
	Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.49%	06/2023	751	741	0.9 751
	Elite Dental Partners LLC	One stop	L + 5.25% (a)	7.49%	06/2023	589	516	0.7 589
	Elite Dental Partners LLC(5)	One stop	L + 5.25%	N/A(6)	06/2023	—	(1)	—
	ERG Buyer, LLC	One stop	L + 5.50% (c)	7.89%	05/2024	2,336	2,303	2.7 2,336
	ERG Buyer, LLC(5)	One stop	L + 5.50%	N/A(6)	05/2024	—	(2)	—
	ERG Buyer, LLC(5)	One stop	L + 5.50%	N/A(6)	05/2024	—	(54)	—
	Eyecare Services Partners Holdings LLC	One stop	L + 6.25% (c)	8.59%	05/2023	1,136	1,131	1.3 1,136
	Eyecare Services Partners Holdings LLC	One stop	L + 6.25% (c)	8.64%	05/2023	363	289	0.4 363

MD Now Holdings, Inc.	One stop	L + 5.25% (e)	7.64%	08/2024	2,957	2,928	3.4	2,927
MD Now Holdings, Inc.(5)	One stop	L + 5.25%	N/A(6)	08/2024	—	(1)	—	(2)
MD Now Holdings, Inc.(5)	One stop	L + 5.25%	N/A(6)	08/2024	—	(8)	—	(8)
ONsite Mammography, LLC	One stop	L + 6.75% (a)	8.99%	11/2023	446	441	0.5	446
ONsite Mammography, LLC	One stop	L + 6.75% (c)(d)	9.15%	11/2023	53	51	0.1	53
ONsite Mammography, LLC(5)	One stop	L + 6.75%	N/A(6)	11/2023	—	(1)	—	—
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (e)	7.06%	10/2023	1,314	1,297	1.5	1,314
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (e)	7.07%	10/2023	65	63	0.1	65
Summit Behavioral Healthcare, LLC	Senior loan	L + 4.75% (e)	7.07%	10/2023	65	58	0.1	65
Upstream Intermediate, LLC	Senior loan	L + 4.25% (c)(f)	6.64%	01/2024	634	631	0.7	634
					10,709	10,382	12.4	10,669

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments - (continued)
September 30, 2018
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Leisure, Amusement, Motion Pictures, Entertainment								
Sunshine Sub, LLC	One stop	L + 4.75% (a)	6.99%	05/2024	\$ 2,015	\$ 1,977	2.3 %	\$ 2,015
Sunshine Sub, LLC(5)	One stop	L + 4.75%	N/A(6)	05/2024	—	(1)	—	—
Sunshine Sub, LLC(5)	One stop	L + 4.75%	N/A(6)	05/2024	—	(14)	—	—
WBZ Investment LLC	One stop	L + 5.50% (a)	7.64%	09/2020	1,448	1,434	1.6	1,434
WBZ Investment LLC(5)	One stop	L + 5.50%	N/A(6)	09/2024	—	(1)	—	(1)
WBZ Investment LLC(5)	One stop	L + 5.50%	N/A(6)	09/2024	—	(11)	—	(11)
					3,463	3,384	3.9	3,437
Oil and Gas								
Drilling Info Holdings, Inc.	Senior loan	L + 4.25% (b)	6.54%	07/2025	5,888	5,812	6.7	5,858
Drilling Info Holdings, Inc.(5)	Senior loan	L + 4.25%	N/A(6)	07/2023	—	(2)	—	—
Drilling Info Holdings, Inc.(5)	Senior loan	L + 4.25%	N/A(6)	07/2025	—	(20)	—	(6)
					5,888	5,790	6.7	5,852
Personal, Food and Miscellaneous Services								
Captain D's, LLC	Senior loan	L + 4.50% (b)	6.71%	12/2023	1,275	1,258	1.5	1,275
Captain D's, LLC	Senior loan	P + 3.50% (a)(f)	7.86%	12/2023	33	32	—	33
Imperial Optical Midco Inc.	One stop	L + 4.75% (b)	6.96%	08/2023	248	223	0.3	222
Imperial Optical Midco Inc.	One stop	L + 4.75% (b)	7.04%	08/2023	150	148	0.2	148
Imperial Optical Midco Inc.	One stop	L + 4.75%	N/A(6)	08/2023	—	—	—	—
PPV Intermediate Holdings II, LLC	One stop	N/A	7.90% PIK	05/2023	7	7	—	7
PPV Intermediate Holdings II, LLC(5)	One stop	L + 5.00%	N/A(6)	05/2023	—	(1)	—	—
PPV Intermediate Holdings II, LLC(5)	One stop	L + 5.00%	N/A(6)	05/2020	—	(29)	—	—
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	9.85%	01/2023	60	59	0.1	60
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	9.84%	01/2023	21	17	—	21
Ruby Slipper Cafe LLC, The	One stop	L + 7.50% (c)	9.82%	01/2023	5	5	0.1	5
					1,799	1,719	2.2	1,771
Printing and Publishing								
Messenger, LLC	One stop	L + 6.00% (a)(f)	8.23%	08/2023	1,642	1,626	1.9	1,626
Messenger, LLC	One stop	P + 5.00% (f)	10.25%	08/2023	3	3	—	3
					\$ 1,645	\$ 1,629	1.9	\$ 1,629
Total debt investments					\$ 142,268	\$ 140,119	162.4 %	\$ 141,576
Equity investments(7)(8)								
Automobile								
Grease Monkey International, LLC	LLC units	N/A	N/A	N/A	73	\$ 73	0.1 %	\$ 106
Quick Quack Car Wash Holdings, LLC	LLC units	N/A	N/A	N/A	—	93	0.1	93
						166	0.2	199
Beverage, Food and Tobacco								
Mendocino Farms, LLC	Common stock	N/A	N/A	N/A	59	257	0.3	257

Chemicals, Plastics and Rubber								
Inhance Technologies Holdings LLC	LLC units	N/A	N/A	N/A	—	34	—	34

See Notes to Consolidated Financial Statements.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments - (continued)
September 30, 2018
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal (\$) / Shares(3)	Amortized Cost	Percentage of Net Assets	Fair Value (4)
Diversified/Conglomerate Service								
Apttus Corporation	Preferred stock	N/A	N/A	N/A	6	\$ 97	0.1 %	\$ 130
Apttus Corporation	Warrant	N/A	N/A	N/A	13	71	0.1	68
Centrify Corporation	LP interest	N/A	N/A	N/A	—	170	0.2	170
Centrify Corporation	LP interest	N/A	N/A	N/A	60	—	—	—
Cloudbees, Inc.	Preferred stock	N/A	N/A	N/A	15	93	0.1	93
Cloudbees, Inc.	Warrant	N/A	N/A	N/A	13	17	—	17
Confluence Technologies, Inc.	LLC interest	N/A	N/A	N/A	—	32	—	37
Connexin Software, Inc.	LLC interest	N/A	N/A	N/A	26	26	—	34
Digital Guardian, Inc.	Warrant	N/A	N/A	N/A	25	4	—	4
GS Acquisitionco, Inc.	LP interest	N/A	N/A	N/A	—	44	0.1	57
Jobvite, Inc.	Warrant	N/A	N/A	N/A	32	21	—	21
Net Health Acquisition Corp.	LP interest	N/A	N/A	N/A	—	73	0.1	81
Nexus Brands Group, Inc.	LP interest	N/A	N/A	N/A	—	29	—	33
Personify, Inc.	LLC units	N/A	N/A	N/A	145	145	0.2	145
Property Brands, Inc.	Preferred stock	N/A	N/A	N/A	11	106	0.1	115
						928	1.0	1,005
Healthcare, Education and Childcare								
Elite Dental Partners LLC	Common stock	N/A	N/A	N/A	—	161	0.2	161
ERG Buyer, LLC	LLC units	N/A	N/A	N/A	—	156	0.2	156
ERG Buyer, LLC	LLC units	N/A	N/A	N/A	2	2	—	2
MD Now Holdings, Inc.	LLC units	N/A	N/A	N/A	3	33	—	33
Summit Behavioral Healthcare, LLC	LLC interest	N/A	N/A	N/A	—	14	—	16
Summit Behavioral Healthcare, LLC	LLC interest	N/A	N/A	N/A	—	—	—	1
						366	0.4	369
Leisure, Amusement, Motion Pictures, Entertainment								
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	15	24	—	24
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	10	16	—	16
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	9	13	—	13
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	8	12	—	12
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	3	5	—	5
WBZ Investment LLC	LLC interest	N/A	N/A	N/A	—	1	—	1
						71	—	71
Personal, Food and Miscellaneous Services								
Captain D's, LLC	LLC interest	N/A	N/A	N/A	15	15	—	13
PPV Intermediate Holdings II, LLC	LLC interest	N/A	N/A	N/A	60	60	0.1	60
Ruby Slipper Cafe LLC, The	LLC units	N/A	N/A	N/A	6	61	0.1	75
						136	0.2	148

Total equity investments		\$	1,958	2.1	%	\$	2,083
Total investments		\$	142,268	\$	142,077	164.5	% \$ 143,659
Cash and cash equivalents							
Cash		\$	1,320	1.5	%	\$	1,320
BlackRock Liquidity Funds T-Fund Institutional Shares (CUSIP 09248U718)	2.00% (9)		2,333	2.7			2,333
Total cash and cash equivalents		\$	3,653	4.2	%	\$	3,653
Total investments and cash and cash equivalents		\$	145,730	168.7	%	\$	147,312

See Notes to Consolidated Financial Statements.

Golub Capital BDC 3, Inc. and Subsidiaries
Consolidated Schedule of Investments - (continued)
September 30, 2018
(In thousands)

-
- (1) The majority of the investments bear interest at a rate that may be determined by reference to the LIBOR or Prime and which reset daily, monthly, quarterly, semiannually or annually. For each, the Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect as of September 30, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable. Listed below are the index rates as of September 28, 2018, which was the last business day of the period on which LIBOR was determined. The actual index rate for each loan listed may not be the applicable index rate outstanding as of September 30, 2018, as the loan may have priced or repriced based on an index rate prior to September 28, 2018.
- (a) Denotes that all or a portion of the loan was indexed to the 30-day LIBOR, which was 2.26% as of September 28, 2018.
- (b) Denotes that all or a portion of the loan was indexed to the 60-day LIBOR, which was 2.31% as of September 28, 2018.
- (c) Denotes that all or a portion of the loan was indexed to the 90-day LIBOR, which was 2.40% as of September 28, 2018.
- (d) Denotes that all or a portion of the loan was indexed to the 180-day LIBOR, which was 2.60% as of September 28, 2018.
- (e) Denotes that all or a portion of the loan was indexed to the 360-day LIBOR, which was 2.92% as of September 28, 2018.
- (f) Denotes that all or a portion of the loan was indexed to the Prime rate, which was 5.25% as of September 28, 2018.
- (2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect as of September 30, 2018.
- (3) The total principal amount is presented for debt investments while the number of shares or units owned is presented for equity investments.
- (4) The fair value of the investment was valued using significant unobservable inputs. See Note 7. Fair Value Measurements.
- (5) The negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par. The negative amortized cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
- (6) The entire commitment was unfunded as of September 30, 2018. As such, no interest is being earned on this investment. The investment may be subject to an unused facility fee.
- (7) Equity investments are non-income producing securities unless otherwise noted.
- (8) Ownership of certain equity investments may occur through a holding company or partnership.
- (9) The rate shown is the annualized seven-day yield as of September 30, 2018.

See Notes to Consolidated Financial Statements.

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

Note 1. Organization

Golub Capital BDC 3, Inc. ("GBDC 3" and, collectively with its subsidiaries, the "Company") is an externally managed, closed-end, non-diversified management investment company that was formed on August 1, 2017 and elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"), on September 29, 2017. On October 2, 2017, the date of the commencement of operations, the Company entered into subscription agreements (collectively, the "Subscription Agreements") to sell shares of GBDC 3's common stock in private placements (the "Initial Closing"). In addition, for U.S. federal income tax purposes, beginning with its 2018 tax year, the Company 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").

The Company's investment strategy is to invest primarily in one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans and that are often referred to by other middle-market lenders as unitranche loans) and other senior secured loans of U.S. middle-market companies that are, in most cases, sponsored by private equity firms. The Company may also selectively invest in second lien and subordinated (a loan that ranks senior only to a borrower's equity securities and ranks junior to all of such borrower's other indebtedness in priority of payment) loans of, and warrants and minority equity securities in, U.S. middle-market companies. The Company has entered into an investment advisory agreement (the "Investment Advisory Agreement") with GC Advisors LLC (the "Investment Adviser"), under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. Under an administration agreement (the "Administration Agreement") the Company is provided with certain services by an administrator (the "Administrator"), which is currently Golub Capital LLC.

Note 2. Significant Accounting Policies and Recent Accounting Updates

Basis of presentation: The Company is an investment company as defined in the accounting and reporting guidance under Accounting Standards Codification ("ASC") Topic 946 - *Financial Services - Investment Companies* ("ASC Topic 946").

The accompanying interim consolidated financial statements of the Company and related financial information have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as established by the Financial Accounting Standards Board ("FASB") for interim financial information and pursuant to the requirements for reporting Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements.

In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications consisting solely of normal accruals that are necessary for the fair presentation of financial results as of and for the periods presented. All intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the current period presentation. The unaudited interim consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes thereto in the Company's Form 10-K for the year ended September 30, 2018, as filed with the U.S. Securities and Exchange Commission (the "SEC").

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

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

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

Any changes to the valuation methodology are reviewed by management and the Company's board of directors (the "Board") to confirm that the changes are appropriate. As markets change, new products develop and the pricing for products becomes more or less transparent, the Company will continue to refine its valuation methodologies. See further description of fair value methodology in Note 7.

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

Consolidation: As provided under ASC Topic 946 and Regulation S-X, the Company will generally not consolidate its investment in a 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, GBDC 3 Holdings LLC ("GBDC 3 Holdings") and GBDC 3 Funding LLC ("GBDC 3 Funding"), in its consolidated financial statements.

Cash, cash equivalents and foreign currencies: Cash, cash equivalents and foreign currencies are highly liquid investments with an original maturity of three months or less at the date of acquisition. The Company deposits its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Foreign currency translation: The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) cash and cash equivalents, fair value of investments, interest receivable, and other assets and liabilities—at the spot exchange rate on the last business day of the period; and
- (2) purchases and sales of investments, income and expenses—at the exchange rates prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Fluctuations arising from the translation of assets other than investments and liabilities are included with the net change in unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies on the Consolidated Statements of Operations.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Forward currency contracts: A forward foreign currency contract is an obligation between two parties to purchase or sell a specific currency for an agreed-upon price at a future date. The Company utilized forward currency contracts to economically hedge the currency exposure associated with certain foreign-denominated investments. The use of forward foreign currency contracts does not eliminate fluctuations in the price of the underlying

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

securities the Company owns or intends to acquire but establishes a rate of exchange in advance. Fluctuations in the value of these contracts are measured by the difference in the exchange rates on the contract date and reporting date and are recorded as unrealized appreciation (depreciation) until the contracts are closed. When the contracts are closed, realized gains (losses) are recorded. Realized gains (losses) and unrealized appreciation (depreciation) on the contracts are included in the Consolidated Statements of Operations. Unrealized appreciation (depreciation) on forward currency contracts is recorded on the Consolidated Statements of Financial Condition by counterparty on a net basis, not taking into account collateral posted which is recorded separately, if applicable.

The primary risks associated with forward foreign currency contracts include failure of the counterparty to meet the terms of the contract and the value of the foreign currency changing unfavorably. These risks may be in excess of the amounts reflected in the Consolidated Statements of Financial Condition.

Refer to Note 6 for more information regarding the forward currency contracts.

Revenue recognition:

Investments and related investment income: Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments.

Loan origination fees, original issue discount and market discount or premium are capitalized, and the Company accretes or amortizes such amounts over the life of the loan as interest income. For the three and nine months ended June 30, 2019, interest income included \$371 and \$854, respectively, of accretion of discounts. For the three and nine months ended June 30, 2018, interest income included \$51 and \$81, respectively, of accretion of discounts. For the three and nine months ended June 30, 2019, the Company received loan origination fees of \$3,030 and \$5,086, respectively. For the three and nine months ended June 30, 2018, the Company received loan origination fees of \$715 and \$1,508, respectively.

For investments with contractual payment-in-kind ("PIK") interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. For the three and nine months ended June 30, 2019, the Company recorded PIK income of \$134 and \$171, respectively, and did not receive any PIK payments in cash. For each of the three and nine months ended June 30, 2018, the Company recorded PIK income of \$3 and \$4, respectively, and did not receive any PIK payments in cash.

In addition, the Company may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans. The Company records these fees as fee income when earned. All other income is recorded into income when earned. For the three and nine months ended June 30, 2019, fee income included \$44 and \$122, respectively, of prepayment premiums, which fees are non-recurring. For each of the three and nine months ended June 30, 2018, fee income did not include any prepayment premiums.

For the three and nine months ended June 30, 2019, the Company received interest and fee income in cash, which excludes capitalized loan origination fees, in the amounts of \$7,936 and \$17,205, respectively. For the three and nine months ended June 30, 2018, the Company received interest and fee income in cash, which excludes capitalized loan origination fees, in the amounts of \$1,239 and \$1,716, respectively.

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

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the amortized cost basis of the investment. For the three and nine months ended June 30, 2019 and 2018, the Company did not record dividend income or return of capital distributions.

Investment transactions are accounted for on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. The Company reports current period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments and foreign currency translation in the Consolidated Statements of Operations.

Non-accrual loans: A loan may be left on accrual status during the period the Company is pursuing repayment of the loan. Management reviews all loans that become 90 days or more past due on principal and interest, or when there is reasonable doubt that principal or interest will be collected, for possible placement on non-accrual status. When a loan is placed on non-accrual status, unpaid interest credited to income is reversed. 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 and interest is paid, and, in management's judgment, payments are likely to remain current. As of each of June 30, 2019 and September 30, 2018, the Company had no portfolio company investments on non-accrual status.

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 applicable to RICs. In order to qualify and be subject to tax as a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute dividends for U.S. federal income tax purposes to its stockholders of an amount generally at least equal to 90% of its investment company taxable income, as defined by the Code and determined without regard to any deduction for dividends paid, for each tax year. The Company has made, and intends to continue to make, the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal income taxes with respect to all income distributed to its stockholders.

Depending on the level of taxable income earned in a tax year, the Company may choose to retain taxable income in excess of current year dividend distributions and would distribute such taxable income in the next tax year. The Company may then be required to incur a 4% excise tax on such income. To the extent that the Company determines that its estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. For each of the three and nine months ended June 30, 2019, no U.S. federal excise tax was incurred. For the three and nine months ended June 30, 2018, \$0 and \$1, respectively, was incurred for U.S. federal excise tax.

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 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 or tax benefit 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 unrecognized tax benefits or unrecognized tax liabilities related to uncertain income tax positions through June 30, 2019. The Company's tax return for the 2017 and 2018 tax years remains subject to examination by U.S. federal and most state tax authorities.

Distributions: Distributions to common stockholders are recorded on the record date. Subject to the discretion of and as determined by the Board, the Company intends to authorize and declare ordinary cash distributions based on a formula approved by the Board on a quarterly basis. The amount to be paid out as a dividend or distribution is

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan (“DRIP”) that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Board authorizes and the Company declares a cash distribution, then stockholders who have not “opted out” of the DRIP will have their cash distribution automatically reinvested in additional shares of the Company’s common stock, rather than receiving the cash distribution. Shares issued under the DRIP will be issued at a price per share equal to the most recent net asset value (“NAV”) per share as determined by the Board (subject to adjustment to the extent required by Section 23 of the 1940 Act).

Deferred debt issuance costs: Deferred debt issuance costs represent fees and other direct incremental costs incurred in connection with the Company’s borrowings. As of June 30, 2019 and September 30, 2018, the Company had deferred debt issuance costs of \$526 and \$493, respectively. These amounts are amortized and included in interest expense in the Consolidated Statements of Operations over the estimated average life of the borrowings. Amortization expense for the three and nine months ended June 30, 2019 was \$68 and \$600, respectively. Amortization expense for the three and nine months ended June 30, 2018 was \$31 and \$36, respectively.

SEC Disclosure Update and Simplification: In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification (the “SEC Release”), amending certain disclosure requirements intended to facilitate the disclosure of information to investors and simplify compliance. The SEC Release is effective for all filings on or after November 5, 2018. The Company first adopted the SEC Release for the fiscal year ended September 30, 2018. The SEC Release required presentation changes to the Company’s Consolidated Statements of Financial Condition and Consolidated Statements of Changes in Net Assets. Prior to adoption, the Company presented, in accordance with previous SEC rules, distributable earnings on the Consolidated Statements of Financial Condition, as three components: 1) undistributed net investment income; 2) net unrealized appreciation (depreciation) on investments; and 3) net realized gain (loss) on investments and presented distributions from distributable earnings on the Consolidated Statements of Changes in Net Assets as two components: 1) distributions from net investment income; and 2) distributions from realized gain. In accordance with the SEC Release, distributable earnings and distributions from distributable earnings are shown in total on the Consolidated Statements of Financial Condition and Consolidated Statements of Changes in Net Assets, respectively. The changes in presentation have been retrospectively applied to the Consolidated Statements of Changes in Net Assets for the nine months ended June 30, 2018.

The following table provides the reconciliation of the components of distributable earnings to conform to the current period presentation for the nine months ended June 30, 2018:

	Total increase (decrease) for the nine months ended June 30, 2018		
	Capital Distributions in Excess of Net Investment	Net Unrealized Appreciation (Depreciation) on Investments	Distributable Earnings
Net investment income	\$ 939	\$ —	\$ 939
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation	—	1,013	1,013
Net increase in net assets from operations	\$ 939	\$ 1,013	\$ 1,952

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

The following table provides the reconciliation of the components of distributions from distributable earnings to conform to the current period presentation for the nine months ended June 30, 2018:

	Total increase (decrease) for the nine months ended June 30, 2018	
Distributions to stockholders:		
Distributions from net investment income	\$	(755)
Distributions from distributable earnings	\$	(755)

Note 3. Stockholders' Equity

GBDC 3 is authorized to issue 1,000,000 shares of preferred stock at a par value of \$0.001 per share and 100,000,000 shares of common stock at a par value of \$0.001 per share. Since the commencement of operations on October 2, 2017, GBDC 3 has entered into Subscription Agreements with several investors, including with affiliates of the Investment Adviser, providing for the private placement of GBDC 3's common stock. Under the terms of the Subscription Agreements, investors are required to fund drawdowns to purchase GBDC 3's common stock at a price per share equal to the most recent NAV per share as determined by the Board (subject to adjustment to the extent required by Section 23 of the 1940 Act) up to the amount of their respective capital subscriptions on an as-needed basis as determined by GBDC 3 with a minimum of 10 calendar days prior notice.

As of June 30, 2019 and September 30, 2018, the Company had the following subscriptions, pursuant to the Subscription Agreements, and contributions from its stockholders:

	As of June 30, 2019		As of September 30, 2018	
	Subscriptions	Contributions	Subscriptions	Contributions
GBDC 3 Stockholders	\$ 514,909	\$ 267,299	\$ 470,441	\$ 85,923
Total	\$ 514,909	\$ 267,299	\$ 470,441	\$ 85,923

As of June 30, 2019 and September 30, 2018, the ratio of total contributed capital to total capital subscriptions was 51.9% and 18.3%, respectively, and the Company had uncalled capital commitments of \$247,610 and \$384,518, respectively. For the the nine months ended June 30, 2019, the Company reached agreements to cancel undrawn subscriptions totaling \$6,775 in the aggregate.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

The following table summarizes the shares of GBDC 3 common stock issued and outstanding for the nine months ended June 30, 2019 and 2018:

	Date	Shares Issued	NAV (\$) per share	Proceeds
Shares outstanding, September 30, 2017		700.000	\$ 15.00	\$ 10
Issuance of shares	10/16/17	247,466.664	15.00	3,712
Issuance of shares	11/10/17	123,733.336	15.00	1,856
Issuance of shares	12/04/17	123,733.336	15.00	1,856
Issuance of shares	12/21/17	421,200.000	15.00	6,317
Issuance of shares	12/29/17	140,400.003	15.00	2,106
Issuance of shares	01/29/18	230,700.004	15.00	3,461
Issuance of shares	02/23/18	461,399.996	15.00	6,921
Issuance of shares	03/29/18	461,399.996	15.00	6,921
Issuance of shares	05/25/18	565,739.988	15.00	8,486
Issuance of shares	06/22/18	565,739.988	15.00	8,486
Issuance of shares	06/25/18	1,131,480.012	15.00	16,973
Shares issued for capital drawdowns		4,472,993.323	\$ 15.00	\$ 67,095
Issuance of shares ⁽¹⁾	12/28/17	1,663.021	15.00	25
Issuance of shares ⁽¹⁾	02/26/18	6,975.468	15.00	105
Issuance of shares ⁽¹⁾	05/23/18	19,210.720	15.00	288
Shares issued through DRIP		27,849.209	\$ 15.00	\$ 418
Shares outstanding, June 30, 2018		4,501,542.532	\$ 15.00	\$ 67,523
Shares outstanding, September 30, 2018		5,815,002.633	\$ 15.00	\$ 87,225
Issuance of shares	10/15/18	659,020.644	15.00	9,885
Issuance of shares	10/26/18	988,531.000	15.00	14,828
Issuance of shares	11/26/18	988,531.000	15.00	14,828
Issuance of shares	12/17/18	2,306,572.356	15.00	34,599
Issuance of shares	03/18/19	1,344,241.361	15.00	20,163
Issuance of shares	04/01/19	1,344,241.361	15.00	20,164
Issuance of shares	05/03/19	1,722,278.305	15.00	25,834
Issuance of shares	05/31/19	1,377,822.695	15.00	20,667
Issuance of shares	06/14/19	1,360,489.362	15.00	20,408
Shares issued for capital drawdowns		12,091,728.084	\$ 15.00	\$ 181,376
Issuance of shares ⁽¹⁾	11/27/18	49,178.285	15.00	738
Issuance of shares ⁽¹⁾	12/28/18	53,153.132	15.00	797
Issuance of shares ⁽¹⁾	02/27/19	64,472.390	15.00	967
Issuance of shares ⁽¹⁾	05/24/19	64,642.391	15.00	970
Shares issued through DRIP		231,446.198	\$ 15.00	\$ 3,472

Shares outstanding, June 30, 2019	18,138,176.915	\$ 15.00	\$ 272,073
-----------------------------------	----------------	----------	------------

⁽¹⁾ Shares issued through the DRIP.

Note 4. Related Party Transactions

Investment Advisory Agreement: Under the Investment Advisory Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. The Board reapproved the Investment Advisory Agreement in May 2019. The Investment Adviser is a registered investment adviser with the

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

SEC. The Investment Adviser receives fees for providing services, consisting of two components, a base management fee and an Incentive Fee (as defined below).

The base management fee is calculated at an annual rate equal to 1.375% of the fair value of the average adjusted gross assets of the Company at the end of the two most recently completed calendar quarters (excluding cash and cash equivalents and foreign currencies but including assets purchased with borrowed funds, securitization-related assets, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian) and is payable quarterly in arrears. The base management fee is adjusted, based on the actual number of days elapsed relative to the total number of days in such calendar quarter, for any share issuances or repurchases during such calendar quarter. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper instruments maturing within 270 days of purchase (which is different than the GAAP definition, which defines cash equivalents as U.S. government securities and commercial paper instruments maturing within 90 days of purchase). To the extent that the Investment Adviser or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of GBDC 3, the base management fee shall be reduced by an amount equal to the product of (1) the total fees paid to the Investment Adviser by such subsidiary for such services and (2) the percentage of such subsidiary's total equity, including membership interests and any class of notes not exclusively held by one or more third parties, that is owned, directly or indirectly, by the Company. For periods ending on or prior to the earlier of (1) the date of pricing of an initial public offering or listing on a national securities exchange of the shares of common stock of GBDC 3 or (2) a sale of all or substantially all of the Company's assets to, or other liquidity event with, an entity for consideration of publicly listed securities of the acquirer (each, a "Liquidity Event"), the Investment Adviser has irrevocably agreed to waive any base management fee in excess of 1.00% of the fair value of the Company's average adjusted gross assets as calculated in accordance with the Investment Advisory Agreement as described above.

For the three and nine months ended June 30, 2019, the base management fees incurred by the Company were \$1,329 and \$2,902, respectively, and the base management fees irrevocably waived by the Investment Adviser were \$362 and \$791, respectively. For the three and nine months ended June 30, 2018, the base management fees incurred by the Company were \$200 and \$318, respectively, and the base management fees irrevocably waived by the Investment Adviser were \$55 and \$87, respectively.

The Incentive Fee consists of three parts: the income component (the "Income Incentive Fee"), the capital gains component (the "Capital Gain Incentive Fee") and the subordinated liquidation incentive component (the "Subordinated Liquidation Incentive Fee" and, together with the Income Incentive Fee and the Capital Gain Incentive Fee, the "Incentive Fee").

The Income Incentive Fee is calculated quarterly in arrears based on Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and the Administration Agreement, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that the Company has not yet received in cash.

Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the Income Incentive Fee, it is possible that an Incentive Fee may be calculated under this formula with respect to a period in which the Company has incurred a loss. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the Income Incentive Fee will result in a positive value, and an

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

Income Incentive Fee will be paid even if the Company has incurred a loss in such a period due to realized and/or unrealized capital losses unless the payment of such Income Incentive Fee would cause the Company to pay Income Incentive Fees and Capital Gain Incentive Fees on a cumulative basis that exceed the Incentive Fee Cap described below.

Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness and before considering any Incentive Fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 1.5% quarterly. If market interest rates rise, the Company may be able to invest funds in debt instruments that provide for a higher return, which would increase the Company's Pre-Incentive Fee Net Investment Income and make it easier for the Investment Adviser to surpass the fixed hurdle rate and receive an Income Incentive Fee. Pre-Incentive Fee Net Investment Income used to calculate this part of the Incentive Fee is also included in the amount of the Company's total assets (excluding cash and cash equivalents but including assets purchased with borrowed funds securitization-related assets, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian) used to calculate the base management fee.

The Company calculates the Income Incentive Fee with respect to Pre-Incentive Fee Net Investment Income quarterly, in arrears, as follows:

- zero in any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate;
- 50.0% of Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than the percentage at which amounts payable to the Investment Adviser pursuant to the Income Incentive Fee equal 20.0% of the Pre-Incentive Fee Net Investment Income that exceeds the hurdle rate as if a hurdle rate did not apply. This portion of Pre-Incentive Fee Net Investment Income that exceeds the hurdle rate is referred to as the "catch-up" provision; and
- 20.0% of the amount of Pre-Incentive Fee Net Investment Income, if any, that exceeds the catch-up provision in any calendar quarter.

The sum of these calculations yields the Income Incentive Fee. This amount is appropriately adjusted for any share issuances or repurchases during the quarter. For the three and nine months ended June 30, 2019, the Income Incentive Fee incurred was \$1,049 and \$1,958, respectively. For the three and nine months ended June 30, 2018, the Income Incentive Fee incurred was \$74 and \$80, respectively.

For periods ending on or prior to the date of the closing of a Liquidity Event, the Investment Adviser has agreed to irrevocably waive that portion of the Income Incentive fee calculated under the Investment Advisory Agreement in amounts in excess of the following amounts (computed on a quarterly basis, in arrears):

- zero in any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate;
- 50.0% of the Company's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than the percentage at which the amount payable to the Investment Adviser equals to 15.0% of the Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply. This portion of the Company's Pre-Incentive Fee Net Investment Income that exceeds the hurdle rate is referred to as the "catch-up" provision; and
- 15.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds the catch-up provision in any calendar quarter.

For the three and nine months ended June 30, 2019, the Income Incentive Fee irrevocably waived by the Investment Adviser was \$212 and \$231, respectively. For the three and nine months ended June 30, 2018, the Income Incentive Fee irrevocably waived by the Investment Adviser was \$0 and \$0, respectively.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

The second part of the Incentive Fee, the Capital Gain Incentive Fee, equals (a) 20.0% of the Company's Capital Gain Incentive Fee Base (as defined below), if any, calculated in arrears as of the end of each calendar year (or, upon termination of the Investment Advisory Agreement, as of the termination date), commencing with the calendar year ended December 31, 2017, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. The Company's "Capital Gain Incentive Fee Base" equals (1) the sum of (A) realized capital gains, if any, on a cumulative positive basis from September 29, 2017, the date the Company elected to be a BDC, through the end of each calendar year, (B) all realized capital losses on a cumulative basis and (C) all unrealized capital depreciation on a cumulative basis, less (2) unamortized deferred debt issuance costs as of the date of calculation, if and to the extent such costs exceed all unrealized capital appreciation on a cumulative basis.

- The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in the Company's portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.
- The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Company's portfolio when sold and (b) the accreted or amortized cost basis of such investment.
- The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable Capital Gain Incentive Fee calculation date and (b) the accreted or amortized cost basis of such investment.

If the Capital Gain Incentive Fee Base, adjusted as required by GAAP to include unrealized capital appreciation, is positive at the end of a period, then GAAP requires the Company to accrue a capital gain incentive fee equal to 15.0% prior to a Liquidity Event (20.0% following a Liquidity Event) of such amount, less the aggregate amount of the actual Capital Gain Incentive Fees paid and capital gain incentive fees accrued under GAAP in all prior periods. If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP in a given period may result in additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. There can be no assurance that such unrealized capital appreciation will be realized in the future.

For the three and nine months ended June 30, 2019, the Capital Gain Incentive Fee incurred was \$242 and \$482, respectively. For the three and nine months ended June 30, 2018, the Capital Gain Incentive Fee incurred was \$92 and \$127, respectively.

The Capital Gain Incentive Fee is calculated on a cumulative basis from September 29, 2017 through the end of each calendar year or termination of the Investment Advisory Agreement. For periods ending on or prior to the date of the closing of a Liquidity Event, the Investment Adviser has agreed to irrevocably waive that portion of the Capital Gain Incentive Fee, calculated as described above, in excess of 15.0% of the Capital Gain Incentive Fee Base, provided that any amounts so waived shall be deemed paid to the Investment Adviser for purposes of determining the Capital Gain Incentive Fee payable after the closing of a public offering or listing.

There was no Capital Gain Incentive Fee as calculated under the Investment Advisory Agreement (as described above) payable as of June 30, 2019 and September 30, 2018. For the three and nine months ended June 30, 2019, the accrual for the Capital Gain Incentive Fee waiver was \$61 and \$121, respectively. For the three and nine months ended June 30, 2018, the accrual for the Capital Gain Incentive Fee waiver was \$23 and \$32, respectively.

However, in accordance with GAAP, the Company is required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee on a quarterly basis, as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

As of June 30, 2019 and September 30, 2018, included in management and incentive fees payable on the Consolidated Statements of Financial Condition was \$525 and \$163, respectively, for accruals for the Capital Gain Incentive Fee (net of waiver) under GAAP, none of which was payable pursuant to the Investment Advisory Agreement.

The third part of the Incentive Fee, the Subordinated Liquidation Incentive Fee, equals 15.0% of the net proceeds from a liquidation of the Company in excess of adjusted capital, as calculated immediately prior to liquidation. For purposes of this calculation, (a) "liquidation" includes any merger of the Company with another entity or the acquisition of all or substantially all of the shares of the Company's common stock in a single or series of related transactions and (b) "adjusted capital" means the net asset value of the Company calculated immediately prior to liquidation in accordance with GAAP less unrealized capital appreciation that would have been subject to the Capital Gain Incentive Fee had capital gain been recognized on the transfer of such assets in the liquidation. The Investment Advisory Agreement provides that no Subordinated Liquidation Incentive Fee shall be payable for any liquidation that occurs more than six months after the date of an initial public offering of the Company's common stock or a listing of the Company's common stock on a national securities exchange. For periods prior to the date of the closing of a Liquidity Event, the Investment Adviser has agreed to waive the Subordinated Liquidation Incentive Fee.

The Company has structured the calculation of the Incentive Fee to include a fee limitation such that the Income Incentive Fee and the Capital Gain Incentive Fee will not be paid at any time if, after such payment, the cumulative Income Incentive Fees and Capital Gain Incentive Fees paid to date would exceed an incentive fee cap (the "Incentive Fee Cap"). For periods ending on or prior to the date of the closing of a Liquidity Event, the Incentive Fee Cap in any quarter is equal to the difference between (a) 15.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative incentive fees of any kind paid to the Investment Adviser by the Company since September 29, 2017. For periods beginning after the date of the closing of a Liquidity Event, the Incentive Fee Cap in any quarter will be equal to the difference, if positive, between (a) the sum of (i) 20.0% of Cumulative Pre-Incentive Fee Net Income for the period beginning on the date immediately following the closing of a Liquidity Event and (ii) 15.0% of Cumulative Pre-Incentive Fee Net Income for the period from September 29, 2017 and ending on the date of the closing of a Liquidity Event and (b) cumulative Income Incentive Fees and Capital Gain Incentive Fees paid to the Investment Adviser by the Company from September 29, 2017.

To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no incentive fee would be payable in that quarter. "Cumulative Pre-Incentive Fee Net Income" is equal to the sum of (a) Pre-Incentive Fee Net Investment Income for each period since September 29, 2017 and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since September 29, 2017.

The sum of the Income Incentive Fee, the Capital Gain Incentive Fee and the Subordinated Liquidation Incentive Fee is the Incentive Fee. Prior to the closing of a Liquidity Event, the Company will deposit one-third of each Income Incentive Fee and Capital Gain Incentive Fee payment into an escrow account (the "Escrow Account") to be administered by U.S. Bank National Association (the "Escrow Agent"). Assets in the Escrow Account will be held by the Escrow Agent until the closing of a Liquidity Event at which time the Escrow Agent will release the assets to the Investment Adviser. If no Liquidity Event occurs prior to October 2, 2023, the Escrow Agent will return all assets in the Escrow Account to the Company for the benefit of the stockholders. For the three and nine months ended June 30, 2019, the Company deposited \$167 and \$391, respectively, into the Escrow Account. For the three and nine months ended June 30, 2018, the Company deposited \$2 and \$2, respectively, into the Escrow Account. As of June 30, 2019 and September 30, 2018, the Company has made deposits totaling \$418 and \$27 into the Escrow Account, respectively.

Administration Agreement: Pursuant to the Administration Agreement, the Administrator furnishes the Company with office facilities and equipment and provides clerical, bookkeeping, and record-keeping services at such facilities and provides the Company with other administrative services as the Administrator, subject to review by the

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

Board, determines necessary to conduct the Company's day-to-day operations. The Company reimburses the Administrator for the allocable portion (subject to the review and approval of the Board) of the Administrator's overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and the Company's allocable portion of the cost of its chief financial officer and chief compliance officer and their respective staffs. The Board reviews such expenses to determine that these expenses, including any allocation of expenses among the Company and other entities for which the Administrator provides similar services, are reasonable and comparable to administrative services charged by unaffiliated third-party asset managers. In addition, under the Administration Agreement, the Administrator also provides, on the Company's behalf, managerial assistance to those portfolio companies to which the Company is required to provide such assistance and will be paid an additional amount based on the cost of the services provided, which amount shall not exceed the amount the Company receives from such portfolio companies.

As of June 30, 2019 and September 30, 2018, included in accounts payable and accrued expenses is \$156 and \$47, respectively, for accrued allocated shared services under the Administration Agreement.

Other related party transactions: The Company agreed to reimburse the Investment Adviser for formation and costs associated with the initial closing of the Subscription Agreements incurred on its behalf up to an aggregate amount of \$700. Any costs in excess of \$700 will be borne by the Investment Adviser. Since our formation on August 1, 2017, formation and initial closing costs paid by the Investment Adviser on behalf of the Company and reimbursed by the Company totaled \$199.

The Investment Adviser voluntarily agreed to irrevocably waive reimbursement of certain professional fees incurred by the Investment Adviser on the Company's behalf during the quarter ended December 31, 2017. For the three months ended December 31, 2017, the professional fee reimbursement irrevocably waived by the Investment Adviser was \$112, which was reimbursed by the Investment Adviser in cash to the Company during the three months ended March 31, 2018.

The Administrator pays for certain unaffiliated third-party expenses incurred by the Company. Such expenses include postage, printing, office supplies, rating agency fees and professional fees. These expenses are not marked-up and represent the same amount the Company would have paid had the Company paid the expenses directly. These expenses are subsequently reimbursed in cash. Total expenses reimbursed to the Administrator during the three and nine months ended June 30, 2019 were \$41 and \$354, respectively. Total expenses reimbursed to the Administrator during the three and nine months ended June 30, 2018 were \$103 and \$325, respectively. As of June 30, 2019 and September 30, 2018, included in accounts payable and accrued expenses were \$353 and \$140 for reimbursable expenses that were paid by the Administrator on behalf of the Company.

On August 1, 2017, GCOP LLC, an affiliate of the Investment Adviser, purchased 700,000 shares of common stock of the Company for an aggregate purchase price of \$11. On October 1, 2018, GCOP LLC, entered into a Subscription Agreement for an aggregate purchase price of \$10,000. As of June 30, 2019, the Company has issued 244,364.690 shares of its common stock to GCOP LLC in exchange for aggregate capital contributions totaling \$3,665.

On October 2, 2017, GEMS Fund 4, L.P., a Delaware limited partnership whose general partner is controlled by the Investment Adviser, entered into a Subscription Agreement for an aggregate purchase price of \$27,500. As of June 30, 2019, the Company has issued 1,118,333.332 shares of its common stock to GEMS Fund 4, L.P. in exchange for aggregate capital contributions totaling \$16,775.

On October 2, 2017, the Company entered into an unsecured revolving credit facility with the Investment Adviser (the "Revolver") with a maximum credit limit of \$40,000 and with an expiration date of October 2, 2020. On June 28, 2019, the Company and the Investment Adviser amended the Revolver to increase the borrowing capacity from \$40,000 to \$100,000. Refer to Note 8 for discussion of the Revolver.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

Note 5. Investments

Investments as of June 30, 2019 and September 30, 2018 consisted of the following:

	As of June 30, 2019			As of September 30, 2018		
	Principal	Amortized Cost	Fair Value	Principal	Amortized Cost	Fair Value
Senior secured	\$ 70,344	\$ 69,295	\$ 70,130	\$ 19,102	\$ 18,804	\$ 19,052
One stop	399,601	394,376	396,799	123,084	121,233	122,442
Second lien	3,711	3,622	3,624	—	—	—
Subordinated debt	2	—	2	82	82	82
Equity	N/A	5,041	5,745	N/A	1,958	2,083
Total	\$ 473,658	\$ 472,334	\$ 476,300	\$ 142,268	\$ 142,077	\$ 143,659

The following tables show the portfolio composition by geographic region at amortized cost and fair value as a percentage of total investments in portfolio companies. 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.

	As of June 30, 2019		As of September 30, 2018	
	Amortized Cost		Amortized Cost	
Amortized Cost:				
United States				
Mid-Atlantic	\$ 85,168	18.0%	\$ 28,476	20.0%
Midwest	100,868	21.4	13,150	9.3
Northeast	21,182	4.5	9,732	6.8
Southeast	111,167	23.5	46,613	32.8
Southwest	55,951	11.9	14,912	10.5
West	83,259	17.6	29,194	20.6
Canada	12,429	2.6	—	—
United Kingdom	1,882	0.4	—	—
Australia	428	0.1	—	—
Total	\$ 472,334	100.0%	\$ 142,077	100.0%
Fair Value:				
United States				
Mid-Atlantic	\$ 86,192	18.1%	\$ 28,841	20.1%
Midwest	101,433	21.3	13,368	9.3
Northeast	21,152	4.4	9,898	6.9
Southeast	112,251	23.6	46,878	32.6
Southwest	56,488	11.9	15,094	10.5
West	83,911	17.6	29,580	20.6
Canada	12,614	2.6	—	—
United Kingdom	1,826	0.4	—	—
Australia	433	0.1	—	—
Total	\$ 476,300	100.0%	\$ 143,659	100.0%

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

The industry compositions of the portfolio at amortized cost and fair value as of June 30, 2019 and September 30, 2018 were as follows:

	As of June 30, 2019		As of September 30, 2018		
Amortized Cost:					
Automobile	\$	5,220	1.1%	\$ 3,328	2.3%
Beverage, Food and Tobacco		9,555	2.0	5,587	3.9
Buildings and Real Estate		19,816	4.2	6,829	4.8
Chemicals, Plastics and Rubber		2,861	0.6	2,524	1.8
Diversified/Conglomerate Manufacturing		10,641	2.3	8,637	6.1
Diversified/Conglomerate Service		259,033	54.8	81,784	57.6
Electronics		43,295	9.2	9,911	7.0
Finance		6,427	1.4	—	—
Healthcare, Education and Childcare		41,690	8.8	10,748	7.6
Insurance		1,508	0.3	—	—
Leisure, Amusement, Motion Pictures, Entertainment		14,358	3.0	3,455	2.4
Oil and Gas		6,896	1.5	5,790	4.1
Personal and Non Durable Consumer Products (Mfg. Only)		928	0.2	—	—
Personal, Food and Miscellaneous Services		34,134	7.2	1,855	1.3
Printing and Publishing		1,641	0.4	1,629	1.1
Retail Stores		14,331	3.0	—	—
Total	\$	472,334	100.0%	\$ 142,077	100.0%

	As of June 30, 2019		As of September 30, 2018		
Fair Value:					
Automobile	\$	5,346	1.1%	\$ 3,407	2.4%
Beverage, Food and Tobacco		9,635	2.0	5,601	3.9
Buildings and Real Estate		19,999	4.2	6,894	4.8
Chemicals, Plastics and Rubber		2,891	0.6	2,529	1.8
Diversified/Conglomerate Manufacturing		10,769	2.3	8,756	6.1
Diversified/Conglomerate Service		260,925	54.8	82,422	57.4
Electronics		43,689	9.2	10,104	7.0
Finance		6,439	1.3	—	—
Healthcare, Education and Childcare		41,859	8.8	11,038	7.7
Insurance		1,672	0.4	—	—
Leisure, Amusement, Motion Pictures, Entertainment		14,549	3.0	3,508	2.4
Oil and Gas		6,946	1.5	5,852	4.1
Personal and Non Durable Consumer Products (Mfg. Only)		938	0.2	—	—
Personal, Food and Miscellaneous Services		34,354	7.2	1,919	1.3
Printing and Publishing		1,654	0.3	1,629	1.1
Retail Stores		14,635	3.1	—	—
Total	\$	476,300	100.0%	\$ 143,659	100.0%

GBDC 3 Senior Loan Fund LLC:

On October 2, 2017, the Company agreed to co-invest with RGA Reinsurance Company (“RGA”) primarily in senior secured loans through GBDC 3 Senior Loan Fund LLC (“GBDC 3 SLF”), an unconsolidated Delaware LLC. GBDC 3 SLF will be capitalized as transactions are completed and all portfolio and investment decisions in respect of GBDC 3 SLF must be approved by the GBDC 3 SLF investment committee consisting of two representatives of each of the Company and RGA (with unanimous approval required from (i) one representative of each of the Company and RGA or (ii) both representatives of each of the Company and RGA).

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

As of June 30, 2019 and September 30, 2018, the Company and RGA had \$109,375 and \$15,625, respectively, of LLC equity interest subscriptions to GBDC 3 SLF, none of which were funded as of each June 30, 2019 and September 30, 2018 as GBDC 3 SLF has not yet commenced operations.

Note 6. Forward Currency Contracts

The Company enters into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies.

As of September 30, 2018, the Company had no forward foreign currency exchange contracts outstanding. The outstanding forward currency contracts as of June 30, 2019 were as follows:

Counterparty	Currency to be sold		Currency to be purchased		Settlement Date	Unrealized appreciation (\$)	Unrealized depreciation (\$)
Macquarie Bank Limited	€	4,606 EUR	\$	5,656 USD	12/12/2022	\$ —	\$ (14)
Macquarie Bank Limited	C\$	5,654 CAD	\$	4,284 USD	12/12/2022	—	(56)
						\$ —	\$ (70)

In order to better define its contractual rights and to secure rights that will help the Company mitigate its counterparty risk, the Company has entered into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or a similar agreement with its derivative counterparty, Macquarie Bank Limited. An ISDA Master Agreement is a bilateral agreement between the Company and the counterparty that governs over the counter, or OTC, derivatives, including foreign currency forward contracts, and contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. The provisions of the ISDA Master Agreement permit a single net payment in the event of a default (close-out netting) or similar event, including the bankruptcy or insolvency of the counterparty.

For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Company and cash collateral received from the counterparty, if any, is included in the Consolidated Statements of Financial Condition as cash collateral held at broker for forward currency contracts or cash collateral received from broker for forward currency contracts. The Company minimizes counterparty credit risk by only entering into agreements with counterparties that it believes to be of good standing and by monitoring the financial stability of those counterparties.

The following table is intended to provide additional information about the effect of the forward foreign currency exchange contracts on the financial statements of the Company including: the fair value of derivatives by risk category, the location of those fair values on the Consolidated Statement of Financial Condition, and the Company's gross and net amount of assets and liabilities available for offset under netting arrangements as well as any related collateral received or pledged by the Company as of June 30, 2019.

Counterparty	Risk exposure category	Unrealized appreciation on forward currency contracts	Unrealized depreciation on forward currency contracts	Net amounts presented in the Consolidated Statement of Financial Condition	Collateral (Received) Pledged ⁽¹⁾	Net Amount ⁽²⁾
Macquarie Bank Limited	Foreign exchange	\$ —	\$ (70)	\$ (70)	\$ 70	\$ —

⁽¹⁾ In some instances, the actual collateral pledged may be more than the amount shown due to overcollateralization.

⁽²⁾ Represents the net amount due from/(to) counterparties in the event of default.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

The impact of derivative transactions for the three and nine months ended June 30, 2019 on the Consolidated Statement of Operations, including realized and unrealized gains (losses) is summarized in the table below:

Realized gain (loss) on forward currency contracts recognized in income

Risk exposure category	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2019
Foreign exchange	\$ —	\$ —

Change in unrealized appreciation (depreciation) on forward currency contracts recognized in income

Risk exposure category	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2019
Foreign exchange	\$ (70)	\$ (70)

The following table is a summary of the average outstanding volume for forward currency contracts for the three and nine months ended June 30, 2019:

	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2019
	Average notional outstanding ⁽¹⁾	Average notional outstanding ⁽¹⁾
Forward currency contracts	\$ 9,940	\$ 9,940

⁽¹⁾ Based on ending daily U.S. Dollar notional exposure outstanding for the period from June 10, 2019 to June 30, 2019. The Company did not hold any derivative instruments prior to June 10, 2019.

Note 7. Fair Value Measurements

The Company follows ASC Topic 820 for measuring fair value. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Assets and liabilities are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the assets or liabilities.

Level 3: Inputs include significant unobservable inputs for the assets or liabilities and include 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.

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

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 a 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. The Company assesses the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and nine months ended June 30, 2019 and 2018. The following section describes the valuation techniques used by the Company to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

Investments

Level 1 investments are valued using quoted market prices. Level 2 investments are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 investments are valued at fair value as determined in good faith by the Board, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of the Board to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on the number of portfolio companies) of the Company's valuations of debt and equity investments without readily available market quotations subject to review by an independent valuation firm. All investments as of June 30, 2019 and September 30, 2018, with the exception of money market funds included in cash and cash equivalents (Level 1 investments) and forward currency contracts (Level 2 investments), were valued using Level 3 inputs of the fair value hierarchy.

When determining fair value of Level 3 debt and equity investments, the Company may take into account the following factors, where relevant: the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons to publicly traded securities, and changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. The primary method for determining enterprise value uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's net income before net interest expense, income tax expense, depreciation and amortization ("EBITDA"). A portfolio company's EBITDA may include pro-forma adjustments for items such as acquisitions, divestitures, or expense reductions. The enterprise value analysis is performed to determine the value of equity investments and to determine if debt investments are credit impaired. If debt investments are credit impaired, the Company will use the enterprise value analysis or a liquidation basis analysis to determine fair value. For debt investments that are not determined to be credit impaired, the Company uses a market interest rate yield analysis to determine fair 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.

Due to the inherent uncertainty of determining the fair value of Level 3 investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, the Company may realize significantly less than the value at which such investment had previously been recorded.

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

The Company's investments 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 are traded.

The following table presents fair value measurements of the Company's investments and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as of June 30, 2019 and September 30, 2018:

As of June 30, 2019	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Assets, at fair value:				
Debt investments ⁽¹⁾	\$ —	\$ —	\$ 470,555	\$ 470,555
Equity investments ⁽¹⁾	—	—	5,745	5,745
Money market funds ⁽¹⁾⁽²⁾	34,722	—	—	34,722
Total assets, at fair value:	\$ 34,722	\$ —	\$ 476,300	\$ 511,022
Liabilities, at fair value:				
Forward currency contracts	\$ —	\$ (70)	\$ —	\$ —
Total liabilities, at fair value:	\$ —	\$ (70)	\$ —	\$ —
As of September 30, 2018	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Assets, at fair value:				
Debt investments ⁽¹⁾	\$ —	\$ —	\$ 141,576	\$ 141,576
Equity investments ⁽¹⁾	—	—	2,083	2,083
Money market funds ⁽¹⁾⁽²⁾	2,333	—	—	2,333
Total assets, at fair value:	\$ 2,333	\$ —	\$ 143,659	\$ 145,992

⁽¹⁾ Refer to the Consolidated Schedules of Investments for further details.

⁽²⁾ Included in cash and cash equivalents on the Consolidated Statements of Financial Condition.

The net change in unrealized appreciation (depreciation) for the three and nine months ended June 30, 2019 reported within the net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts in the Company's Consolidated Statements of Operations attributable to the Company's Level 3 assets held as of June 30, 2019 was \$1,312 and \$2,652, respectively. The net change in unrealized appreciation (depreciation) for the three and nine months ended June 30, 2018 reported within the net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts in the Company's Consolidated Statements of Operations attributable to the Company's Level 3 assets held as of June 30, 2018 was \$611 and \$1,012, respectively.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

The following tables present the changes in investments measured at fair value using Level 3 inputs for the nine months ended June 30, 2019 and 2018:

	For the nine months ended June 30, 2019		
	Debt Investments	Equity Investments	Total Investments
Fair value, beginning of period	\$ 141,576	\$ 2,083	\$ 143,659
Net change in unrealized appreciation (depreciation) on investments	1,805	580	2,385
Realized gain (loss) on investments	2	2	4
Funding of (proceeds from) revolving loans, net	1,559	—	1,559
Fundings of investments	343,023	3,292	346,315
PIK interest	143	—	143
Proceeds from principal payments and sales of portfolio investments	(18,407)	(212)	(18,619)
Accretion of discounts and origination fees	854	—	854
Fair value, end of period	<u>\$ 470,555</u>	<u>\$ 5,745</u>	<u>\$ 476,300</u>

	For the nine months ended June 30, 2018		
	Debt Investments	Equity Investments	Total Investments
Fair value, beginning of period	\$ —	\$ —	\$ —
Net change in unrealized appreciation (depreciation) on investments	979	34	1,013
Funding of (proceeds from) revolving loans, net	349	—	349
Fundings of investments	86,324	1,484	87,808
Proceeds from principal payments of portfolio investments	(134)	—	(134)
Accretion of discounts and origination fees	81	—	81
Fair value, end of period	<u>\$ 87,599</u>	<u>\$ 1,518</u>	<u>\$ 89,117</u>

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

The following table presents quantitative information about the significant unobservable inputs of the Company's Level 3 investments as of June 30, 2019 and September 30, 2018:

Quantitative information about Level 3 Fair Value Measurements				
	Fair value as of June 30, 2019	Valuation Techniques	Unobservable Input	Range (Weighted Average) ⁽¹⁾
Assets, at fair value:				
Senior secured loans ⁽²⁾	63,691	Market rate approach	Market interest rate	4.3% - 7.8% (6.8%)
		Market comparable companies	EBITDA multiples	7.5x - 24.0x (14.1x)
	6,439	Market comparable	Broker/ Dealer bids or quotes	N/A
One stop loans ⁽²⁾⁽³⁾	396,799	Market rate approach	Market interest rate	2.0% - 11.4% (8.4%)
		Market comparable companies	EBITDA multiples	7.0x - 30.0x (16.6x)
			Revenue multiples	3.0x - 14.2x (6.2x)
Subordinated debt and second lien loans ⁽²⁾⁽⁴⁾	3,626	Market rate approach	Market interest rate	8.0% - 24.3% (22.8%)
		Market comparable companies	EBITDA multiples	17.5x
			Revenue multiples	3.0x
Equity ⁽⁵⁾	5,745	Market comparable companies	EBITDA multiples	7.5x - 30.0x (16.7x)
			Revenue multiples	3.0x - 6.0x (5.1x)

⁽¹⁾ Unobservable inputs were weighted by the relative fair value of the instruments.

⁽²⁾ The fair value of this asset class was determined using the market rate and market comparable approaches, as applicable, as the investments in this asset class were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of June 30, 2019 was determined using the market rate and market comparable companies approaches, as applicable.

⁽³⁾ The Company valued \$296,811 and \$99,988 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.

⁽⁴⁾ The Company valued \$3,624 and \$2 of subordinated debt and second lien loans using EBITDA and revenue multiples, respectively. All subordinated debt and second lien loans were also valued using the market rate approach.

⁽⁵⁾ The Company valued \$4,257 and \$1,488 of equity investments using EBITDA and revenue multiples, respectively.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

Quantitative information about Level 3 Fair Value Measurements

	Fair value as of September 30, 2018	Valuation Techniques	Unobservable Input	Range (Weighted Average) ⁽¹⁾
Assets, at fair value:				
Senior secured loans ⁽²⁾	\$ 19,052	Market rate approach	Market interest rate	4.3% - 9.0% (7.0%)
		Market comparable companies	EBITDA multiples	8.5x - 14.2x (12.0x)
One stop loans ⁽²⁾⁽³⁾	\$ 122,442	Market rate approach	Market interest rate	2.0% - 12.3% (8.7%)
		Market comparable companies	EBITDA multiples	7.0x - 26.0x (15.4x)
			Revenue multiples	4.0x - 10.2x (5.2x)
Subordinated debt ⁽²⁾	\$ 82	Market rate approach	Market interest rate	8.0%
		Market comparable companies	Revenue multiples	5.1x
Equity ⁽⁴⁾	\$ 2,083	Market comparable companies	EBITDA multiples	8.5x - 24.0x (16.0x)
			Revenue multiples	4.0x - 10.2x (6.8x)

⁽¹⁾ Unobservable inputs were weighted by the relative fair value of the instruments.

⁽²⁾ The fair value of this asset class was determined using the market rate and market comparable approaches, as applicable, as the investments in this asset class were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of September 30, 2018 was determined using the market rate and market comparable approaches, as applicable.

⁽³⁾ The Company valued \$95,215 and \$27,227 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.

⁽⁴⁾ The Company valued \$1,678 and \$405 of equity investments using EBITDA and revenue multiples, respectively.

The above tables are not intended to be all-inclusive but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The significant unobservable inputs used in the fair value measurement of the Company's debt and equity investments are EBITDA multiples, revenue multiples and market interest rates. The Company uses EBITDA multiples and, to a lesser extent, revenue multiples on its debt and equity investments to determine any credit gains or losses. Increases or decreases in either of these inputs in isolation may have resulted in a significantly lower or higher fair value measurement. The Company uses market interest rates for loans to determine if the effective yield on a loan is commensurate with the market yields for that type of loan. If a loan's effective yield is significantly less than the market yield for a similar loan with a similar credit profile, then the resulting fair value of the loan may have been lower.

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. As a result, with the exception of the line item titled "debt" which is reported at cost, all assets and liabilities approximate fair value on the Consolidated Statements of Financial Condition due to their short maturity. Fair value of the Company's debt is estimated using Level 3 inputs by discounting remaining payments using comparable market rates or market quotes for similar instruments at the measurement date, if available.

The following are the carrying values and fair values of the Company's debt and other short-term borrowings as of June 30, 2019 and September 30, 2018. Fair value is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

	As of June 30, 2019		As of September 30, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt	\$ 231,707	\$ 231,707	\$ 58,500	\$ 58,500
Other short-term borrowings	1,846	1,846	—	—

Note 8. Borrowings

In accordance with the 1940 Act, with certain limited exceptions, the Company is currently allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. The Small Business Credit Availability Act (“SBCAA”), which was signed into law on March 23, 2018, among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements, obtains certain approvals and, in the case of unlisted business development companies, makes an offer to repurchase the shares of its stockholders. The reduced asset coverage requirement would permit a business development company to have a ratio of total consolidated assets to outstanding indebtedness of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement. Effectiveness of the reduced asset coverage requirement to a business development company requires approval by either (1) a “required majority,” as defined in Section 57(o) of the 1940 Act, of such business development company’s board of directors with effectiveness one year after the date of such approval or (2) a majority of votes cast at a special or annual meeting of such business development company’s stockholders at which a quorum is present, which is effective the day after such stockholder approval. The Company has not sought or obtained either approval and, as a result, remains subject to the 200% asset coverage requirement under the 1940 Act. As of June 30, 2019, the Company’s asset coverage for borrowed amounts was 216.3%.

Revolver: On October 2, 2017, the Company entered into the Revolver with the Investment Adviser, with a maximum credit limit of \$40,000 and expiration date of October 2, 2020. On June 28, 2019, the Company and the Investment Adviser amended the Revolver to increase the borrowing capacity from \$40,000 to \$100,000. Other material terms of the Revolver were unchanged. The Revolver bears interest at a rate equal to the short-term Applicable Federal Rate (“AFR”). The short-term AFR as of June 30, 2019 was 2.4%. As of June 30, 2019 and September 30, 2018, the Company had \$46,000 and \$0, respectively, outstanding debt under the Revolver.

For each of the three and nine months ended June 30, 2019, the Company had borrowings on the Revolver of \$61,000 and repayments on the Revolver of \$15,000. For the three and nine months ended June 30, 2018, the Company had borrowings on the Revolver of \$7,000 and \$37,750, respectively, and repayments on the Revolver of \$7,000 and \$37,750, respectively.

For the three and nine months ended June 30, 2019 and 2018, the stated interest expense, cash paid for interest expense, annualized average interest rates and average outstanding balances for the Revolver were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2019	2018	2019	2018
Stated interest expense	\$ 24	\$ 3	\$ 24	\$ 42
Cash paid for interest expense	\$ —	\$ —	\$ —	\$ 39
Annualized average stated interest rate	2.4%	2.3%	2.4%	1.6%
Average outstanding balance	\$ 4,170	\$ 538	\$ 1,390	\$ 3,493

SMBC Revolver: On March 16, 2018, the Company entered into a revolving credit agreement with Sumitomo Mitsui Banking Corporation, which prior to its termination allowed the Company to borrow up to \$110,000 at anytime outstanding, subject to leverage and borrowing base restrictions (as amended, the “SMBC Revolver”). On

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

February 4, 2019, all outstanding borrowings under the SMBC Revolver were repaid, following which the SMBC Revolver was terminated. Obligations under the SMBC Revolver would have otherwise matured on March 16, 2020.

The SMBC Revolver bore interest at a rate equal, at the Company's election, to either one-month LIBOR plus 1.50% per annum or Prime. In addition to the stated interest rate on the SMBC Revolver, the Company was required to pay a non-usage fee at a rate of 0.20% per annum on the unused portion of the SMBC Revolver.

The SMBC Revolver was secured by the unfunded capital commitments of certain stockholders of the Company. The Company made customary representations and warranties and was required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities. Borrowings under the SMBC Revolver were subject to the asset coverage requirements contained in the 1940 Act.

As of June 30, 2019 and September 30, 2018, the Company had outstanding debt under the SMBC Revolver of \$0 and \$58,500, respectively. For the three and nine months ended June 30, 2019, the Company had borrowings on the SMBC Revolver of \$0 and \$74,500, respectively, and repayments on the SMBC Revolver of \$0 and \$133,000, respectively. For the three and nine months ended June 30, 2018, the Company had borrowings on the SMBC Revolver of \$51,200 and \$89,800, respectively, and repayments on the SMBC Revolver of \$45,200 and \$59,800, respectively.

For the three and nine months ended June 30, 2019 and 2018, the components of interest expense, cash paid for interest and facility fees, annualized average interest rates and average outstanding balances for the SMBC Revolver were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2019	2018	2019	2018
Stated interest expense	\$ —	\$ 184	\$ 1,393	\$ 210
Facility fees	—	6	21	8
Amortization of debt issuance costs	—	31	497	36
Total interest and other debt financing expenses	\$ —	\$ 221	\$ 1,911	\$ 254
Cash paid for interest expense	\$ —	\$ 150	\$ 1,549	\$ 151
Annualized average stated interest rate	N/A	3.6%	5.0%	3.7%
Average outstanding balance	\$ —	\$ 20,542	\$ 37,164	\$ 7,622

SB Revolver: On February 4, 2019, the Company entered into a revolving credit agreement (the “SB Revolver”) with Signature Bank (“SB”), as administrative agent and a lender, which allowed the Company to borrow up to \$175,000 at any one time outstanding, subject to leverage and borrowing base restrictions, with a stated maturity date of February 4, 2021. On May 31, 2019, the Company amended the SB Revolver to permit borrowings in foreign currencies. On April 8, 2019, the Company entered into an amendment to the SB Revolver with SB which increased the borrowing capacity under the SB Revolver to \$225,000 from \$175,000. Other material terms of the SB Revolver were unchanged.

The SB Revolver bears interest at a rate, at the Company's election, of either the one-, two- or three-month LIBOR plus 1.50% per annum or the prime rate minus 1.40%, as calculated under the SB Revolver. The revolving period under the SB Revolver commenced on February 4, 2019 and will continue through February 4, 2021. The SB Revolver is secured by the unfunded commitments of stockholders of the Company, collateral accounts and the proceeds of the foregoing. In addition to the stated interest rate on the SB Revolver, the Company is required to pay a non-usage fee at a rate of 0.15% per annum on the unused portion of the SB Revolver.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

As of June 30, 2019 and September 30, 2018, the Company had outstanding debt under the SB Revolver of \$185,707 and \$0, respectively. For the three and nine months ended June 30, 2019, the Company had borrowings on the SB Revolver of \$116,279 and \$270,129, respectively, and repayments on the SB Revolver of \$67,389 and \$84,422, respectively. For the three and nine months ended June 30, 2018, the Company had no borrowings or repayments on the SB Revolver.

For the three and nine months ended June 30, 2019 and 2018, the stated interest expense, cash paid for interest expense, annualized average interest rates and average outstanding balances for the SB Revolver were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2019	2018	2019	2018
Stated interest expense	\$ 1,632	\$ —	\$ 2,119	\$ —
Facility fees	21	—	33	—
Amortization of debt issuance costs	68	—	103	—
Total interest expense	\$ 1,721	\$ —	\$ 2,255	\$ —
Cash paid for interest expense	\$ 1,497	\$ —	\$ 1,695	\$ —
Annualized average stated interest rate	4.0%	N/A	3.5%	N/A
Average outstanding balance	\$ 163,009	\$ —	\$ 79,824	\$ —

Other Short-Term Borrowings: Borrowings with original maturities of less than one year are classified as short-term. The Company's short-term borrowings are the result of investments that were sold under repurchase agreements. Investments sold under repurchase agreements are accounted for as collateralized borrowings as the sale of the investment does not qualify for sale accounting under ASC Topic 860 and remains as an investments on the Consolidated Statements of Financial Condition.

As of June 30, 2019 and September 30, 2018, the Company had \$1,846 of short-term borrowings and the fair value of the loans associated with the short-term borrowings was \$1,827. As of September 30, 2018, the Company had no short-term borrowings outstanding. For the three and nine months ended June 30, 2019, the annualized effective interest rate on short-term borrowings was 4.8% and 4.8%, respectively and interest expense was \$14 and \$102, respectively. The net change in unrealized appreciation (depreciation) for each of the three and nine months ended June 30, 2019, reported within the net change in unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies was \$55.

For the three and nine months ended June 30, 2019, the average total debt outstanding (including the debt under the Revolver, SMBC Revolver, SB Revolver, and other short-term borrowings) was \$168,328 and \$121,181, respectively. For the three and nine months ended June 30, 2018, the average total debt outstanding (including the debt under the Revolver and SMBC Revolver) was \$21,080 and \$11,115, respectively.

For the three and nine months ended June 30, 2019, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt was 4.2% and 4.7%, respectively. For the three and nine months ended June 30, 2018, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt was 4.3% and 3.6%, respectively.

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

A summary of the Company's maturity requirements for borrowings as of June 30, 2019 is as follows:

	Payments Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
SB Revolver	\$ 185,707	\$ —	\$ 185,707	\$ —	\$ —
Revolver	46,000	—	46,000	—	—
Other short-term borrowings	1,846	1,846	—	—	—
Total borrowings	\$ 233,553	\$ 1,846	\$ 231,707	\$ —	\$ —

Note 9. Commitments and Contingencies

Commitments: The Company had outstanding commitments to fund investments totaling \$103,199 and \$51,432 under various undrawn revolvers and other credit facilities as of June 30, 2019 and September 30, 2018, respectively. As described in Note 5, the Company had commitments of up to \$109,375 and \$109,375 to GBDC 3 SLF as of June 30, 2019 and September 30, 2018, respectively, which may be contributed primarily for the purpose of funding new investments approved by the GBDC 3 investment committee. As of June 30, 2019, GBDC 3 SLF has not yet commenced operations.

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 arrangements 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.

Off-balance sheet risk: Off-balance sheet risk refers to an unrecorded potential liability that may result in a future obligation or loss, even though it does not appear on the Consolidated Statements of Financial Condition. The Company may enter into derivative instruments that contain elements of off-balance sheet market and credit risk. Refer to Note 6 for outstanding forward currency contracts as of June 30, 2019. As of September 30, 2018, there were no commitments outstanding for derivative contracts. Derivative instruments can be affected by market conditions, such as interest rate volatility, which could impact the fair value of the derivative instruments. If market conditions move against the Company, it may not achieve the anticipated benefits of any derivative instruments and may realize a loss. The Company minimizes market risk through monitoring its investments and borrowings.

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. The Company may engage in derivative transactions with counterparties. 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. The Company's maximum loss that it could incur related to counterparty risk on derivative instruments is the value of the collateral for that respective derivative instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

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 does not believe any disposition will have a material adverse effect on the Company's consolidated financial statements.

TABLE OF CONTENTS

Golub Capital BDC 3, Inc. and Subsidiaries Notes to Unaudited Consolidated Financial Statements (In thousands, except shares and per share data)

Note 10. Financial Highlights

The financial highlights for the Company are as follows:

Per share data: ⁽¹⁾	Nine months ended June 30,	
	2019	2018
Net asset value at beginning of period	\$ 15.00	\$ 15.00
Distributions declared: ⁽²⁾		
From net investment income	(0.99)	(1.08)
Net investment income	0.83	0.64
Net realized gain (loss) on investments and foreign currency transactions	0.00**	—
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation ⁽³⁾	0.16	0.44
Net asset value at end of period	\$ 15.00	\$ 15.00
Total return based on net asset value per share ⁽⁴⁾	6.82%	7.43%
Number of common shares outstanding	18,138,176.915	4,501,542.532

Listed below are supplemental data and ratios to the financial highlights:	Nine months ended June 30,	
	2019	2018
Ratio of net investment income to average net assets*	7.45 %	5.76 %
Ratio of total expenses to average net assets ^{(5)*}	7.84 %	8.14 %
Ratio of management fee waiver to average net assets *	(0.62)%	(0.53)%
Ratio of incentive fee waiver to average net assets	(0.20)%	(0.14)%
Ratio of professional fees waiver to average net assets	— %	(0.51)%
Ratio of net expenses to average net assets ^{(5)(6)*}	7.02 %	6.96 %
Ratio of incentive fees to average net assets	1.42 %	0.94 %
Ratio of total expenses (without incentive fees) to average net assets*	6.42 %	7.20 %
Total return based on average net asset value ^{(7)*}	9.34 %	11.97 %
Net assets at end of period	\$ 272,073	\$ 67,523
Average debt outstanding	\$ 121,181	\$ 11,115
Average debt outstanding per share	\$ 6.68	\$ 2.47
Portfolio Turnover*	8.65 %	0.49 %
Asset coverage ratio ⁽⁸⁾	216.25 %	324.56 %
Asset coverage ratio per unit ⁽⁹⁾	\$ 2,162	\$ 3,250
Average market value per unit ⁽¹⁰⁾:		
SMBC Revolver	N/A	N/A
SB Revolver	N/A	N/A
Revolver	N/A	N/A
Other short-term borrowings	N/A	N/A

* Annualized for periods of less than one year.

** Represents less than \$0.01 per share.

- ⁽¹⁾ Based on actual number of shares outstanding at the end of the corresponding period or the weighted average shares outstanding for the period, unless otherwise noted, as appropriate.
- ⁽²⁾ The per share data for distributions reflect the amount of distributions paid or payable with a record date during the applicable period.
- ⁽³⁾ Includes the impact of different share amounts 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 the shares outstanding as of the dividend record date.
- ⁽⁴⁾ Total return based on net asset value per share assumes distributions are reinvested in accordance with the DRIP. Total return does not include sales load.
- ⁽⁵⁾ Expenses, other than incentive fees, are annualized for a period less than one year.

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

- (6) For the nine months ended June 30, 2019 and 2018, incentive fee waived and professional fees waived, if any, is not annualized in calculation.
- (7) Total return based on average net asset value is calculated as (a) the net increase in net assets resulting from operations divided by (b) the daily average of total net assets. Total return does not include sales load.
- (8) In accordance with the 1940 Act, with certain limited exceptions, the Company is currently allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing.
- (9) Asset coverage ratio per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage ratio per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.
- (10) Not applicable because such senior securities are not registered for public trading.

Note 11. Earnings Per Share

The following information sets forth the computation of the net increase in net assets per share resulting from operations for the three and nine months ended June 30, 2019 and 2018:

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
Earnings available to stockholders	\$ 5,853	\$ 1,197	\$ 12,000	\$ 1,952
Basic and diluted weighted average shares outstanding	15,480,105	2,588,187	11,471,687	1,457,514
Basic and diluted earnings per share	\$ 0.39	\$ 0.46	\$ 1.04	\$ 1.34

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

Note 12. Dividends and Distributions

The Company's dividends and distributions are recorded on the record date. The following table summarizes the Company's dividend declarations and distributions with a record date during the nine months ended June 30, 2019 and 2018:

Date Declared	Record Date	Payment Date	Shares Outstanding	Amount Per Share	Total Dividends Declared
For the nine months ended June 30, 2019					
8/7/2018	10/17/2018	12/28/2018	6,474,023.277	\$ 0.1025	\$ 663
11/27/2018	11/28/2018	12/28/2018	8,500,263.562	0.1212	1,030
11/27/2018	12/26/2018	2/27/2019	10,806,835.918	0.0904	977
11/27/2018	1/21/2019	2/27/2019	10,859,989.050	0.1153	1,252
02/05/2019	2/26/2019	5/24/2019	10,859,989.050	0.0809	879
02/05/2019	3/27/2019	5/24/2019	12,268,702.801	0.1097	1,346
02/05/2019	4/29/2019	7/26/2019	13,612,944.162	0.0906	1,234
05/07/2019	5/17/2019	7/26/2019	15,335,222.467	0.1558	2,389
05/07/2019	6/14/2019	7/26/2019	18,138,176.915	0.1229	2,230
Total dividends declared for the nine months ended June 30, 2019					\$ 12,000
For the nine months ended June 30, 2018					
8/2/2017	10/23/2017	12/28/2017	248,166.664	\$ 0.0461	\$ 11
12/6/2017	12/7/2017	12/28/2017	495,633.336	0.0583	29
12/6/2017	12/22/2017	2/26/2018	916,833.336	0.0629	58
12/6/2017	1/23/2018	2/26/2018	1,058,896.360	0.1153	122
2/6/2018	2/23/2018	5/23/2018	1,750,996.360	0.0840	147
2/6/2018	3/23/2018	5/23/2018	1,757,971.828	0.2204	388
2/6/2018	4/27/2018	7/24/2018	2,219,371.824	0.1270	282
5/4/2018	5/22/2018	7/24/2018	2,219,371.824	0.1894	420
5/4/2018	6/21/2018	7/24/2018	2,804,322.532	0.1766	495
Total dividends declared for the nine months ended June 30, 2018					\$ 1,952

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(In thousands, except shares and per share data)

The following table summarizes the Company's distributions reinvested during the nine months ended June 30, 2019 and 2018:

Payment Date	DRIP Shares Issued	NAV (\$)	per share	DRIP Shares Value
For the nine months ended June 30, 2019				
November 27, 2018	49,178.285	\$	15.00	\$ 738
December 28, 2018	53,153.132		15.00	797
February 27, 2019	64,472.390		15.00	967
May 31, 2019	64,642.391		15.00	970
	231,446.198	\$	15.00	\$ 3,472
For the nine months ended June 30, 2018				
December 28, 2017	1,663.021	\$	15.00	\$ 25
February 26, 2018	6,975.468		15.00	105
May 23, 2018	19,210.720		15.00	288
	27,849.209	\$	15.00	\$ 418

[TABLE OF CONTENTS](#)

Golub Capital BDC 3, Inc. and Subsidiaries **Notes to Unaudited Consolidated Financial Statements** *(In thousands, except shares and per share data)*

Note 13. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through August 13, 2019, the date the financial statements were available to be issued. There are no subsequent events to disclose except for the following:

On May 7, 2019 and August 6, 2019, the Board declared distributions to holders of record as set forth in the table below:

Record Date	Payment Date	Amount Per Share
July 19, 2019	September 27, 2019	Net increase in net assets resulting from operations earned by the Company (if positive) as determined in accordance with GAAP for the period July 1, 2019 through July 31, 2019 per share
August 30, 2019	November 26, 2019	Net increase in net assets resulting from operations earned by the Company (if positive) as determined in accordance with GAAP for the period August 1, 2019 through August 31, 2019 per share
September 20, 2019	November 26, 2019	Net increase in net assets resulting from operations earned by the Company (if positive) as determined in accordance with GAAP for the period September 1, 2019 through September 30, 2019 per share
October 18, 2019	December 27, 2019	Net increase in net assets resulting from operations earned by the Company (if positive) as determined in accordance with GAAP for the period October 1, 2019 through October 31, 2019 per share

On July 1, 2019, the Company entered into Subscription Agreements with additional stockholders totaling \$14,950 in the aggregate.

The Company issued capital calls to stockholders that were due on July 12, 2019 and August 19, 2019, which are summarized in the following table:

	Date	Shares Issued	NAV (\$) per share	Proceeds
Issuance of shares	7/12/2019	1,733,778.300	\$ 15.00	\$ 26,007
Issuance of shares	8/19/2019	1,387,022.700	\$ 15.00	\$ 20,805

On July 26, 2019, the Company issued 168,566.101 shares of common stock through the DRIP.

[TABLE OF CONTENTS](#)

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

The information contained in this section should be read in conjunction with our interim and unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In this report, "we," "us," "our" and "GBDC 3" refer to Golub Capital BDC 3, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

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

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make and the competition for those investments;
- our contractual arrangements and relationships with third parties;
- completion of a public offering of our securities or other liquidity event;
- actual and potential conflicts of interest with GC Advisors LLC, or GC Advisors, and other affiliates of Golub Capital LLC, or collectively, Golub Capital;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- general economic and political trends and other external factors;
- the ability of GC Advisors to locate suitable investments for us and to monitor and administer our investments;
- the ability of GC Advisors or its affiliates to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a regulated investment company, or RIC, and as a business development company;
- general price and volume fluctuations in the stock markets;
- the impact on our business of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations issued thereunder and any actions toward repeal thereof; and
- the effect of changes to tax legislation and our tax position.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth elsewhere in this quarterly report on Form 10-Q and as "Risk Factors" in our annual report on Form 10-K for the year ended September 30, 2018.

We have based the forward-looking statements included in this report on information available to us on the date of this report. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. You are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission, or the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. This quarterly report on Form 10-Q contains statistics and other data that have been obtained from or compiled from information made available by third-party service providers. We have not independently verified such statistics or data.

[TABLE OF CONTENTS](#)

Overview

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for U.S. federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. As a business development company and a RIC, we are also subject to certain constraints, including limitations imposed by the 1940 Act and the Code. We were formed in August 2017 and commenced operations on October 2, 2017.

Our investment objective is to generate current income and capital appreciation by investing primarily in one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans and that are often referred to by other middle-market lenders as unitranche loans) and other senior secured loans of U.S. middle-market companies. We may also selectively invest in second lien and subordinated (a loan that ranks senior only to a borrower's equity securities and ranks junior to all of such borrower's other indebtedness in priority of payment) loans of, and warrants and minority equity securities in, middle-market companies. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to U.S. middle-market companies with over \$30.0 billion in capital under management as of June 30, 2019, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom Golub Capital has invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

Our investment activities are managed by GC Advisors and supervised by our board of directors of which a majority of the members are independent of us, GC Advisors and its affiliates.

Under an investment advisory agreement, or the Investment Advisory Agreement, which was reapproved by our board of directors in May 2019, we have agreed to pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. Under an administration agreement, the Administration Agreement, we are provided with certain administrative services by an administrator, or the Administrator, which is currently Golub Capital LLC. Under the Administration Agreement, we have agreed to reimburse the Administrator for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement.

We seek to create a portfolio that includes primarily one stop and other senior secured loans by primarily investing approximately \$5.0 million to \$30.0 million of capital, on average, in the securities of U.S. middle-market companies. We may also selectively invest more than \$30.0 million in some of our portfolio companies and generally expect that the size of our individual investments will vary proportionately with the size of our capital base.

We generally invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities, which may be referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. In addition, many of our debt investments have floating interest rates that reset on a periodic basis and typically do not fully pay down principal prior to maturity, which may increase our risk of losing part or all of our investment.

TABLE OF CONTENTS

As of June 30, 2019 and September 30, 2018, our portfolio at fair value was comprised of the following:

Investment Type	As of June 30, 2019		As of September 30, 2018	
	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
Senior secured	\$ 70,130	14.7%	\$ 19,052	13.3%
One stop	396,799	83.3	122,442	85.2
Second lien	3,624	0.8	—	—
Subordinated debt	2	0.0*	82	0.1
Equity	5,745	1.2	2,083	1.4
Total	\$ 476,300	100.0%	\$ 143,659	100.0%

* Represents an amount less than 0.1%

One stop loans include loans to technology companies undergoing strong growth due to new services, increased adoption and/or entry into new markets. We refer to loans to these companies as late stage lending loans. Other targeted characteristics of late stage lending businesses include strong customer revenue retention rates, a diversified customer base and backing from growth equity or venture capital firms. In some cases, the borrower's high revenue growth is supported by a high level of discretionary spending. As part of the underwriting of such loans and consistent with industry practice, we may adjust our characterization of the earnings of such borrowers for a reduction or elimination of such discretionary expenses, if appropriate. As of June 30, 2019 and September 30, 2018, one stop loans included \$100.0 million and \$27.7 million, respectively, of late stage lending loans at fair value.

As of June 30, 2019 and September 30, 2018, we had debt and equity investments in 101 and 54 portfolio companies, respectively. The following table shows the weighted average annualized income yield and weighted average annualized investment income yield of our earning portfolio company investments, which represented 100% of our debt investments, as well as the total return based on our average net asset value and the total return based on the change in the net asset value of our stock and assuming distributions were reinvested in accordance with our dividend reinvestment plan, or DRIP, in each case for the three and nine months ended June 30, 2019 and 2018 was as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2019	2018	2019	2018
Weighted average annualized income yield ⁽¹⁾	8.6%	9.1%	8.6%	8.7%
Weighted average annualized investment income yield ⁽²⁾	9.0%	9.4%	9.0%	9.1%
Total return based on average net asset value ^{(3)*}	10.1%	12.4%	9.3%	12.0%
Total return based on net asset value per share ⁽⁴⁾	2.1%	3.3%	6.8%	7.4%

* Annualized for periods of less than one year

⁽¹⁾ Represents income from interest and fees, excluding amortization of capitalized fees and discounts divided by the average fair value of earning portfolio company investments, and does not represent a return to any investor in us.

⁽²⁾ Represents income from interest, fees and amortization of capitalized fees and discounts, divided by the average fair value of earning portfolio company investments, and does not represent a return to any investor in us.

⁽³⁾ Total return based on average net asset value is calculated as (a) the net increase in net assets resulting from operations divided by (b) the daily average of total net assets. Total return does not include sales load.

⁽⁴⁾ Total return based on net asset value assumes distributions are reinvested in accordance with the DRIP. Total return does not include sales load.

As of June 30, 2019, GBDC 3 has earned an inception-to-date internal rate of return, or IRR, of 10.2% for stockholders taken as a whole. For the nine months ended June 30, 2019 and 2018, GBDC 3 earned a year-to-date IRR of 11.0% and 12.6%, respectively, for stockholders taken as a whole. An individual stockholder's IRR may vary based on the timing of their capital transactions. The IRR is the annualized effective compound rate of return that brings a series of cash flows to the current value of the cash invested. The IRR was computed based on the actual

TABLE OF CONTENTS

dates of cash inflows (share issuances, including share issuances through the DRIP), outflows (capital distributions), the stockholders' net asset value, or NAV, at the end of the period and distributions declared and payable at the end of the period (residual value of the stockholders' NAV and distributions payable as of each measurement date).

Revenues: We generate revenue in the form of interest and fee income on debt investments and capital gains and distributions, if any, on portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior secured, one stop, or subordinated loans, typically have a term of three to seven years and bear interest at a fixed or floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments fluctuates significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or payment-in-kind, or PIK interest. The principal amount of loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as fee income. For additional details on revenues, see "Critical Accounting Policies - Revenue Recognition."

We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments, foreign currency translation, and forward currency contracts in the Consolidated Statements of Operations.

Expenses: Our primary operating expenses include the payment of fees to GC Advisors under the Investment Advisory Agreement and interest expense on our outstanding debt. We bear all out-of-pocket costs and expenses of our operations and transactions, including:

- reimbursement to GC Advisors of organizational and offering expenses up to an aggregate amount of \$700,000;
- calculating our NAV (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by GC Advisors payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments, which fees and expenses may include, among other items, due diligence reports, appraisal reports, any studies that may be commissioned by GC Advisors and travel and lodging expenses;
- expenses related to unsuccessful portfolio acquisition efforts;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);
- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments in portfolio companies, including costs associated with meeting financial sponsors;
- transfer agent, dividend agent and custodial fees and expenses;
- U.S. federal and state registration and franchise fees;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs associated with individual or group stockholders;
- costs associated with compliance under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

[TABLE OF CONTENTS](#)

- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or the Administrator in connection with administering our business.

We expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines.

Recent Developments

On May 7, 2019 and August 6, 2019 our board of directors declared distributions to holders of record as set forth in the table below:

Record Date	Payment Date	Amount Per Share
July 19, 2019	September 27, 2019	Net increase in net assets resulting from operations earned by us (if positive) as determined in accordance with generally accepted accounting principles in the United States of America, or GAAP for the period July 1, 2019 through July 31, 2019 per share
August 30, 2019	November 26, 2019	Net increase in net assets resulting from operations earned by us (if positive) as determined in accordance with GAAP for the period August 1, 2019 through August 31, 2019 per share
September 20, 2019	November 26, 2019	Net increase in net assets resulting from operations earned by us (if positive) as determined in accordance with GAAP for the period September 1, 2019 through September 30, 2019 per share
October 18, 2019	December 27, 2019	Net increase in net assets resulting from operations earned by us (if positive) as determined in accordance with GAAP for the period October 1, 2019 through October 31, 2019 per share

On July 1, 2019, we entered into subscription agreements with additional stockholders totaling \$15.0 million in the aggregate.

We issued capital calls to stockholders that were due on July 12, 2019 and August 19, 2019, which are summarized in the following table:

	Date	Shares Issued	NAV (\$) per share	Proceeds <i>(in thousands)</i>
Issuance of shares	7/12/2019	1,733,778.300	\$ 15.00	\$ 26,007
Issuance of shares	8/19/2019	1,387,022.700	\$ 15.00	\$ 20,805

On July 26, 2019, we issued 168,566.101 shares of common stock through the DRIP.

Consolidated Results of Operations

	Three months ended June 30,		Variances	Nine months ended June 30,		Variances
	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
	(In thousands)			(In thousands)		
Interest income	\$ 8,133	\$ 1,266	\$ 6,867	\$ 17,978	\$ 2,008	\$ 15,970
Income from accretion of discounts and origination fees	371	51	320	854	80	774
Fee income	195	—	195	278	1	277
Total investment income	8,699	1,317	7,382	19,110	2,089	17,021
Net expenses	4,144	731	3,413	9,540	1,149	8,391
Net investment income	4,555	586	3,969	9,570	940	8,630
Excise tax	—	—	—	—	1	(1)
Net investment income - after excise tax	4,555	586	3,969	9,570	939	8,631
Net realized gain (loss) on investments and foreign currency transactions	11	—	11	60	—	60
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	1,287	611	676	2,370	1,013	1,357
Net increase in net assets resulting from operations	\$ 5,853	\$ 1,197	\$ 4,656	\$ 12,000	\$ 1,952	\$ 10,047
Average earning portfolio company investments, at fair value	\$ 385,092	\$ 55,670	\$ 329,422	\$ 281,325	\$ 30,598	\$ 250,727

Investment Income

The annualized income yield by debt security type for the three and nine months ended June 30, 2019 and 2018 was as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
Senior secured	7.9%	7.1%	7.6%	6.8%
One stop	8.8%	9.5%	8.8%	9.3%
Second lien	12.2%	N/A	12.2%	N/A
Subordinated debt	7.6%	8.1%	7.6%	8.1%

Copyright © 2019 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

For additional details on investment yields and asset mix, refer to the “*Liquidity and Capital Resources - Portfolio Composition, Investment Activity and Yield*” section below.

TABLE OF CONTENTS

Expenses

The following table summarizes our expenses for the three and nine months ended June 30, 2019 and 2018:

	Three months ended June 30,			Variances			Nine months ended June 30,			Variances		
	2019	2018		2019 vs. 2018			2019	2018		2019 vs. 2018		
	(In thousands)				(In thousands)							
Interest and facility fee expenses	\$ 1,692	\$ 194		\$ 1,499	\$ 3,692		\$ 260		\$ 3,432			
Amortization of debt issuance costs	68	31		37	600		36		564			
Base management fee, net of waiver	967	145		821	2,111		231		1,880			
Income incentive fee, net of waiver	837	74		763	1,727		80		1,647			
Capital gain incentive fee accrued under GAAP, net of waiver	181	69		112	361		95		266			
Professional fees, net of waiver	217	181		36	635		390		245			
Administrative service fee	156	25		131	332		41		291			
General and administrative expenses	26	12		14	82		16		66			
Net expenses	4,144	731		3,413	9,540		1,149		8,391			
Excise tax	—	—		—	—		1		(1)			
Net expenses - after excise tax	\$ 4,144	\$ 731		\$ 3,413	\$ 9,540		\$ 1,150		\$ 8,390			
Average debt outstanding	\$ 168,328	\$ 21,080		\$ 168,307	\$ 121,181		\$ 11,115		\$ 110,066			

Interest Expense

Interest and facility fee expenses increased from the three months ended June 30, 2018 to the three months ended June 30, 2019 by \$1.5 million primarily due to an increase in the weighted average of outstanding borrowings of \$168.3 million and an increase in LIBOR. Interest and facility fee expense increased by \$3.4 million from the nine months ended June 30, 2018 to the nine months ended June 30, 2019 primarily due to an increase in the weighted average of outstanding borrowings of \$110.1 million, higher interest rates for floating rate borrowings, and an increase in LIBOR. The increase in our weighted average debt outstanding was driven by an increase in the weighted average debt outstanding balance under the revolving credit agreement with Signature Bank, or the SB Revolver, during the nine months ended June 30, 2019. For more information about our outstanding borrowings for the three and nine months ended June 30, 2019 and 2018, including the terms thereof, see Note 8 in the notes to our consolidated financial statements and the “*Liquidity and Capital Resources*” section below.

Amortization of debt issuance costs increased from the nine months ended June 30, 2018 to the nine months ended June 30, 2019 by \$0.6 million, primarily due to the acceleration of amortization of debt issuance costs related to the termination of the revolving credit facility with Sumitomo Mitsui Banking Corporation, or the SMBC Revolver, on February 4, 2019.

The effective annualized average interest rate on our outstanding debt decreased to 4.2% for the three months ended June 30, 2019 from 4.3% for the three months ended June 30, 2018 primarily due to lower interest rates associated with our unsecured revolving credit facility with GC Advisors, or the Revolver, which is partially offset by an increase in LIBOR. The effective annualized average interest rate on our outstanding debt increased to 4.7% for the nine months ended June 30, 2019 from 3.6% for the nine months ended June 30, 2018 primarily due to higher interest rates for borrowings under the SMBC Revolver, an increase in LIBOR, and an increase in amortization of debt issuance costs due to the termination of the SMBC Revolver.

Management Fees

The base management fee increased as a result of a sequential increase in average assets from the three and nine months ended June 30, 2018 to the three and nine months ended June 30, 2019.

TABLE OF CONTENTS

Incentive Fees

The incentive fee payable under the Investment Advisory Agreement consists of two parts: (1) the income component, or the Income Incentive Fee, and (2) the capital gains component, or the Capital Gain Incentive Fee. The Income Incentive Fee increased by \$0.8 million and \$1.6 million from the three and nine months ended June 30, 2018 to the three and nine months ended June 30, 2019, respectively, primarily as a result of the increase in our average earning debt investment balances that resulted in an increase in our Pre-Incentive Fee Net Investment Income (as defined in Note 4 to our consolidated financial statements). For the three and nine months ended June 30, 2019, we were fully through the catch-up provision of the Income Incentive Fee calculation and the Income Incentive Fee earned by GC Advisors as a percentage of Pre-Incentive Fee Net Investment Income, net of waiver, was 15.0%.

We recorded an accrual for the Capital Gain Incentive Fee under GAAP of \$0.2 million and \$0.4 million for the three and nine months ended June 30, 2019, respectively, and recorded an accrual for the Capital Gain Incentive Fee under GAAP of less than \$0.1 million for each of the three and nine months ended June 30, 2018. The Capital Gain Incentive Fee accrual under GAAP was primarily due to unrealized appreciation in the investment portfolio. For additional details on unrealized appreciation and depreciation of investments, refer to the “*Net Realized and Unrealized Gains and Losses*” see section below.

As of June 30, 2019 and September 30, 2018, the cumulative capital gain incentive fee accrual in accordance with GAAP was \$0.5 million and \$0.2 million, respectively, none of which was payable as a Capital Gain Incentive Fee pursuant to the Investment Advisory Agreement.

Professional Fees, Administrative Service Fees, and General and Administrative Expenses

In total, professional fees, the administrative service fee, and general and administrative expenses increased by \$0.2 million and \$0.6 million from the three and nine months ended June 30, 2018 to the three and nine months ended June 30, 2019, respectively. These increases are associated with increased costs to service a growing portfolio and the professional fee reimbursement irrevocably waived by GC Advisors of approximately \$0.1 million for the three months ended December 31, 2017. In general, we expect certain of our operating expenses, including professional fees, the administrative service fee, and other general and administrative expenses to decline as a percentage of our total assets during periods of growth and increase as a percentage of our total assets during periods of asset declines.

The Administrator pays for certain expenses incurred by us. These expenses are subsequently reimbursed in cash. Total expenses reimbursed by us to the Administrator for the three and nine months ended June 30, 2019 were less than \$0.1 million and \$0.4 million, respectively. During the three and nine months ended June 30, 2018, total expenses reimbursed by us to the Administrator were \$0.1 million and \$0.1 million, respectively.

As of June 30, 2019 and September 30, 2018, included in accounts payable and accrued expenses were \$0.2 million and \$0.1 million, respectively, for accrued expenses paid on behalf of us by the Administrator.

TABLE OF CONTENTS

Net Realized and Unrealized Gains and Losses

The following table summarizes our net realized and unrealized gains (losses) for the three and nine months ended June 30, 2019 and 2018:

	Three months ended June 30,			Nine months ended June 30,		
	2019	2018	Variances 2019 vs. 2018	2019	2018	Variances 2019 vs. 2018
	(In thousands)			(In thousands)		
Net realized gain (loss) on investments	\$ 3	\$ —	\$ 3	\$ 4	\$ —	\$ 4
Net realized gain (loss) on foreign currency transactions	8	—	8	56	—	56
Net realized gain (loss) on investments and foreign currency transactions	11	—	11	60	—	60
Unrealized appreciation on investments	\$ 2,184	\$ 643	\$ 1,541	\$ 3,496	\$ 1,030	\$ 2,466
Unrealized (depreciation) on investments	(882)	(32)	(850)	(1,111)	(17)	(1,094)
Unrealized (depreciation) on forward currency contracts	(70)	—	(70)	(70)	—	(70)
Unrealized appreciation on foreign currency translation	55	—	55	55	—	55
Net change in unrealized appreciation (depreciation) on investments, foreign currency translation and forward currency contracts	\$ 1,287	\$ 611	\$ 676	\$ 2,370	\$ 1,013	\$ 1,357

For the three and nine months ended June 30, 2019, we had a net realized gain on investments and foreign currency transactions of less than \$0.1 million primarily due to realized gains on foreign currency transactions. For the three and nine months ended June 30, 2018, we did not record any net realized gain (loss) on investments and foreign currency transactions.

During the three and nine months ended June 30, 2019, we had \$2.2 million and \$3.5 million in unrealized appreciation on 56 and 75 portfolio company investments, respectively, which was partially offset by \$0.9 million and \$1.1 million in unrealized depreciation on 85 and 63 portfolio company investments, respectively. During the three and nine months ended June 30, 2018, we had \$0.6 million and \$1.0 million in unrealized appreciation on 26 and 35 portfolio company investments, respectively, which was partially offset by less than \$0.1 million and less than \$0.1 million in unrealized depreciation on 23 and 10 portfolio company investments, respectively. Unrealized appreciation during the three and nine months ended June 30, 2019 and 2018 resulted from an increase in fair value primarily due to the rise in market prices of portfolio company investments. Unrealized depreciation primarily resulted from the amortization of discounts and negative credit related adjustments that caused a reduction in fair value of portfolio company investments during the three and nine months ended June 30, 2019 and 2018.

During the three and nine months ended June 30, 2019, we recognized unrealized depreciation on forward currency contracts of \$0.1 million, which was comprised of unfavorable movements in currency rates for two open forward currency contracts. See Note 6 in the notes to the consolidated financial statements for details of open positions on forward currency contracts.

Liquidity and Capital Resources

For the nine months ended June 30, 2019, we experienced a net increase in cash, cash equivalents and foreign currencies of \$32.7 million. During the period we used \$319.0 million in operating activities, primarily as a result of fundings of portfolio investments of \$346.3 million. During the same period, cash provided by financing activities was \$351.7 million, primarily driven by borrowings on debt of \$405.6 million, proceeds from short-term borrowings of \$9.5 million and proceeds from the issuance of common shares of \$181.4 million that were partially offset by repayments of debt of \$232.4 million, repayments on short-term borrowings of \$7.6 million and distributions paid of \$4.2 million.

For the nine months ended June 30, 2018, we experienced a net increase in cash and cash equivalents of \$9.4 million. During the period we used \$86.8 million in operating activities, primarily as a result of fundings of portfolio investments of \$87.8 million. During the same period, cash provided by financing activities was \$96.3 million, primarily driven by borrowings on debt of \$127.6 million and proceeds from the issuance of common shares of \$67.0 million that were partially offset by repayments of debt of \$97.6 million.

TABLE OF CONTENTS

As of June 30, 2019 and September 30, 2018, we had cash, cash equivalents and foreign currencies of \$36.3 million and \$3.7 million, respectively. Cash, cash equivalents and foreign currencies are available to fund new investments, pay operating expenses and pay distributions.

As of June 30, 2019, the SMBC Revolver was no longer outstanding. As of September 30, 2018, the SMBC Revolver, allowed us to borrow up to \$110.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of September 30, 2018, we had \$58.5 million outstanding under the SMBC Revolver. As of September 30, 2018, subject to leverage and borrowing base restrictions, we had \$51.5 million of remaining commitments and \$51.5 million of availability under the SMBC Revolver.

On February 4, 2019, we entered into the SB Revolver. As of June 30, 2019, the SB Revolver allowed us to borrow up to \$175.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. On April 8, 2019, we entered into an amendment with SB which increased the borrowing capacity under the SB Revolver to \$225.0 million. As of June 30, 2019, we had \$185.7 million outstanding under the SB Revolver. As of June 30, 2019, subject to leverage and borrowing base restrictions, we had approximately \$39.3 million of remaining commitments and \$0.0 of availability on the SB Revolver.

As of June 30, 2019 and September 30, 2018, we had investor capital subscriptions totaling \$514.9 million and \$470.4 million, respectively, of which \$267.3 million and \$85.9 million, respectively, had been called and contributed, leaving \$247.6 million and \$384.5 million of uncalled investor capital subscriptions, respectively.

As of June 30, 2019 and September 30, 2018, we were permitted to borrow up to \$100.0 million and \$40.0 million, respectively, at any one time outstanding under the Revolver. On June 28, 2019, we amended the Revolver to increase the borrowing capacity to \$100.0 million from \$40.0 million. As of June 30, 2019 and September 30, 2018, we had \$46.0 million and \$0, respectively, outstanding under the Revolver.

In accordance with the 1940 Act, with certain limited exceptions, we are currently allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. The Small Business Credit Availability Act, or SBCAA, which was signed into law on March 23, 2018, among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements, obtains certain approvals and, in the case of unlisted business development companies, makes an offer to repurchase the shares of its stockholders. The reduced asset coverage requirement would permit a business development company to have a ratio of total consolidated assets to outstanding indebtedness of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement. Effectiveness of the reduced asset coverage requirement to a business development company requires approval by either (1) a “required majority,” as defined in Section 57(o) of the 1940 Act, of such business development company’s board of directors with effectiveness one year after the date of such approval or (2) a majority of votes cast at a special or annual meeting of such business development company’s stockholders at which a quorum is present, which is effective the day after such stockholder approval. We are still evaluating the merits of operating with a higher leverage ratio, and have not sought or obtained either approval and, as a result, remain subject to the 200% asset coverage requirement under Section 61(a)(1) of the 1940 Act. As of June 30, 2019, our asset coverage for borrowed amounts was 216.3%.

As of June 30, 2019 and September 30, 2018, we had outstanding commitments to fund investments totaling \$103.2 million and \$51.4 million, respectively. This amount may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of June 30, 2019 and September 30, 2018, respectively, subject to the terms of each loan’s respective credit agreement. As of June 30, 2019, we believe that we had sufficient assets and liquidity to adequately cover future obligations under our unfunded commitments based on historical rates of drawings upon unfunded commitments and cash balances that we maintain, availability under our SB Revolver and Revolver, ongoing principal repayments on debt investments assets and uncalled investor capital subscriptions.

Although we expect to fund the growth of our investment portfolio through net proceeds from capital calls on existing and future investor capital subscriptions and through our dividend reinvestment plan as well as future borrowings, to the extent permitted by the 1940 Act, we cannot assure you that our efforts to raise capital will be successful. In addition to capital not being available, it also may not be available on favorable terms. To the extent

TABLE OF CONTENTS

we are not able to raise capital on what we believe are favorable terms, we will focus on optimizing returns by investing in capital generated by repayments into new investments we believe are attractive from a risk/reward perspective. Furthermore, to the extent we are not able to raise capital and are at or near our targeted leverage ratios, we may receive smaller allocations, if any, on new investment opportunities under GC Advisors' allocation policy.

Portfolio Composition, Investment Activity and Yield

As of June 30, 2019 and September 30, 2018 we had investments in 101 and 54 portfolio companies, respectively, with a total fair value of \$476.3 million and \$143.7 million, respectively.

The following table shows the asset mix of our new investment commitments for the three and nine months ended June 30, 2019 and 2018:

	For the three months ended June 30,				For the nine months ended June 30,			
	2019		2018		2019		2018	
	(In thousands)				(In thousands)			
	New Commitments	Percentage of Commitments	New Commitments	Percentage of Commitments	New Commitments	Percentage of Commitments	New Commitments	Percentage of Commitments
Senior secured	\$ 45,371	19.9%	\$ 8,535	12.7%	\$ 84,976	21.0%	\$ 16,851	12.5%
One stop	177,975	78.0	57,460	85.8	313,543	77.3	115,859	86.3
Second lien	3,712	1.7	—	—	3,712	0.9	—	—
Subordinated debt	—	—	82	0.1	10	0.0*	82	0.1
Equity	1,022	0.4	887	1.4	3,292	0.8	1,484	1.1
	\$ 228,080	100.0%	\$ 66,964	100.0%	\$ 405,533	100.0%	\$ 134,276	100.0%

* Represents an amount less than 0.1%

For the three and nine months ended June 30, 2019, we had approximately \$8.9 million and \$18.6 million, respectively, in proceeds from principal payments and return of capital distributions of portfolio companies. For the three and nine months ended June 30, 2019, we had sales of securities in 1 and 3 portfolio companies, respectively, aggregating less than \$0.1 and approximately \$0.2 million, respectively, in net proceeds.

For each of the three and nine months ended June 30, 2018, we had approximately \$0.1 million and \$0.1 million in proceeds from principal payments and return of capital distributions of portfolio companies. For each of the three and nine months ended June 30, 2019, we had no sales of securities.

TABLE OF CONTENTS

The following table shows the principal, amortized cost and fair value of our portfolio of investments by asset class:

	As of June 30, 2019 ⁽¹⁾			As of September 30, 2018 ⁽¹⁾		
	(In thousands)			(In thousands)		
	Principal	Amortized Cost	Fair Value	Principal	Amortized Cost	Fair Value
Senior secured:						
Performing	\$ 70,344	\$ 69,295	\$ 70,130	\$ 19,102	\$ 18,804	\$ 19,052
Non-accrual ⁽²⁾	—	—	—	—	—	—
One stop:						
Performing	399,601	394,376	396,799	123,084	121,233	122,442
Non-accrual ⁽²⁾	—	—	—	—	—	—
Second lien:						
Performing	3,711	3,622	3,624	—	—	—
Non-accrual ⁽²⁾	—	—	—	—	—	—
Subordinated debt:						
Performing	2	—	2	82	82	82
Non-accrual ⁽²⁾	—	—	—	—	—	—
Equity	N/A	5,041	5,745	N/A	1,958	2,083
Total	\$ 473,658	\$ 472,334	\$ 476,300	\$ 142,268	\$ 142,077	143,659

⁽¹⁾ 12 and 6 of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of June 30, 2019 and September 30, 2018, respectively.

⁽²⁾ We refer to a loan as non-accrual when we cease recognizing interest income on the loan because we have stopped pursuing repayment of the loan or, in certain circumstances, it is past due 90 days or more on principal and interest or our management has reasonable doubt that principal or interest will be collected. See “— Critical Accounting Policies — Revenue Recognition.” As of June 30, 2019 and September 30, 2018, there were no loans in our portfolio that were on non-accrual.

As of June 30, 2019 and September 30, 2018, the fair value of our debt investments as a percentage of the outstanding principal value was 99.3% and 99.6%, respectively.

The following table shows the weighted average rate and spread over LIBOR on investments originated and the weighted average rate of sales and payoffs of portfolio companies during the three and nine months ended June 30, 2019 and 2018:

	For the three months ended June 30,		For the nine months ended June 30,	
	2019	2018	2019	2018
Weighted average rate of new investment fundings	8.3%	7.9%	8.1%	8.0%
Weighted average spread over LIBOR of new floating rate investment fundings	5.7%	5.6%	5.6%	6.0%
Weighted average rate of sales and payoffs of portfolio investments	8.9%	8.3%	8.4%	8.0%
Weighted average annualized income yield ⁽¹⁾	8.6%	9.1%	8.6%	8.7%

⁽¹⁾ Represents income from interest and fees, excluding amortization of capitalized fees and discounts, divided by the average fair value of earning debt investments, and does not represent a return to any investor in us.

As of June 30, 2019, 79.5% of our debt portfolio at fair value and at amortized cost had interest rate floors that limit the minimum applicable interest rates on such loans. As of September 30, 2018, 90.4% and 95.8%, respectively, of our debt portfolio at fair value and at amortized cost had interest rate floors that limit the minimum applicable interest rates on such loans.

As of June 30, 2019 and September 30, 2018, the portfolio median earnings before interest, taxes, depreciation and amortization, or EBITDA, for our portfolio companies was \$26.8 million and \$22.7 million, respectively. The portfolio median EBITDA is based on the most recently reported trailing twelve-month EBITDA received from the portfolio company.

TABLE OF CONTENTS

As part of the monitoring process, GC Advisors regularly assesses the risk profile of each of our investments and rates each of them based on an internal system developed by Golub Capital and its affiliates. This system is not generally accepted in our industry or used by our competitors. It is based on the following categories, which we refer to as GC Advisors' internal performance ratings:

Internal Performance Ratings

Rating	Definition
5	Involves the least amount of risk in our portfolio. The borrower is performing above expectations, and the trends and risk factors are generally favorable.
4	Involves an acceptable level of risk that is similar to the risk at the time of origination. The borrower is generally performing as expected, and the risk factors are neutral to favorable.
3	Involves a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination. The borrower may be out of compliance with debt covenants; however, loan payments are generally not past due.
2	Involves a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).
1	Involves a borrower performing substantially below expectations and indicates that the loan's risk has substantially increased since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 1 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered.

Our internal performance ratings do not constitute any rating of investments by a nationally recognized statistical rating organization or represent or reflect any third-party assessment of any of our investments.

For any investment rated 1, 2 or 3, GC Advisors will increase its monitoring intensity and prepare regular updates for the investment committee, summarizing current operating results and material impending events and suggesting recommended actions.

GC Advisors monitors and, when appropriate, changes the internal performance ratings assigned to each investment in our portfolio. In connection with our valuation process, GC Advisors and our board of directors review these internal performance ratings on a quarterly basis.

The following table shows the distribution of our investments on the 1 to 5 internal performance rating scale at fair value as of June 30, 2019 and September 30, 2018:

Internal Performance Rating	As of June 30, 2019		As of September 30, 2018	
	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
5	\$ 20,487	4.3%	\$ 1,585	1.1%
4	451,669	94.8	142,074	98.9
3	4,144	0.9	—	—
2	—	—	—	—
1	—	—	—	—
Total	\$ 476,300	100.0%	\$ 143,659	100.0%

[TABLE OF CONTENTS](#)

Contractual Obligations and Off-Balance Sheet Arrangements

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

	Payments Due by Period				
	<i>(In thousands)</i>				
	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
SB Revolver	\$ 185,707	\$ —	\$ 185,707	\$ —	\$ —
Revolver	46,000	—	46,000	—	—
Other short-term borrowings	1,846	1,846	—	—	—
Unfunded commitments ⁽¹⁾	103,199	103,199	—	—	—
Total contractual obligations	<u>\$ 336,752</u>	<u>\$ 105,045</u>	<u>\$ 231,707</u>	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ Unfunded commitments represent unfunded commitments to fund investments as of June 30, 2019. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but we are showing this amount in the less than one year category as this entire amount was eligible for funding to the borrowers as of June 30, 2019, subject to the terms of each loan's respective credit agreement. The unfunded commitments amount does not include \$109.4 million of commitments as of June 30, 2019 for GBDC 3 Senior Loan Fund LLC, which is described in Note 5 Investments in the notes to our consolidated financial statements.

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of June 30, 2019 and September 30, 2018, we had outstanding commitments to fund investments totaling \$103.2 million and \$51.4 million.

We have certain contracts under which we have material future commitments. We have entered into the Investment Advisory Agreement with GC Advisors in accordance with the 1940 Act. Under the Investment Advisory Agreement, GC Advisors provides us with investment advisory and management services.

Under the Administration Agreement, the Administrator furnishes us with office facilities and equipment, provides us with clerical, bookkeeping and record keeping services at such facilities and provides us with other administrative services necessary to conduct our day-to-day operations. The Administrator also provides on our behalf managerial assistance to those portfolio companies to which we are required to offer to provide such assistance.

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

Distributions

We intend to make periodic distributions to our stockholders as determined by our board of directors. For additional information on distributions, see "Critical Accounting Policies - Income Taxes."

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a business development company under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse U.S. federal income tax consequences, including the possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for any tax year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our

TABLE OF CONTENTS

income or gains. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is our ordinary income or gains.

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

Related Party Transactions

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

- We entered into the Investment Advisory Agreement with GC Advisors. Each of Mr. Lawrence Golub, our chairman, and Mr. David Golub, our president and chief executive officer, is a manager of GC Advisors, and each of Messrs. Lawrence Golub and David Golub owns an indirect pecuniary interest in GC Advisors.
- Pursuant to a letter agreement to the Investment Advisory Agreement, GC Advisors voluntarily and irrevocably waived reimbursement to GC Advisors for professional fees incurred on our behalf during the quarter ended December 31, 2017. During the three months ended December 31, 2017, the professional fee reimbursement irrevocably waived by GC Advisors was \$0.1 million.
- Golub Capital LLC provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement.
- We have entered into a license agreement with Golub Capital LLC, pursuant to which Golub Capital LLC has granted us a non-exclusive, royalty-free license to use the name “Golub Capital.”
- Under a staffing agreement, or the Staffing Agreement, Golub Capital LLC has agreed to provide GC Advisors with the resources necessary to fulfill its obligations under the Investment Advisory Agreement. The Staffing Agreement provides that Golub Capital LLC will make available to GC Advisors experienced investment professionals and provide access to the senior investment personnel of Golub Capital LLC for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. The Staffing Agreement also includes a commitment that the members of GC Advisors’ investment committee will serve in such capacity. Services under the Staffing Agreement are provided on a direct cost reimbursement basis. We are not a party to the Staffing Agreement.
- We have entered into the Revolver with GC Advisors in order to have the ability to borrow funds on a short-term basis.

GC Advisors also sponsors or manages, and may in the future sponsor or manage, other investment funds, accounts or investment vehicles (together referred to as “accounts”) that have investment mandates that are similar, in whole and in part, with ours. For example, GC Advisors presently serves as the investment adviser to Golub Capital BDC, Inc., a publicly-traded business development company (Nasdaq: GBDC), and Golub Capital Investment Corporation, an unlisted business development company, each of which focuses on investing primarily in one stop and other senior secured loans of U.S. middle-market companies. In addition, our officers and directors serve in similar capacities for Golub Capital BDC, Inc. and Golub Capital Investment Corporation. GC Advisors and its affiliates may determine that an investment is appropriate for us and for one or more of these other accounts. In such event, depending on the availability of such investment and other appropriate factors, and pursuant to GC Advisors’ allocation policy, GC Advisors or its affiliates may determine that we should invest side-by-side with one or more other accounts. We do not intend to make any investments if they are not permitted by applicable law and interpretive positions of the SEC and its staff, or if they are inconsistent with GC Advisors’ allocation procedures.

TABLE OF CONTENTS

In addition, we have adopted a formal code of ethics that governs the conduct of our and GC Advisors' officers, directors and employees. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the General Corporation Law of the State of Maryland.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Fair Value Measurements

We value investments for which market quotations are readily available at their market quotations. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process.

Valuation methods may include comparisons of the portfolio companies to peer companies that are public, determination of the enterprise value of a portfolio company, discounted cash flow analysis and a market interest rate approach. The factors that are taken into account in fair value pricing investments include: available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from values that may ultimately be received or settled.

Our board of directors is ultimately and solely responsible for determining, in good faith, the fair value of investments that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

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

- Our quarterly valuation process begins with each portfolio company investment being initially valued by the investment professionals of GC Advisors responsible for credit monitoring.
- Preliminary valuation conclusions are then documented and discussed with our senior management and GC Advisors.
- The audit committee of our board of directors reviews these preliminary valuations.
- At least once annually, the valuation for each portfolio investment, subject to a *de minimus* threshold, is reviewed by an independent valuation firm.
- The board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith.

In connection with each sale of shares of our common stock, we make a determination that we are not selling shares of our common stock at a price below the then-current net asset value per share of common stock at the time at which the sale is made or otherwise in violation of the 1940 Act. GC Advisors will consider the following factors, among others, in making such determination:

- The net asset value of our common stock disclosed in the most recent periodic report filed with the SEC;

TABLE OF CONTENTS

- Its assessment of whether any change in the net asset value per share of our common stock has occurred (including through the realization of gains on the sale of portfolio securities) during the period beginning on the date of the most recently disclosed net asset value per share of our common stock and ending two days prior to the date of the sale; and
- The magnitude of the difference between the sale price of the shares of common stock and management's assessment of any change in the net asset value per share of our common stock during the period discussed above.

Determination of fair values involves subjective judgments and estimates. Under current accounting standards, the notes to our consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

We follow ASC Topic 820 for measuring fair value. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity. Our fair value analysis includes an analysis of the value of any unfunded loan commitments. Assets and liabilities are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the assets or liabilities.

Level 3: Inputs include significant unobservable inputs for the assets or liabilities and include 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 a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the asset or liability. We assess the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and nine months ended June 30, 2019 and 2018. The following section describes the valuation techniques used by us to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

Valuation of Investments

Level 1 investments are valued using quoted market prices. Level 2 investments are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 investments are valued at fair value as determined in good faith by our board of directors, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on the number of portfolio companies) of our valuations of debt and equity investments without readily available market quotations subject to review by an independent valuation firm. As of June 30, 2019 and September 30, 2018, with the exception of money market funds included in cash and cash equivalents (Level 1 investments) and forward currency contracts (Level 2 investments), all investments were valued using Level 3 inputs of the fair value hierarchy.

TABLE OF CONTENTS

When determining fair value of Level 3 debt and equity investments, we may take into account the following factors, where relevant: the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons to publicly traded securities, and changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. The primary method for determining enterprise value uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's EBITDA. A portfolio company's EBITDA may include pro-forma adjustments for items such as acquisitions, divestitures, or expense reductions. The enterprise value analysis is performed to determine the value of equity investments and to determine if debt investments are credit impaired. If debt investments are credit impaired, we will use the enterprise value analysis or a liquidation basis analysis to determine fair value. For debt investments that are not determined to be credit impaired, we use a market interest rate yield analysis to determine fair value.

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

Due to the inherent uncertainty of determining the fair value of Level 3 investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a market existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize significantly less than the value at which such investment had previously been recorded.

Our investments 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 are traded.

Valuation of Other Financial Assets and Liabilities

Fair value of our debt is estimated using Level 3 inputs by discounting remaining payments using comparable market rates or market quotes for similar instruments at the measurement date, if available.

Revenue Recognition:

Our revenue recognition policies are as follows:

Investments and Related Investment Income: Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. Premiums, discounts, and origination fees are amortized or accreted into interest income over the life of the respective debt investment. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not likely to be collectible. In addition, we may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans and record these fees as fee income when earned. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as fee income. Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Distributions received from LLC, and limited partnership, or LP, investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from equity investments in LLCs and LPs as dividend income

TABLE OF CONTENTS

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.

We account for investment transactions on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in fair value of investments from the prior period that is measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in our Consolidated Statements of Operations.

Non-accrual: Loans may be left on accrual status during the period we are pursuing repayment of the loan. Management reviews all loans that become past due 90 days or more on principal and interest or when there is reasonable doubt that principal or interest will be collected for possible placement on non-accrual status. We generally reverse accrued interest when a loan is placed on non-accrual. 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. We restore non-accrual loans to accrual status when past due principal and interest are paid and, in our management's judgment, are likely to remain current. As of June 30, 2019 and September 30, 2018, we had no portfolio company investments on non-accrual status.

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

Depending on the level of taxable income earned in a tax year, we may choose to retain taxable income in excess of current year dividend distributions and would distribute such taxable income in the next tax year. We may then be required to incur a 4% excise tax on such income. To the extent that we determine that our estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned. For each of the three and nine months ended June 30, 2019, no amounts were incurred for U.S. federal excise tax. For the three and nine months ended June 30, 2018, \$0 and less than \$0.1 million was incurred for U.S. federal excise tax, respectively.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified within capital accounts in the financial statements to reflect their tax character. For example, permanent differences in classification may result from the treatment of distributions paid from short-term gains as ordinary income dividends for tax purposes. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

[TABLE OF CONTENTS](#)

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. Many of the loans in our portfolio have floating interest rates, and we expect that our loans in the future may also have floating interest rates. These loans are usually based on a floating LIBOR and typically have interest rate reset provisions that adjust applicable interest rates under such loans to current market rates on a quarterly basis. The loans that are subject to floating LIBOR are also subject to a minimum base rate, or floor, that we charge on our loans if the current market rates are below the respective floors. As of June 30, 2019 and September 30, 2018, the weighted average LIBOR floor on the loans subject to floating interest rates was 1.01% and 0.96%. In addition, the SMBC Revolver had and the SB Revolver has a floating interest rate provision based on the one-month LIBOR that resets monthly, and the Revolver has a floating interest rate provision equal to the short-term Applicable Federal Rate. We expect that other credit facilities into which we enter in the future may have floating interest rate provisions.

Assuming that the Consolidated Statement of Financial Condition as of June 30, 2019 was to remain constant and that we took no actions to alter our interest rate sensitivity as of such date, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

Change in interest rates	Increase (decrease) in interest income	Increase (decrease) in interest expense	Net increase (decrease) in investment income
	<i>(In thousands)</i>		
Down 25 basis points	\$ (1,166)	\$ (579)	\$ (587)
Up 50 basis points	2,331	1,159	1,172
Up 100 basis points	4,662	2,317	2,345
Up 150 basis points	6,993	3,476	3,517
Up 200 basis points	9,324	4,634	4,690

Although we believe that this analysis is indicative of our sensitivity to interest rate changes as of June 30, 2019, it does not adjust for changes in the credit market, credit quality, the size and composition of the assets in our portfolio and other business developments, including borrowings under the SB Revolver, the Revolver or other borrowings, that could affect net increase in net assets resulting from operations, or net income. Accordingly, we can offer no assurances that actual results would not differ materially from the analysis above.

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

Item 4. Controls and Procedures.

As of June 30, 2019 (the end of the period covered by this report), management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Based on that evaluation, our management, including the chief executive officer and chief financial officer, concluded that, at the end of such period, our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. There has not been any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

[TABLE OF CONTENTS](#)

Part II - Other Information

Item 1: Legal Proceedings.

We, GC Advisors and Golub Capital LLC may, from time to time, be involved in legal and regulatory proceedings arising out of our respective operations in the normal course of business or otherwise. While there can be no assurance of the ultimate disposition of any such proceedings, each of us, GC Advisors and Golub Capital LLC do not believe it is currently subject to any material legal proceedings.

Item 1A: Risk Factors.

There have been no material changes during the nine months ended June 30, 2019 to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2018.

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

Previously disclosed on Form 8-K filings.

Item 3: Defaults Upon Senior Securities.

None.

Item 4: Mine Safety Disclosures.

None.

Item 5: Other Information.

None.

Item 6: Exhibits.

EXHIBIT INDEX

Number	Description
10.1	Second Amendment to Revolving Credit and Security Agreement, dated as of May 31, 2019, by and among Golub Capital BDC 3, Inc., as the borrower, and Signature Bank, as the administrative agent and a lender.*
10.2	First Amendment to Revolving Loan Agreement, dated as of June 28, 2019, by and among Golub Capital BDC 3, Inc., as the borrower, and GC Advisors LLC, as the lender (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-01244), filed on July 2, 2019).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith

SIGNATURES

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

Golub Capital BDC 3, Inc.
A Maryland Corporation

Date: August 13, 2019

By: /s/ David B. Golub

David B. Golub
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 13, 2019

By: /s/ Ross A. Teune

Ross. A. Teune
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXECUTION VERSION

SECOND AMENDMENT
Dated as of May 31, 2019
to
REVOLVING CREDIT AND SECURITY AGREEMENT
Dated as of February 4, 2019

This SECOND AMENDMENT TO REVOLVING CREDIT AND SECURITY AGREEMENT (this “Amendment”), dated as of May 31, 2019, is entered into by and among GOLUB CAPITAL BDC 3, INC., a Maryland corporation, as borrower (in such capacity, “Borrower”) and Signature Bank, as the administrative agent and a lender under the Credit Agreement (as defined below) (“Signature Bank”).

RECITALS

WHEREAS, the Borrower and Signature Bank are parties to that certain Revolving Credit and Security Agreement, dated as of February 4, 2019 (as amended by that certain First Amendment to Revolving Credit and Security Agreement, dated as of April 8, 2019, and as may be further amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”);

WHEREAS, the parties hereto wish to make certain changes to the Credit Agreement as further described herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and in the Credit Agreement, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms not otherwise defined herein are used as defined in the Credit Agreement.

Section 2. Changes to the Credit Agreement.

2.1. Effective as of the Effective Date (as defined below), certain sections of the Credit Agreement are hereby amended as set forth on Exhibit A to this Amendment. Language being inserted into the applicable section of the Credit Agreement is evidenced by bold and underline formatting. Language being deleted from the applicable section of the Credit Agreement is evidenced by strike-through formatting.

2.2. Exhibit B to the Credit Agreement is hereby amended and restated in its entirety by deleting the existing Exhibit B and replacing it with the Exhibit B attached hereto.

2.3. Exhibit J to the Credit Agreement is hereby amended and restated in its entirety by deleting the existing Exhibit J and replacing it with the Exhibit C attached hereto.

Section 3. Conditions Precedent to Closing. Section 2 hereof shall become effective on the date (the “Effective Date”) upon which each of the following conditions precedent have been satisfied or waived:

3.1. Signature Bank shall have received a counterpart (or counterparts) of this Amendment, executed and delivered by Borrower, or other evidence satisfactory to Signature Bank of the execution and delivery of this Amendment by Borrower;

3.2. Signature Bank shall have received true and correct copies of the resolutions adopted by Borrower approving or consenting to the transactions contemplated by this Amendment, certified by a Responsible Officer of Borrower, as in effect on the Effective Date; and

3.3. Borrower shall have paid all fees and other amounts due and payable on or prior to the date hereof, including, without limitation, payment of all reasonable expenses required to be reimbursed or paid by Borrower hereunder, including the reasonable and documented fees and disbursements of Cadwalader, Wickersham & Taft LLP.

Section 4. Miscellaneous.

4.1. Reaffirmation of Covenants, Representations and Warranties. Upon the effectiveness of this Amendment, Borrower hereby reaffirms all covenants applicable to it, and confirms the representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except to the extent such representations and warranties expressly relate to an earlier date).

4.2. Representations and Warranties. Borrower hereby represents and warrants that (i) this Amendment constitutes a legal, valid and binding obligation of such Person, enforceable against it in accordance with its terms, subject to Debtor Relief Laws and general equitable principles (whether considered a proceeding in equity or at law), and (ii) upon the Effective Date, no Event of Default or Potential Default shall exist.

4.3. References to the Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

4.4. Effect on Credit Agreement. Except as specifically amended above, the Credit Agreement and all other Loan Documents executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

4.5. No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Signature Bank or any other Lender under the Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, except as specifically set forth herein.

4.6. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

4.7. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

4.8. Headings. Section headings in this Amendment are for reference only and shall in no way affect the interpretation of this Amendment.

4.9. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart hereof, or a signature page hereto, by facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed original counterpart thereof.

[Signatures Follow]

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

BORROWER:

GOLUB CAPITAL BDC 3, INC., a Maryland corporation, as
Initial Borrower

By: /s/Ross A. Teune

Name: Ross A. Teune

Title: Chief Financial Officer

ADMINISTRATIVE AGENT AND LENDER:

SIGNATURE BANK

By: s/Trevor Freeman

Name: Trevor Freeman

Title: Managing Director

EXHIBIT A
[See attached]

REVOLVING CREDIT AND SECURITY AGREEMENT

GOLUB CAPITAL BDC 3, INC.,
as Borrower

and

SIGNATURE BANK,
as Administrative Agent and a Lender

February 4, 2019

TABLE OF CONTENTS

	Page
Section 1. DEFINITIONS	1
1.1. Defined Terms	1
1.2. Other Definitional Provisions	23
1.3. Accounting Terms	23
1.4. UCC Terms	23
1.5. Times of Day	24
1.6. Defined Terms	24
Section 2. REVOLVING CREDIT LOANS	24
2.1. The Commitments	24
2.2. Limitation on Borrowings and Re-borrowings	24
2.3. Borrowings	25
2.4. Interest	27
2.5. Use of Proceeds	28
2.6. Fees	28
2.7. Unused Commitment Fee	28
2.8. Extension of Maturity Date	29
Section 3. PAYMENT OF OBLIGATIONS	29
3.1. Payment of Obligations	29
3.2. Payment of Interest	29
3.3. Payments on the Obligations	30
3.4. Prepayments	31
3.5. Reduction or Early Termination of Commitments	31
3.6. Increase in the Maximum Commitment	32
3.7. Joint and Several Liability	32
Section 4. CHANGE IN CIRCUMSTANCES	33
4.1. Taxes	33

4.2.	Increased Cost and Capital Adequacy	37
4.3.	Funding Losses	38
4.4.	Inability to Determine Rates	38
4.5.	Mitigation	39

TABLE OF CONTENTS (continued)

	Page
4.6. Survival	39
Section 5. SECURITY	39
5.1. Liens and Security Interest	39
5.2. The Collateral Account; the Investment Collection Account; Capital Calls	40
5.3. Agreement to Deliver Additional Collateral Documents	42
5.4. Subordination	42
Section 6. CONDITIONS PRECEDENT TO LENDING	43
6.1. Obligations of the Lenders	43
6.2. Conditions to all Loans	45
6.3. Additional Borrowers	45
Section 7. REPRESENTATIONS AND WARRANTIES OF THE BORROWERS	47
7.1. Organization and Good Standing	47
7.2. Authorization and Power	47
7.3. No Conflicts or Consents	48
7.4. Enforceable Obligations	48
7.5. Priority of Liens; Eligibility of Investments	48
7.6. Financial Condition	48
7.7. Full Disclosure	49
7.8. No Default	49
7.9. No Litigation	49
7.10. Material Adverse Change	49
7.11. Taxes	49
7.12. Principal Office; Jurisdiction of Formation	49
7.13. ERISA	50
7.14. Compliance with Law	50
7.15. Capital Commitments and Contributions	50

7.16.	Fiscal Year	50
7.17.	Investor Documents	50
7.18.	Margin Stock	50
7.19.	Investment Company Act	51

TABLE OF CONTENTS (continued)

	Page
7.20. No Defenses	51
7.21. No Withdrawals or Reductions of Capital Commitments	51
7.22. Sanctions	51
7.23. Insider	52
7.24. Financial Condition	52
7.25. Other Investment Vehicles	52
7.26. Borrowing Base Certificate and Investment Report	52
Section 8. AFFIRMATIVE COVENANTS OF THE BORROWERS	52
8.1. Financial Statements, Reports and Notices	52
8.2. Payment of Obligations	55
8.3. Maintenance of Existence and Rights	55
8.4. Books and Records; Access	55
8.5. Compliance with Law	56
8.6. Authorizations and Approvals	56
8.7. Maintenance of Liens	56
8.8. Compliance with Constituent Documents	56
8.9. Investor Default	56
8.10. Solvency	56
8.11. Accounts	56
8.12. Sanctions	56
8.13. Taxes	56
8.14. Insurance	57
8.15. Authorization and Power	57
8.16. Further Assurances	57
8.17. Inspection of Investment Documents	57
Section 9. NEGATIVE COVENANTS	57

9.1.	Borrower Information	57
9.2.	Mergers, Etc.	57
9.3.	Negative Pledge	57
9.4.	Admission of Investors	57

TABLE OF CONTENTS (continued)

	Page
9.5. Constituent Documents	58
9.6. Status of BDC	58
9.7. Certain Restrictions on Subsidiaries	59
9.8. Alternative Investment Vehicles	59
9.9. Limitation on Indebtedness	59
9.10. Capital Commitments	59
9.11. Capital Calls	59
9.12. ERISA Compliance	59
9.13. Limitations on Distributions	60
9.14. Limitation on Withdrawals from Collateral Account and Investment Collection Account	60
9.15. Transactions with Affiliates	60
9.16. Investment Company	60
9.17. Deemed Capital Contributions	60
9.18. Transactions with Lenders or Affiliates	60
9.19. Investor Liens	61
9.20. Limitation on Investments	61
9.21. Use of Proceeds; Sanctions	61
9.22. No Cancellations, Withdrawals or Reductions of Capital Commitments	61
9.23. Net Asset Value	61
9.24. Debt Coverage Test	62
9.25. Investor Documents	62
Section 10. EVENTS OF DEFAULT	62
10.1. Events of Default	62
10.2. Remedies Upon Event of Default	64
10.3. Lender Offset	67
10.4. Good Faith Duty to Cooperate	67

Section 11.	MISCELLANEOUS	67
11.1.	Amendments	67
11.2.	Waiver	68

TABLE OF CONTENTS (continued)

	Page
11.3. Payment of Expenses; Indemnity	69
11.4. Notice	70
11.5. Governing Law	71
11.6. Choice of Forum; Consent to Service of Process and Jurisdiction; Waiver of Trial by Jury	71
11.7. Invalid Provisions	71
11.8. Entirety	71
11.9. Successors and Assigns; Participations	71
11.10. Treatment of Certain Information; Confidentiality	75
11.11. All Powers Coupled with Interest	76
11.12. Headings	76
11.13. Survival	76
11.14. Full Recourse	76
11.15. USA PATRIOT Act Notice	76
11.16. Multiple Counterparts	76
11.17. Term of Agreement	77
11.18. Conflicts	77
11.19. Borrower Liability	77
Section 12. AGENCY PROVISIONS	78
12.1. Appointment and Authorization of Administrative Agent	78
12.2. Delegation of Duties	78
12.3. Exculpatory Provisions	79
12.4. Reliance on Communications	79
12.5. Notice of Default	79
12.6. Non-Reliance on Administrative Agent and Other Lenders	80
12.7. Indemnification	80
12.8. Administrative Agent in Its Individual Capacity	81

12.9.	Resignation of Administrative Agent	81
12.10.	Administrative Agent May File Proofs of Claim	81

TABLE OF CONTENTS
(continued)

SCHEDULES

SCHEDULE I:	Borrower Information
SCHEDULE II:	Lender Commitments
SCHEDULE III:	Eligible Investments as of the Closing Date

EXHIBITS

EXHIBIT A:	Schedule of Investors
EXHIBIT B:	Form of Request for Borrowing
EXHIBIT C:	Form of Compliance Certificate
EXHIBIT D:	Form of Responsible Officer's Certificate
EXHIBIT E:	Form of Subscription Agreement
EXHIBIT F:	Form of Investment Report
EXHIBIT G:	Form of Borrowing Base Certificate
EXHIBIT H:	Form of Extension Notice
EXHIBIT I-1:	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT I-2:	U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT I-3:	U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT I-4:	U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT J:	Form of Notice of Continuation/Conversion
EXHIBIT K:	Form of Additional Borrower Joinder Agreement

REVOLVING CREDIT AND SECURITY AGREEMENT

THIS REVOLVING CREDIT AND SECURITY AGREEMENT (this “Credit Agreement”), dated February 4, 2019, by and among (a) **GOLUB CAPITAL BDC 3, INC.**, a Maryland corporation, as initial borrower (the “Initial Borrower”), (b) **SIGNATURE BANK**, a New York corporation (“Signature Bank”), as Administrative Agent and a Lender, (c) each of the other lending institutions that from time to time becomes a lender hereunder (collectively referred to as “Lenders”; and each individually, a “Lender”), and (d) each of the other Borrowers that from time to time becomes party hereto.

A. Borrowers have requested that Lenders make loans to provide working capital to Borrowers for purposes permitted under their Constituent Documents (as defined below).

B. The Lenders are willing to make loans upon the terms and subject to the conditions set forth in this Credit Agreement.

C. It is the intent of the Borrowers, Administrative Agent and the Lenders that, affiliated funds may be added as Borrowers under this Credit Agreement (subject to each Lender’s underwriting criteria) pursuant to documentation acceptable to Administrative Agent and the Lenders.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. DEFINITIONS

1.1. **Defined Terms.** For the purposes of the Loan Documents, unless otherwise expressly defined, the following terms shall have the meanings assigned to them below:

“Account Bank” means any Eligible Institution that enters into a Deposit Account Control Agreement with respect to a Collateral Account or Investment Collection Account in accordance with Section 5.2(b).

“Additional Borrower” means each Person which becomes a Borrower under this Credit Agreement pursuant to Section 6.3.

“Additional Borrower Joinder” means a joinder agreement, in form and substance reasonably acceptable to Administrative Agent, pursuant to which new Borrowers join the Credit Facility in accordance with Section 6.3.

“Adjusted LIBOR” means, for any LIBOR Rate Loan, for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by Administrative Agent to be equal to the quotient obtained by dividing: (i) LIBOR for such LIBOR Rate Loan for such Interest Period; by (ii) one (1) minus the LIBOR Reserve Requirement for such LIBOR Rate Loan for such Interest Period. If the calculation of clause (a) of Adjusted LIBOR results in a rate for such clause (a) of Adjusted LIBOR that is less than zero (0), clause (a) of Adjusted LIBOR shall be deemed to be zero (0) for all purposes of the Loan Documents.

“Administration Agreement” means the Administration Agreement between the Initial Borrower and the Administrator dated as of September 29, 2017, as it may be amended, amended and restated, supplemented or otherwise modified from time to time.

“Administrative Agent” means Signature Bank, until the appointment of a successor “Administrative Agent” pursuant to Section 12.9 and, thereafter, shall mean such successor “Administrative Agent”.

“Administrator” means Golub Capital LLC, a Delaware limited liability company.

“Affiliate” of any Person means any other Person that, directly or indirectly, controls or is controlled by, or is under common control with, such Person.

“Agent-Related Person” has the meaning provided in Section 12.3.

“Alternative Currency” means any of Euro, Sterling, Canadian Dollars, Australian Dollars and any other currency (other than Dollars) requested by the Borrowers and approved by the Administrative Agent and the Lenders in their sole discretion.

“Alternative Investment Vehicle” means an entity created in accordance with the Operative Documents of a Borrower to make Investments, including, but not limited to, any parallel fund.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to any Borrower and its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Anti-Terrorism Laws” means any Applicable Law relating to money laundering or terrorism, including, without limitation, Executive Order 13224, the OFAC Regulations, the Bank Secrecy Act, the PATRIOT Act, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any executive orders or regulations promulgated thereunder.

“Applicable Law” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Rate” means (a) at any time the NAV Coverage Condition is in effect, (x) with respect to LIBOR Rate Loans, Adjusted LIBOR plus 200 basis points (2.00%), and (y) with respect to Prime Rate Loans, the Prime Rate in effect from day to day less 90 basis points (0.90%) (provided that solely for the purpose of this subsection (a), such rates provided for in this subsection (a) will not take effect until the NAV Coverage Condition is in effect for twelve (12) consecutive Business Days, and (b) otherwise, (x) with respect to LIBOR Rate Loans, Adjusted LIBOR plus 150 basis points (1.50%), and (y) with respect to Prime Rate Loans, the Prime Rate in effect from day to day less 140 basis points (1.40%); provided that, in each case, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Credit Agreement.

“Assignee” has the meaning provided in Section 11.9(b).

“Australian Dollars” means the lawful currency of Australia.

“Availability Period” means the period commencing on the Closing Date and ending on the Maturity Date.

“Available Commitment” means, at any time of determination, the lesser of: (a) the Maximum Commitment; and (b) the sum of (i) seventy-five percent (75%) of the aggregate Unfunded Capital Commitments and Pending Capital Calls (to the extent that the applicable Capital Call was made less than ten (10) days prior to the time of determination) of the Investors that are not Defaulting Investors *plus* (ii) the NAV Advance Amount, minus, in each case, the FX Reserve Amount.

“BBSW Rate” means, with respect to any Loan denominated in Australian Dollars, the applicable rate shown on the display “BBSW Page” (or any display substituted therefor) published by Bloomberg (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) as of 10:00 a.m. (Sydney, Australia time) two (2) Business Days prior to the commencement of the related Interest Period and for a period comparable to the applicable Interest Period of the requested Loan.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation in a form as agreed to by the Administrative Agent.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Borrower” means the Initial Borrower and any Additional Borrower becoming party hereto. “Borrowers” means all such Persons, collectively.

“Borrower Party” has the meaning provided in Section 12.1(a).

“Borrowing” means a disbursement made by the Lenders of the proceeds of the Loans, and “Borrowings” means the plural thereof.

“Borrowing Base Certificate” means the certification and spreadsheet setting forth the calculation of the Available Commitment in the form of Exhibit G.

“Business Day” means (a) any day of the year except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Applicable Law to close; ~~and~~ (b) if such day relates to any interest rate settings as to a LIBOR Rate Loan, any fundings, disbursements, settlements and payments in respect of any LIBOR Rate Loan, or any other dealings to be carried out pursuant to this Credit Agreement or the other Loan Documents in respect of any such LIBOR Rate Loan, any day that is a Business Day described in clause (a) of this definition and that is also a day for trading by and between banks in Dollar deposits in the London interbank market; (c) in respect of Loans or payments under this Credit Agreement in Euros or Sterling, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euros; and (d) if such day relates to any dealings in an Alternative Currency to be carried out pursuant to this Credit Agreement, any day in which banks are open for foreign currency exchange business in the principal finance center of the country of such Alternative Currency.

“Bylaws” means the Bylaws of the Initial Borrower adopted August 2, 2017, as the same may be further amended, restated, modified or supplemented in accordance with the terms hereof.

“Canadian Dollars” or “Cdn.\$” means the lawful currency of Canada.

“Capital Call” means, for any Borrower, a call upon its Investors for payment of all or any portion of their Capital Commitments; “Capital Calls” means all such Capital Calls, collectively.

“Capital Commitment” means, for any Borrower, the capital commitment of its Investors in the amount set forth in the applicable Subscription Agreements; “Capital Commitments” means all such Capital Commitments, collectively.

“Capital Contribution” means, for any Borrower, the amount of cash actually contributed by its Investors with respect to their Capital Commitments; “Capital Contributions” means all Capital Contributions, collectively.

“CDOR Rate” means, with respect to any Loan denominated in Canadian Dollars, the applicable rate shown on the display referred to as the “CDOR Page” (or any display substituted therefor) published by Bloomberg (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) as of 11:00 a.m. (Toronto, Canada time) two (2) Business Days prior to the commencement of the related Interest Period and for a period comparable to the applicable Interest Period of the requested Loan.

“Change in Law” means the occurrence, after the Closing Date, of: (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in Applicable Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Charter” means the articles of amendment and restatement of the Initial Borrower dated as of September 29, 2017, filed with the Maryland Secretary of State, as the same may be further amended, restated, modified or supplemented in accordance with the terms hereof.

“Closing Date” means the date hereof.

“Collateral” has the meaning provided in Section 5.1(a).

“Collateral Account” means the deposit account or accounts of the applicable Borrower, in the name of such Borrower, held at the Account Bank for such Borrower, into which all Capital Contributions to such Borrower are to be funded, as such accounts are listed on Schedule I. “Collateral Accounts” means all such accounts, collectively.

“Commitment” means the obligation of each Lender to make Loans up to the amount set forth on Schedule II hereto (or on an assignment agreement in connection with any assignment made pursuant to Section 11.9); “Commitments” means all such Commitments, collectively.

“Commitment Period” means the “Commitment Period” (as defined in the form Subscription Agreement).

“Competitor” means any “business development company” under the Investment Company Act of 1940, as amended, and any private fund that invests in loans or promissory notes as portfolio assets.

“Compliance Certificate” has the meaning provided in Section 8.1(b).

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

“Constituent Documents” means, for any Person, such Person’s formation documents, as certified (if applicable) with the Secretary of State or equivalent of such Person’s state of formation on a date that is no earlier than thirty (30) days prior to the Closing Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), (c) if such Person is a partnership, its partnership agreement (or similar agreement), or, if such Person is an exempted limited partnership registered in the Cayman Islands: (i) its exempted limited partnership agreement, (ii) its certificate of registration, and (iii) its Section 9(1) statement and any Section 10(1) statements, if applicable, and (d) if such Person is an exempted company incorporated with limited liability under the laws of the Cayman Islands, its memorandum and articles of association, its certificate of incorporation (and any certificate of incorporation on change of name), each of the foregoing with all current amendments or modifications thereto. For the avoidance of doubt, the Constituent Documents of the Initial Borrower shall include its Operative Documents.

“Controlled Group” means a corporation, trade or business that is, along with the applicable Borrower, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Section 414 of the Internal Revenue Code or Section 4001 of ERISA.

“Convert,” “Conversion,” and “Converted” shall refer to a conversion pursuant to Section 2.3(i) of one Type of Loan into another Type of Loan.

“Cost of Funds” means, with respect to a Loan in an Alternative Currency, the actual cost to a Lender of funding or maintaining such Loan in the applicable currency from whatever source it may reasonably select for the relevant Interest Period.

“Cost of Funds Rate” means a rate per annum notified by the applicable Lender as soon as practicable after the occurrence of the events specified in Section 4.4 hereof which expresses as a percentage rate the actual Cost of Funds to such Lender.

“Cost Basis” means, as of any date of determination, with respect to any Eligible Investment, the par value of such Eligible Investment.

“Credit Agreement” has the meaning provided in the preamble hereof.

“Credit Facility” means the credit facility provided to Borrowers by Lenders under the terms and conditions of this Credit Agreement and the other Loan Documents.

“Debtor Relief Laws” means, as applicable, the Bankruptcy Code of the United States of America and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, winding up, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Default Rate” means, on any day, the lesser of: (a) the rate otherwise applicable plus 200 basis points (2.00%) and (b) the Maximum Rate.

“Defaulting Investor” is any Investor:

(a) that has not funded any portion of a Capital Call made by the applicable Borrower when due in accordance with such Capital Call and has not cured such failure in accordance with the applicable Subscription Agreement, unless Administrative Agent elects in writing, in its sole discretion, to waive any such failure;

(b) that, to the knowledge of the applicable Borrower, (i) applies for or consent to the appointment of a receiver, trustee, custodian, intervenor, liquidator or other similar official of itself or of all or a substantial part of its assets; (ii) files a voluntary petition as debtor in bankruptcy or admit in writing that it is unable to pay its debts as they become due; (iii) makes a general assignment for the benefit of creditors; (iv) files a petition or answer seeking reorganization or an arrangement with creditors or take advantage of any Debtor Relief Laws; (v) files an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against it in any bankruptcy, reorganization, winding up or insolvency proceeding; or (vi) takes personal, partnership, limited liability company, corporate or trust action, as applicable, for the purpose of effecting any of the foregoing; or

(c) as to which, to the knowledge of the applicable Borrower, an involuntary case or other proceeding has been commenced against, seeking liquidation, reorganization or other relief with respect to such Investor or such Investor's debts under any Debtor Relief Law or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of such Investor or any substantial part of such Investor's property, or an order, order for relief, judgment, or decree shall be entered by any court of competent jurisdiction or other competent authority approving a petition seeking such Investor's reorganization or appointing a receiver, custodian, trustee, intervenor, or liquidator of such Investor or of all or substantially all of such Investor's assets, or an order for relief shall be entered in respect of such Investor in a proceeding under the United States Bankruptcy Code.

"Defaulting Lender" means any Lender that has failed to fund all or any portion of the Loans required to be funded by it hereunder within two (2) Business Days of written notice of such delinquency by Administrative Agent or Borrowers; provided that, for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

"Deposit Account Control Agreement" means each deposit account control agreement among a Borrower, the Administrative Agent and the Account Bank, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time.

"Distribution" has the meaning provided in Section 9.13.

"Dollar Equivalent" means, at any time: (a) with respect to any amount denominated in Dollars, such amount; and (b) with respect to any amount denominated in any Alternative Currency, the Spot Rate for such Alternative Currency.

"Dollars" and the sign "\$" mean the lawful currency of the United States of America.

"Eligible Assignee" means: (a) any Person that meets the requirements to be an assignee under Section 11.9(b); (b) a Lender; (c) an Affiliate of a Lender; or (d) any other Person (other than a natural person) that is a commercial bank, finance company, insurance company or other financial institution (other than a Competitor) that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business and that is regulated by the United States Federal Reserve Bank, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision or any other governmental agency, and approved by Administrative Agent.

“Eligible Institution” means any depository institution, organized under the laws of the United States or any state, having capital and surplus in excess of \$200,000,000, the deposits of which are insured by the Federal Deposit Insurance Corporation to the fullest extent permitted by Applicable Law and which is subject to supervision and examination by federal or state banking authorities; provided that such institution also must have a short-term unsecured debt rating of at least P-1 from Moody’s and at least A-1 from S&P. If such depository institution publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

“Eligible Investments” means Investments owned by the Additional Borrowers that have been approved as eligible investments by the Administrative Agent in its commercially reasonable discretion and in respect of which the Administrative Agent has received copies of each Investment Document related thereto. For the avoidance of doubt, any Investment that is (i) sold, assigned, transferred or otherwise disposed of or removed from the Collateral in accordance with Section 9.20, (ii) subject to any Debtor Relief Law, or (iii) designated by the Additional Borrowers to the Administrative Agent in writing as no longer constituting an “Eligible Investment” shall, in each case, be excluded from the calculation of the Available Commitment. No Eligible Investments exist as of the date hereof. In the event Additional Borrowers join this Credit Agreement, their Eligible Investments as of the date of joinder will be listed on Schedule III hereto. For the avoidance of doubt, the definition of Eligible Investments shall not include (a) any Investments or other assets to the extent any valid contract with respect to such Investment or asset or any applicable law prohibits the grant of a security interest in such Investment, asset or contract, (b) Margin Stock, (c) equity interests in any Subsidiary of a Borrower, (d) cash or cash equivalents, repurchase agreements and any other liquid investment products and (e) Excluded Amounts.

“EMU Legislation” means the legislative measures of the European council for the introduction of, changeover to or operation of a single or unified European currency.

“Environmental Laws” means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of hazardous materials.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

“EURIBOR” means, with respect to any Loan denominated in Euro, the applicable rate shown on the display referred to as the “EURIBOR Page” (or any display substituted therefor) published by Bloomberg (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) as of 11:00 a.m. (Frankfurt time) two (2) Business Days prior to the commencement of the related Interest Period and for a period comparable to the applicable Interest Period of the requested Loan.

“Euro” and “€” mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

“Event of Default” has the meaning provided in Section 10.1.

“Excluded Amount” means, as of any date of determination, with respect to any Investment: (a) any amount that is attributable to the reimbursement of payment by the applicable Additional Borrower of any tax, fee or other charge imposed by any Governmental Authority on such Investment, (b) any interest or fees (including origination, agency, structuring, management or other up-front fees) that are for the account of the applicable Person from whom the applicable Additional Borrower purchased such Investment, (c) any reimbursement of insurance premiums relating to such Investment, (d) any escrows relating to taxes, insurance and other amounts in connection with such Investment which are held in an escrow account for the benefit of the applicable Additional Borrower pursuant to escrow arrangements under the Investment Documents and (e) any amount deposited into the Investment Collection Account in error.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 4.1, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.1(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

“Excused Investor” is any Investor that has claimed or exercised an excuse or exclusion right with respect to the funding of a particular Capital Call made by the applicable Borrower.

“Extension Notice” means a written notice by Administrative Agent, on behalf of the Lenders, substantially in the form of Exhibit H.

“Extension Request” has the meaning provided in Section 2.8.

“Facility Fee” has the meaning provided in Section 2.6.

“Fair Market Value” means, with respect to Eligible Investments acquired since the most recent quarter end for which financial statements of the Additional Borrowers are available, the Cost Basis thereof, and with respect to all other Eligible Investments, the value for such Eligible Investment determined by the Additional Borrowers in accordance with GAAP and as set forth in such most recent quarterly or, if applicable, annual financial statements of the Additional Borrowers.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Credit Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code or any analogous provision of non-U.S. law and any intergovernmental agreements entered into in connection with the implementation of such Sections adopting any U.S. or non-U.S. fiscal or regulatory legislation, current or future laws, regulations, rules, promulgations, official interpretations or guidance notes relating to, or official agreements implementing, any such intergovernmental agreements.

“Filings” means (a) UCC financing statements, UCC financing statement amendments and UCC financing statement terminations and (b) the substantial equivalent as reasonably determined to be necessary by Administrative Agent in any other jurisdiction in which any Borrower may be formed.

“Foreign Lender” means, with respect to each Borrower, (a) if such Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if such Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

“FX Reserve Amount” means, at any date of determination, an amount equal to ten percent (10%) of the Dollar Equivalent of the aggregate Principal Obligations denominated in an Alternative Currency, as determined by the Administrative Agent in its sole discretion.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Approvals” means all authorizations, consents, approvals, permits, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

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

“Guarantor” means any present or future guarantor of any Borrower’s obligations under this Credit Agreement or any other Loan Document.

“Guaranty Obligations” means, with respect to a Borrower, without duplication, any obligation, contingent or otherwise, of such Borrower pursuant to which such Borrower has directly or indirectly guaranteed any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Borrower (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term Guaranty Obligations shall not include endorsements for collection or deposit in the ordinary course of business.

“Indebtedness” means, with respect to any Person at any date, without duplication, the sum of: (a) all liabilities, obligations and indebtedness for borrowed money including obligations for borrowed money evidenced by bonds, debentures, notes or other similar instruments; (b) all obligations to pay the deferred purchase price of property or services (including, without limitation, all obligations under non-competition, earn-out or similar agreements, but excluding trade payables in the ordinary course of business not more than ninety (90) days delinquent); (c) all attributable indebtedness in respect of capital leases and synthetic leases; (d) all obligations under conditional sale or other title retention agreements relating to property purchased to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business); (e) all “Indebtedness” of any other Person secured by a Lien on any asset owned or being purchased by such Person, whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) all obligations, contingent or otherwise, relative to the face amount of letters of credit, whether or not drawn, and banker’s acceptances; (g) all obligations to repurchase any securities which repurchase obligation is related to the issuance thereof; (h) all net obligations under any hedge agreements; and (i) any Guaranty Obligations with respect to any of the foregoing guaranteed by such Person.

“Indemnified Liabilities” has the meaning provided in Section 11.3(b).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning provided in Section 11.3(b).

“Initial Borrower” has the meaning provided in the preamble hereof.

“Interest Option” means the Prime Rate or Adjusted LIBOR.

“Interest Payment Date” means (a) with respect to any Prime Rate Loan, the first calendar day of each calendar month, (b) as to any LIBOR Rate Loan in respect of which a Borrower has selected a one-, two-, or three- month Interest Period, the last day of such Interest Period for such LIBOR Rate Loan; (c) the date of any prepayment of any Loan, as to the amount prepaid; and (d) the Maturity Date.

“Interest Period” means, with respect to any LIBOR Rate Loan, the period commencing on (and including) the date of such Borrowing and ending on (but excluding) the numerically corresponding day in the calendar month that is one (1), two (2) or three (3) months thereafter, as the Borrower may elect; provided that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; provided further that, if such Interest Period would otherwise end on a day which is not a Business Day, and there is no subsequent Business Day in the same calendar month, such Interest Period shall end on the next preceding Business Day;

(ii) if such Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, then such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) in the case of any Interest Period which commences before the Maturity Date and would otherwise end on a date occurring after the Maturity Date, such Interest Period shall end on (but exclude) the Maturity Date and the duration of each Interest Period which commences on or after the Maturity Date shall be of a duration selected by the Administrative Agent in its sole discretion.

For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Internal Revenue Code” means the U.S. Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

“Investment” means any portfolio investment of a Borrower, including, for the avoidance of doubt, any follow-on investment thereto, but excluding cash and cash equivalents, repurchase agreements and other liquid investment products and equity interests in any Subsidiary of a Borrower.

“Investment Adviser” means (a) with respect to the Initial Borrower, GC Advisors LLC, and (b) with respect to each Additional Borrower joining the Credit Facility after the Closing Date, the entity, if any, appointed, employed or contracted with by such Borrower and responsible for directing or performing the day-to-day business affairs of such Borrower, as set forth in its joinder documentation.

“Investment Advisory Agreement” means (a) with respect to the Initial Borrower, the investment advisory agreement by and between the Investment Adviser and the Initial Borrower dated as of September 29, 2017, and (b) with respect to each Additional Borrower joining the Credit Facility after the Closing Date, the investment management or similar agreement among any one or more Borrowers and its Investment Adviser, as it may be restated, modified, amended or supplemented from time to time in accordance with the terms thereof.

“Investment Collection Account” means the bank account or accounts of the applicable Additional Borrower listed on Schedule I with respect to such Additional Borrower held at the Administrative Agent for such Additional Borrower, into which proceeds of and distributions from any Eligible Investment received or otherwise collected by the Additional Borrower shall be deposited, including all funds or other assets on deposit therein or credited thereto. “Investment Collection Accounts” means all such accounts, collectively.

“Investment Documents” means, for each Eligible Investment, the following documents or instruments entered into in respect of such Investment (including all material amendments, supplements or modifications thereto), to the extent applicable, reasonably available and not waived by the Administrative Agent in its sole discretion:

(a) evidence of the applicable Additional Borrower’s direct or indirect ownership of such Investment, any certificates representing equity interests issued to the applicable Additional Borrower, a copy of any executed promissory note or certificated note or, in the case of a lost note, a copy of the executed underlying promissory note or, in the case of a noteless loan, the applicable assignment agreement, loan agreement or other document pursuant to which the applicable Additional Borrower acquired such Investment, in each case which may be redacted in the sole discretion, exercised in good faith, of the applicable Additional Borrowers for pricing or other confidential information that does not pertain to the key terms of the security or obligation;

(b) copies of the executed (i) credit or loan agreement, note purchase agreement or indenture, as applicable, (ii) any guaranty agreement, pledge agreement, and/or security agreement or similar material collateral documentation, as applicable and reasonably available, and (iii) related Constituent Documents for such Investments, as applicable and reasonably available; and

(c) to the extent reasonably requested by the Administrative Agent, copies of any other material agreements, certificates and documentation related to such Investment that the applicable Additional Borrower possesses.

“Investment Obligor” means, with respect to any Investment, the issuer or obligor of such Investment (and any guarantor thereof), as applicable.

“Investment Report” means a report setting forth the applicable Eligible Investments of each Additional Borrower, which report shall be substantially in the form attached hereto as Exhibit F. For the avoidance of doubt, such report shall set forth the Fair Market Value of each Eligible Investment.

“Investor” means any Person that has a Capital Commitment to a Borrower.

“Investor Exclusion Event” means the exclusion or excuse of any Investor from participating in a particular Investment pursuant to the terms of the applicable Subscription Agreement or its Side Letter, where the Investor is entitled to such exclusion or excuse under the applicable Subscription Agreement or its Side Letter as a matter of right (i.e., not in Borrower’s discretion).

“KYC Compliant” means any Person who has satisfied all requests for information from the Lenders for “know-your-customer” and other anti-terrorism, anti-money laundering and similar rules and regulations and related policies and who would not result in any Lender being non-compliant with any such rules and regulations and related policies were such Person to enter into a banking relationship with such Lender.

“Lender” has the meaning provided in the preamble hereof.

“Lender Party” has the meaning provided in Section 12.1(a).

“Lending Office” means, as to any Lender, the office or offices of such Lender (or an Affiliate of such Lender) designated as such in writing to the Administrative Agent, as may be changed from time to time by notice to the Administrative Agent.

“LIBOR” means:

with respect to any LIBOR Rate Loan denominated in Dollars for any Interest Period, ~~(a)~~ the rate of interest per annum ~~determined by Administrative Agent~~ based on the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other Person which takes over the administration of such rate) (“ICE LIBOR”) for deposits in Dollars in minimum amounts of at least \$1,000,000 for a period equal to such Interest Period (commencing (a) on the date of determination of such interest rate) ~~as published by~~ published by Bloomberg (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period (for delivery on the first day of such Interest Period);

(b) with respect to any LIBOR Rate Loan denominated in Euro, EURIBOR for a period equal to the applicable Interest Period;

with respect to any LIBOR Rate Loan denominated in Sterling, ICE LIBOR for deposits in Sterling in minimum amounts of at least £1,000,000 for a period equal to such Interest Period (commencing on the date of determination of such interest rate) published by Bloomberg (or if such service is no longer available or widely used in the market, the
(c) applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period (or the date of such interest calculation, as applicable), for Dollars (for delivery on the first day of such Interest Period); or (b)

- (d) with respect to any LIBOR Rate Loan denominated in Canadian Dollars, the CDOR Rate for a period equal to the applicable Interest Period;
- (e) with respect to any LIBOR Rate Loan denominated in Australian Dollars, the BBSW Rate for a period equal to the applicable Interest Period; and
- with respect to any LIBOR Rate Loan denominated in an Alternative Currency other than Euro, Sterling, Canadian Dollars or Australian Dollars for any Interest Period, ICE LIBOR for deposits in the relevant Alternative Currency and the relevant Interest Period, as published by Bloomberg (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period (for delivery on the first day of such Interest Period);

provided, that if for any reason such rate is not available for the applicable Interest Period but is available for periods that are longer than such Interest Period, the applicable rate shall be ICE LIBOR rate, EURIBOR, the CDOR Rate or the BBSW Rate, as applicable, for the shortest available period that is longer than such Interest Period with respect to such Loan, in either case if such date is not a Business Day, then the immediately preceding Business Day (rounded upward, if necessary, to the nearest whole 1/100 of 1%). ~~If, and provided further that if~~ such rate is not available at such time for any reason, then “LIBOR” for such Interest Period shall be a comparable index rate agreed by ~~the~~ Administrative Agent and the Borrowers. Each calculation by Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error. If the calculation of LIBOR results in a LIBOR rate of less than zero (0), LIBOR shall be deemed to be zero (0) for all purposes of the Loan Documents.

“LIBOR Conversion Date” has the meaning provided in Section 2.3(i).

“LIBOR Rate Loan” means a Loan that bears interest at a rate based on Adjusted LIBOR (or, if applicable pursuant to Section 4.4(a), the Cost of Funds Rate).

“LIBOR Reserve Requirement” means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against “*Eurocurrency liabilities*” (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to: (a) any category of liabilities which includes deposits by reference to which Adjusted LIBOR is to be determined; or (b) any category of extensions of credit or other assets which include LIBOR Rate Loans. Adjusted LIBOR shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Requirement. Each determination by Administrative Agent of the LIBOR Reserve Requirement shall, in the absence of manifest error, be conclusive and binding.

“Lien” means any lien, mortgage, security interest, security assignment, charge, tax lien, pledge, encumbrance, or conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under common law, any statute, law, contract, or otherwise.

“Loan Documents” means this Credit Agreement, each Lender assignment agreement, a Federal Reserve Form U-1, each Deposit Account Control Agreement, and such other agreements and documents, and any amendments or supplements thereto or modifications thereof, executed or delivered pursuant to the terms of such other Loan Documents.

“Loans” means loans made by the Lenders to any Borrower pursuant to the terms and conditions of this Credit Agreement and the other Loan Documents.

“Margin Stock” has the meaning assigned thereto in Regulation U.

“Material Adverse Change” means any one or more of (a) a material adverse change in the perfection or priority of Administrative Agent’s Lien in the Collateral; (b) a material adverse change in the business, operations or condition (financial or otherwise) of Borrowers; and (c) a material adverse change in the prospect of repayment of any portion of the Obligations.

“Material Adverse Effect” means a material adverse effect on: (a) the assets, operations, properties, liabilities (actual or contingent), financial condition, or business of the Borrowers taken as a whole; (b) the ability of the applicable Borrowers (taken as a whole) to perform their material obligations under any of the Loan Documents or any of their Constituent Documents; or (c) the validity or enforceability of any of the Loan Documents or such Constituent Documents, or the rights and remedies of the Lenders hereunder or thereunder taken as a whole.

“Material Amendment” has the meaning provided in Section 9.5.

“Maturity Date” means the earliest of: (a) the Stated Maturity Date; (b) the date upon which Administrative Agent declares the Obligations due and payable after the occurrence of an Event of Default; (c) forty-five (45) days prior to the earlier of (i) the last day any Borrower is authorized pursuant to the Constituent Documents of Borrowers to make Capital Calls for the purpose of repaying the Obligations, and (ii) the termination of the Constituent Documents of Borrowers; and (d) the date upon which Borrowers terminate the Commitments pursuant to Section 3.5.

“Maximum Commitment” means ~~\$175,000,000~~, 225,000,000, as such amount may be increased by Borrowers in accordance with Section 3.6 or decreased by Borrowers pursuant to Section 3.5.

“Maximum Rate” means, on any day, the highest rate of interest (if any) permitted by Applicable Law on such day.

“Memorandum” means the Initial Borrower’s Confidential Private Placement Memorandum dated July 2017 (together with any appendices and supplements thereto), as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“NAV Advance Amount” means (a) at any time there are less than ten Eligible Investments, zero (0), and (b) at any time there are ten or more Eligible Investments, twenty-five percent (25%) of the aggregate Fair Market Value of such Eligible Investments, provided that such amount does not exceed the aggregate par value of such Eligible Investments, and, if such amount exceeds the aggregate par value of such Eligible Investments, the NAV Advance Amount for the purposes of this clause (b) shall be the aggregate par value of such Eligible Investments.

“NAV Coverage Condition” means, on any date of determination, that (a) seventy-five percent (75%) of the aggregate Unfunded Capital Commitments and Pending Capital Calls (to the extent that the applicable Capital Call was made less than ten (10) days prior to the time of determination) of the Investors that are not Defaulting Investors equal less than (b) eighty-five percent (85%) of the outstanding Loans.

“Notice of Continuation” has the meaning provided in Section 2.3(j).

“Notice of Conversion” has the meaning provided in Section 2.3(i).

“Obligations” means all present and future indebtedness, obligations, and liabilities of such Borrowers to the Lenders and Administrative Agent, and all renewals and extensions thereof (including, without limitation, Loans), or any part thereof, arising pursuant to the Loan Documents (including, without limitation, indemnity provisions), and all interest accruing thereon, and attorneys’ fees incurred in the enforcement or collection thereof, regardless of whether such indebtedness, obligations, and liabilities are direct, indirect, fixed, contingent, joint, several, or joint and several.

“OFAC” means the United States Department of the Treasury’s Office of Foreign Assets Control.

“OFAC Regulations” means the regulations promulgated by OFAC, as amended. “Operating Company” means an “*operating company*” within the meaning of 29 C.F.R. §2510.3-101(c) of the Plan Asset Regulations.

“Operative Documents” means, with respect to the Initial Borrower, its Charter, Bylaws, Investment Advisory Agreement, Administration Agreement, Memorandum and the form Subscription Agreement attached as Exhibit E hereto.

“Other Claims” has the meaning provided in Section 5.4.

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

“Other Taxes” means all present or future stamp (including any stamp duty arising as a result of any original Loan Document brought into the Cayman Islands or presented before a Cayman Islands court), court, documentary, excise, property, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Overadvance” has the meaning provided in Section 3.4(b).

“Participant” has the meaning provided in Section 11.9(e).

“Participant Register” has the meaning provided in Section 11.9(e).

“PATRIOT Act” has the meaning provided in Section 11.15.

“Pending Capital Call” means a Capital Call that has been made on an Investor but that has not yet been funded by such Investor.

“Permitted Indebtedness” means (a) the Obligations, (b) Indebtedness secured by Liens permitted under clause (c) of the definition of “Permitted Liens”, (c) unsecured Indebtedness in the ordinary course of business in an aggregate amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) outstanding at any time, and (d) Indebtedness that is in compliance with Section 9.24.

“Permitted Liens” means (a) any Liens pursuant to the Loan Documents, (b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which the applicable Borrower maintains adequate reserves on its books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code and the Treasury Regulations adopted thereunder, (c) Liens arising from judgments in circumstances not constituting an Event of Default under Section 10.1(h) and (d) customary Liens of depositary banks on the accounts such depositary banks hold.

“Person” means an individual, sole proprietorship, joint venture, association, trust, estate, business trust, corporation, company, limited liability company, exempted company, limited liability partnership, limited partnership, exempted limited partnership, nonprofit corporation, partnership, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

“Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), including any single-employer plan or multiemployer plan (as such terms are defined in Section 4001(a)(15) and in Section 4001(a)(3) of ERISA, respectively), that is subject to Title IV of ERISA or Section 412 of the Internal Revenue Code.

“Plan Asset Regulations” means the U.S. Department of Labor regulation located at 29 C.F.R. Section 2510.3-101, as modified in application by Section 3(42) of ERISA.

“Plan Assets” means “plan assets” within the meaning of the Plan Asset Regulations.

“Potential Default” means any condition, act or event which, with the giving of notice or lapse of time or both, would become an Event of Default.

“Prime Rate” is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Credit Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Administrative Agent, the “Prime Rate” shall mean the rate of interest per annum announced by Administrative Agent as its prime rate in effect at its principal office in the State of California (such Administrative Agent announced Prime Rate not being intended to be the lowest rate of interest charged by Administrative Agent in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Credit Agreement.

“Prime Rate Conversion Date” has the meaning provided in Section 2.3(i).

“Prime Rate Loan” means a Loan (other than a LIBOR Rate Loan) denominated in Dollars that bears interest at a rate based on the Prime Rate.

“Principal Obligations” means the aggregate outstanding principal amount of the Loans.

“Prior Loan Agreement” means that certain Revolving Credit Agreement among the Initial Borrower and Sumitomo Mitsui Banking Corporation, dated as of March 16, 2018, as amended, restated, supplemented or otherwise modified from time to time.

“Pro Rata Share” means, with respect to each Lender, the percentage obtained from the fraction (i) (A) the numerator of which is the Commitment of such Lender, and (B) the denominator of which is the aggregate Commitments of all Lenders; or (ii) in the event the Commitments have been terminated: (A) the numerator of which is the Commitment of such Lender as in effect immediately prior to such termination, and (B) the denominator of which is the aggregate Commitments of all Lenders as in effect immediately prior to such termination.

“Proceedings” has the meaning provided in Section 7.9.

“Proposed Amendment” has the meaning provided in Section 9.5.

“Recallable Capital” means, for any Investor, at any time, any amounts distributed to such Investor that are added back to such Investor’s Uncalled Capital Commitment and subject to recall as a Capital Contribution pursuant to the applicable Subscription Agreement.

“Recipient” means (a) Administrative Agent, and (b) any Lender, as applicable.

“Regulation D,” “Regulation T,” “Regulation U,” and “Regulation X” means Regulation D, T, U, or X of the Board of Governors of the Federal Reserve System, from time to time in effect, and shall include any successor or other regulation relating to reserve requirements or margin requirements applicable to member banks of the Federal Reserve System.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Request for Borrowing” has the meaning provided in Section 2.3(a).

“Required Lenders” means, at any time, (a) if only one (1) Lender holds the Commitments, such Lender, and (b) if more than one (1) Lender holds the Commitments then in effect, at least two (2) Lenders who hold more than fifty percent (50%) of the Commitments then in effect, or if the Commitments have been terminated, the Loans then outstanding; provided that, for purposes of this clause (b), the Commitments of, and the portion of the Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided further that a Lender and its Affiliates shall be deemed one Lender.

“Required Payment Time” means (a) within three (3) Business Days, to the extent such funds are available in the Collateral Account; and (b) otherwise, within fifteen (15) days.

“Resignation Effective Date” has the meaning provided in Section 12.9.

“Responsible Officer” means an authorized officer, director or signatory of any Person who has the power to bind such Person. Any document delivered under any Loan Document signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

“Revaluation Date” means each of the following: (a) each date of a Borrowing; (b) each date on which a Borrowing Base Certificate must otherwise be delivered pursuant to the terms of this Credit Agreement; (c) solely with respect to the calculation of the Unused Commitment Fee, the first day of related fiscal quarter for any date of determination of the Unused Commitment Fee in such fiscal quarter; and (d) any other time requested by the Administrative Agent or the Borrowers in their sole discretion, but not more than once per calendar month.

“RIC” means a “Regulated Investment Company” under the Internal Revenue Code.

“S&P” means Standard & Poor’s Financial Services, LLC, a subsidiary of the McGraw-Hill Companies, Inc. and any successor thereto.

“Sanction(s)” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC, the U.S. Department of State or the U.S. Department of Commerce, (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom, or (c) other relevant sanctions authority.

“Sanctioned Country” means, at any time, a country, region or territory which is itself subject to, or the subject or target of, Sanctions.

“Sanctioned Person” means (a) a Person that is the subject or target of any Sanctions or is otherwise listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, the European Union or any European Union EU member state, (b)(i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) any Person operating, organized or resident in a Sanctioned Country, or (c) any Person or organization owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions Laws” means all laws, rules, and regulations of any jurisdiction applicable to any Borrower from time to time concerning or relating to transactions with a Sanctioned Country or a Sanctioned Person.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended to the date hereof and from time to time hereafter, and any successor statute.

“Side Letter” means any side letter executed by an Investor with any Borrower or the Investment Adviser with respect to such Investor’s rights and/or obligations under its Subscription Agreement and any other applicable Operative Document.

“Signature Bank” has the meaning provided in the first paragraph hereof.

“Solvent” means, with respect to any Borrower, as of any date of determination, that as of such date: (a) the fair value of the assets of such Borrower are greater than the total amount of liabilities, including contingent liabilities, of such Borrower; (b) the fair value of the assets of such Borrower are not less than the amount that will be required to pay the probable liability of such Borrower on its debts as they become absolute and matured; (c) such Borrower does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts or liabilities as they become absolute and matured; and (d) such Borrower is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which its assets would constitute unreasonably small capital.

“Special Purpose Entity” means a corporation, partnership, limited liability company or other entity, including, without limitation, any subsidiary, special purpose vehicle, or alternative investment vehicle, in each case that holds Investments of or on behalf of, or which are otherwise beneficially owned directly or indirectly by, or controlled by, a Borrower.

“Spot Rate” means the currency exchange rate for the purchase of Dollars in the applicable Alternative Currency on any Revaluation Date that appears on the Bloomberg screen page for such Alternative Currency (or if such service is no longer available or widely used in the market, the applicable screen page published by Reuters or another commercially available source providing quotations of such rate as selected by Administrative Agent in its reasonable discretion from time to time) on such Revaluation Date, provided that, in the case of a payment to be made on a particular day, at the end of the immediately preceding Business Day.

“Standstill Period” has the meaning provided in Section 10.2(b).

“Stated Maturity Date” means February 4, 2021, subject to Borrowers’ extension of such date under Section 2.8.

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“Subscription Agreement” means a Subscription Agreement, substantially in the form attached hereto as Exhibit E, and any related supplement thereto executed by an Investor in connection with the subscription for a partnership interest in a Borrower, as amended, restated, supplemented or otherwise modified from time to time; “Subscription Agreements” means all Subscription Agreements, collectively.

“Subscription Documents” means with respect to any Investor, its Subscription Agreement and Side Letter, as applicable.

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

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

“Type of Loan” means a Prime Rate Loan or a LIBOR Rate Loan.

“UCC” means the Uniform Commercial Code as adopted in the State of New York and any other state from time to time, which governs creation or perfection (and the effect thereof) of security interests in any Collateral.

“Uncalled Capital Commitment” means, with respect to any Investor at any time, such Investor’s uncalled Capital Commitment to the applicable Borrower.

“Unfunded Capital Commitment” means, with respect to any Investor at any time, such Investor’s Uncalled Capital Commitment to the applicable Borrower minus any portion thereof subject to a Pending Capital Call.

“Unused Commitment Fee” means a fee equal to 15 basis points (0.15%) per annum of the average unused portion of the Commitments, as determined by Administrative Agent. The unused portion of the Commitments, for purposes of this definition, shall equal the difference between (x) the Commitments (as they may be reduced or increased from time to time pursuant to the provisions of this Credit Agreement) and (y) the average for the period of the daily closing balance of Loans outstanding.

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

“U.S. Tax Compliance Certificate” has the meaning specified in Section 4.1(g).

“Watch List” means a list of all the adversely risk rated loans of the Additional Borrowers, which list shall be in a customary form of presentation reasonably acceptable to Administrative Agent.

“Withholding Agent” means any Borrower and Administrative Agent.

1.2. **Other Definitional Provisions.** Unless otherwise specified herein or in such other Loan Document:

(a) all terms defined in this Credit Agreement shall have the above-defined meanings when used in any other Loan Documents or any certificate, report or other document made or delivered pursuant to this Credit Agreement, unless otherwise defined therein;

(b) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined;

(c) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(d) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”;

(e) the term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form;

(f) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”;

(g) a Potential Default is “continuing” if it has not been cured or waived and an Event of Default is “continuing” if it has not been waived or, to the extent permitted hereby, cured; and

(h) section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Credit Agreement or any other Loan Document.

1.3. **Accounting Terms.** All accounting terms not specifically or completely defined in any Loan Document shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted hereunder shall be prepared in conformity with GAAP, except as otherwise specifically prescribed herein.

1.4. **UCC Terms.** Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions.

1.5. **Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to times of day in New York, New York.

1.6. **Defined Terms.** Certain defined terms hereunder are defined by cross reference to the Initial Borrower's form Subscription Agreement and certain provisions of this Credit Agreement and the other Loan Documents reference particular sections of the Initial Borrower's form Subscription Agreement. With respect to any Additional Borrower that joins the Credit Facility after the Closing Date in accordance with the terms hereof, such definitions and provisions with respect to each such Additional Borrower, as applicable, shall be deemed to refer to the definitions and sections in each such Additional Borrower's form Subscription Agreement, as applicable, that correspond to the stated definitions and sections of the Initial Borrower's Subscription Agreement.

1.7. **Exchange Rates; Currency Equivalents.** Administrative Agent shall determine the Spot Rates as of each applicable date required to be used for calculating Dollar Equivalent amounts of Principal Obligations denominated in Alternative Currencies. In the case of a Spot Rate required to be calculated as of a Revaluation Date, such Spot Rate shall become effective as of such Revaluation Date and shall be the Spot Rate employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by a Credit Party hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as reasonably determined by the Administrative Agent based on the Spot Rate as of the last Revaluation Date.

Section 2. REVOLVING CREDIT LOANS

2.1. **The Commitments.** Each Lender severally agrees, on any Business Day during the Availability Period, to make Loans to Borrowers at any time and from time to time in an aggregate principal amount up to such Lender's Commitment, subject to the limitations in Section 2.2 and the other terms and conditions herein set forth. Borrowers may borrow, repay without penalty or premium, and re-borrow Loans hereunder, during the Availability Period, subject to the limitations and conditions set forth in Sections 2.2 and 6 and the other terms and conditions herein set forth.

2.2. **Limitation on Borrowings and Re-borrowings.** No Lender shall be required to advance any Loan hereunder if after giving effect thereto (a) the Dollar Equivalent of the Principal Obligations would exceed the Available Commitment, (b) the Dollar Equivalent of the Principal Obligations of such Lender would exceed its Commitment, (c) the aggregate Dollar Equivalent of the Principal Obligations would exceed the Maximum Commitment or (d) the conditions precedent for such Borrowing in Section 6 have not been satisfied.

2.3. Borrowings.

(a) **Request for Borrowing.** The applicable Borrower shall give Administrative Agent notice of each requested Borrowing hereunder, which notice shall be in writing (a “Request for Borrowing”), in the form of Exhibit B hereto. Each Request for Borrowing shall be irrevocable and effective upon receipt by Administrative Agent and shall be furnished to Administrative Agent (i) no later than 10:00 a.m. (Eastern time) on the requested date of the funding of a Prime Rate Loan, and (ii) at least three (3) Business Days prior to the requested date of the funding of a LIBOR Rate Loan; provided that any such request received by Administrative Agent after 11:00 a.m. (Eastern time) (or, with respect to a Prime Rate Loan, 10:00 a.m. (Eastern time)) shall be deemed to have been given by Borrowers on the next succeeding Business Day. Each Request for Borrowing shall specify (A) the amount of such Borrowing, (B) the date of such Borrowing, which shall be a Business Day, (C) the Interest Option if such Loan is to be funded in Dollars, and if applicable, the Interest Period, (D) the Borrower making the Request for Borrowing, ~~and~~ (E) the amount of each Loan attributable to each Borrower (if applicable), and (F) the currency; and (iii) shall be accompanied or preceded by a duly executed Borrowing Base Certificate and, only to the extent applicable, Investment Report dated the date of such Request for Borrowing. Administrative Agent shall promptly give notice of each Request for Borrowing to the Lenders.

(b) **Initial Borrowing on Closing Date.** Subject to the terms and conditions of this Credit Agreement, the Initial Borrower shall request on the Closing Date, and the Lenders shall make, one (1) Loan to the Initial Borrower in an original principal amount sufficient to pay in full all “Obligations” (as defined in the Prior Loan Agreement) outstanding under the Prior Loan Agreement (including, without limitation, all principal and accrued interest), and the Initial Borrower shall use the proceeds of such Loan to pay in full all “Obligations” (as defined in the Prior Loan Agreement) outstanding under the Prior Loan Agreement (including, without limitation, all principal and accrued interest), and the Initial Borrower hereby authorizes Administrative Agent to apply the proceeds of such Loan to pay in full such “Obligations” (as defined in the Prior Loan Agreement).

(c) **Loans in Dollars.** All Loans made hereunder shall be denominated in Dollars or in an Alternative Currency.

(d) **Minimum Loan Amounts.** Each Loan in Dollars shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$500,000; provided that a Loan may be in an aggregate amount that is equal to the entire unused balance of the Available Commitment. Any Loans in an Alternative Currency shall satisfy this minimum threshold on a Dollar Equivalent basis.

(e) **Funding Indemnification.** The applicable Borrower shall indemnify the Lenders against any cost, loss, or expense incurred by the Lenders (other than loss of margin or spread), or any of them, as a result of any failure of such Borrower to fulfill, on or before the date specified in the Request for Borrowing, the conditions to such Borrowing set forth herein, including any cost, loss, or expense incurred by reason of the liquidation or redeployment of the deposits or other funds acquired by the Lenders to fund such Borrowing to be made by the Lenders as a part of such Borrowing when such Borrowing, as a result of such failure, is not made on such date. A certificate of Administrative Agent setting forth the amount of any such cost, loss or expense, and the basis for the determination thereof and the calculation thereof, shall be delivered to such Borrower and shall, absent manifest or demonstrable error, be conclusive and binding.

(f) **Funding.** Subject to the fulfillment of all applicable conditions set forth herein, (i) each Lender shall make the proceeds of its Pro Rata Share of each Loan available to Administrative Agent no later than 1:00 p.m. (Eastern time) (or, with respect to a Prime Rate Loan, 4:00 p.m. (Eastern time)) on the date specified in the Request for Borrowing as the borrowing date, in immediately available funds, and (ii) Administrative Agent shall deposit the proceeds of each Borrowing in the applicable Borrower's deposit account maintained with Administrative Agent or otherwise at the direction of such Borrower; provided that no Lender shall be under any obligation to fund any Loan if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Lender from funding such Loan, or any Applicable Law applicable to such Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Lender shall prohibit, or request that such Lender refrain from, the funding of loans generally or loans to such Borrower in particular. Any Lender who is prohibited from funding a Loan pursuant to the proviso in the immediately preceding sentence shall use commercially reasonable efforts to promptly notify the applicable Borrower after such Lender's receipt of such Borrower's Request for Borrowing that such Lender is prohibited from funding such Loan.

(g) **Obligations of Lenders Several.** Each Lender shall make each requested Loan hereunder in accordance with its Pro Rata Share. The liabilities and obligations of each Lender hereunder shall be several and not joint, and neither Administrative Agent nor any Lender shall be responsible for the performance by any other Lender of its obligations hereunder. The failure of any Lender to advance the proceeds of its Pro Rata Share of any Loan shall not relieve any other Lender of its obligation to advance the proceeds of its Pro Rata Share of any Loan required to be advanced hereunder. Each Lender shall be liable to the Borrowers only for the amount of its respective Commitment.

(h) **[Reserved]**

(i) **Conversions.** The applicable Borrower shall have the right, with respect to: (i) any Prime Rate Loan, on any Business Day (a "LIBOR Conversion Date"), to convert such Prime Rate Loan to a LIBOR Rate Loan in Dollars; and (ii) any LIBOR Rate Loan in Dollars, on any Business Day (a "Prime Rate Conversion Date") to convert such LIBOR Rate Loan to a Prime Rate Loan; provided that such Borrower shall, on such LIBOR Conversion Date or Prime Rate Conversion Date, make the payments required by Section 4.3, if any, in either case, by giving Administrative Agent a Notice of Conversion in the form of Exhibit J hereto (a "Notice of Conversion") of such selection no later than 11:00 a.m. at least either (x) three (3) Business Days prior to such LIBOR Conversion Date or (y) one (1) Business Day prior to such Prime Rate Conversion Date, as applicable. Each Notice of Continuation/Conversion shall be irrevocable and effective upon notification thereof to Administrative Agent. A request of a Borrower for a Conversion of a Prime Rate Loan to a LIBOR Rate Loan is subject to the condition that no Event of Default or Potential Default with respect to such Borrower exists at the time of such request or after giving effect to such Conversion.

(j) **Continuations.** (k) No later than 11:00 a.m. (x) at least three (3) Business Days prior to the termination of each Interest Period related to a LIBOR Rate Loan, the applicable Borrower shall give Administrative Agent a Notice of Continuation in the form of Exhibit J hereto (a “Notice of Continuation”) setting forth whether it desires to renew such LIBOR Rate Loan. The Notice of Continuation shall also specify the length of the Interest Period selected by such Borrower with respect to such Continuation. Each Notice of Continuation shall be irrevocable and effective upon notification thereof to Administrative Agent. If the applicable Borrower fails to timely give Administrative Agent the Notice of Continuation with respect to any LIBOR Rate Loan, such Borrower shall be deemed to have elected the Prime Rate as the Interest Option with respect to such Loan.

2.4. **Interest.**

(a) **Interest Rate.** Each Loan shall accrue interest at a rate per annum equal to the Applicable Rate. At any time, each Loan shall have only one Interest Period and one Interest Option. Notwithstanding anything to the contrary contained herein, in no event shall the interest rate hereunder exceed the Maximum Rate.

(b) **Change in Rate; Calculations of Interest.** Each change in the rate of interest for any Loans shall become effective, without prior notice to the Borrowers, automatically as of the opening of business of Administrative Agent on the date of said change. Administrative Agent shall use commercially reasonable efforts to give the applicable Borrower prompt notice of any change in the rate of interest for any Loans after such change becomes effective; provided, however, that any failure by Administrative Agent to provide such Borrower with such notice shall not affect Administrative Agent’s right to make changes in the rate of interest for any Loans. Interest on the unpaid principal balance of each Loan (other than Prime Rate Loans, LIBOR Rate Loans denominated in Sterling and any other Alternative Currency where it is market practice to calculate on a 365 or 366 days basis) shall be calculated on the basis of the actual days elapsed in a year consisting of 360 days.

(c) **Default Rate.** If an Event of Default has occurred and is continuing, all Obligations shall bear interest before and after judgment at the Default Rate; provided that, except with respect to an Event of Default occurring pursuant to Section 10.1(h), the portion of interest accruing at the Default Rate (in excess of the interest accruing at the Applicable Rate) shall not be due and payable by the applicable Borrower until (but in all events such interest shall accrue upon the occurrence and during the continuance of an Event of Default) the earliest to occur of (i) such Borrower’s knowledge that the applicable Event of Default has occurred and is continuing, (ii) Administrative Agent providing notice to such Borrower that the Default Rate is applicable, and (iii) Administrative Agent’s acceleration of the Obligations pursuant to Section 10.2(a)(iii).

(d) **Determination of Rate.** Administrative Agent shall determine the interest rate applicable to each Borrowing hereunder, and shall, upon request, give notice to the applicable Borrower and to the Lenders of each rate of interest so determined, and its determination thereof shall be conclusive and binding absent manifest or demonstrable error.

2.5. **Use of Proceeds.** The proceeds of the Loans shall be used by the applicable Borrower solely for (a) purposes permitted under the Constituent Documents of such Borrower; (b) bridging Capital Calls of the Investors in such Borrower; and (c) other general corporate purposes of such Borrower. Neither the Lenders nor Administrative Agent shall have any liability, obligation, or responsibility whatsoever with respect to any Borrower's use of the proceeds of the Loans, and neither the Lenders nor Administrative Agent shall be obligated to determine whether or not any Borrower's use of the proceeds of the Loans are for purposes permitted under the Constituent Documents of any Borrower. Nothing, including, without limitation, any funding of a Loan or the acceptance of any other document or instrument, shall be construed as a representation or warranty, express or implied, to any party by the Lenders or Administrative Agent as to whether any Investment by such Borrower is permitted by the Borrowers' Constituent Documents. A Borrower shall not use the proceeds of any Loan (a) to fund any activities of or business with any individual or entity, or in any Sanctioned Country, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Administrative Agent, or otherwise) of Sanctions (or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity in violation of the foregoing); or (b) for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or other Anti-Corruption Laws.

2.6. **Fees.** Borrowers shall pay to Administrative Agent, for its own account, a facility fee on the Closing Date and first anniversary thereof, in an amount equal to 20 basis points (0.20%) of the Maximum Commitment then in effect (the "Facility Fee"). Such fees shall be fully earned upon becoming due and be non-refundable when paid.

2.7. **Unused Commitment Fee.** Borrowers shall pay to Administrative Agent, for the account of each Lender, an Unused Commitment Fee, payable quarterly (on the first day of each quarter), in arrears, on a calendar year basis, during the period commencing on the Closing Date and ending on the Maturity Date. Borrowers shall not be entitled to any credit, rebate or repayment of any Unused Commitment Fee previously earned by the Lenders pursuant to this Section 2.7 notwithstanding any termination of this Credit Agreement or the suspension or termination of the Commitments. The Borrowers and the Lenders acknowledge and agree that the Unused Commitment Fees payable hereunder are *bona fide* unused commitment fees and are intended as reasonable compensation to the Lenders for committing to make funds available to Borrowers as described herein and for no other purposes.

2.8. **Extension of Maturity Date.** On any Business Day occurring at least thirty (30) calendar days but no more than sixty (60) calendar days prior to the Stated Maturity Date then in effect, a Responsible Officer of Borrowers may submit to Administrative Agent, on behalf of such Borrowers and in accordance with Section 11.4, a written request (an “Extension Request”) to extend the Stated Maturity Date then in effect to a date occurring three hundred sixty-four (364) days after such Stated Maturity Date or, if such date is not a Business Day, the immediately preceding Business Day. Submission by the Borrowers of an Extension Request shall be deemed to be a restatement in all material respects of each representation and warranty made by such Borrowers in Section 7 as of the date of such Extension Request. Upon receipt of an Extension Request, Administrative Agent and each Lender shall determine, in its sole discretion, whether to consent to such Extension Request. If such consent is granted by Administrative Agent and the Lenders, (a) Administrative Agent shall provide such requesting Borrowers with notice of Administrative Agent’s and such Lenders’ consent to such Extension Request; (b) as of the date of such Extension Notice, all references to the Stated Maturity Date in this Credit Agreement shall be deemed to be references to the Stated Maturity Date as extended by the Extension Request; (c) if the Extension Notice indicates that either such term is to be amended, as of the date of such Extension Notice, each of the definitions of the terms “Applicable Rate” and “Unused Commitment Fee” appearing in Section 1.1 shall be deleted and replaced in its entirety with the new definition for such term set forth in the Extension Notice; and (d) within five (5) Business Days of the applicable Borrowers’ receipt of the Extension Notice, such Borrowers shall pay an extension fee to Administrative Agent for the benefit of the Lenders in an amount equal to 20 basis points (0.20%) of each such Lender’s Commitment as of the date on which such Borrowers receive such Extension Notice. If Administrative Agent, acting on behalf of the Lenders, does not provide the applicable Borrowers with notice of its and the Lenders’ consent to an Extension Request on or prior to the Stated Maturity Date then in effect, such Extension Request shall be deemed to have been denied by the Lenders, such Stated Maturity Date shall not be extended and such Borrowers shall not be permitted to submit any subsequent Extension Requests. If Administrative Agent and the Lenders consent to the applicable Borrowers’ initial Extension Request, such Borrowers may submit no more than one (1) subsequent Extension Request.

Section 3. PAYMENT OF OBLIGATIONS

3.1. **Payment of Obligations.** The Principal Obligations of each individual Loan made hereunder shall be repaid by the applicable Borrower without further demand to Administrative Agent, for the benefit of the Lenders, in immediately available funds by the date that is three hundred and sixty-five (365) calendar days after the date of the Borrowing with respect to such Loan (or, if such date is not a Business Day, the preceding Business Day), together with all accrued but unpaid interest thereof. The Principal Obligations, together with all accrued but unpaid interest thereon and any other outstanding Obligations, shall be due and payable on the Maturity Date.

3.2. Payment of Interest.

(a) **Interest.** Interest on each Borrowing shall commence to accrue as of the date of the disbursement of such Borrowing by Administrative Agent. When a Borrowing is disbursed by wire transfer pursuant to instructions received from a Borrower in accordance with the related Request for Borrowing, then such Borrowing shall be considered made at the time of the transmission of the wire, rather than the time of receipt thereof by the receiving bank. With regard to the repayment of Loans, interest shall continue to accrue on any amount repaid until such time as the repayment has been received in immediately available funds by Administrative Agent.

(b) **Interest Payment Dates.** Accrued and unpaid interest on the Obligations shall be due and payable by the Borrowers in arrears (i) on each Interest Payment Date, and (ii) upon the occurrence and during the continuance of an Event of Default, at any time upon demand by Administrative Agent; provided that, solely with respect to the foregoing clause (ii), except with respect to an Event of Default occurring pursuant to Section 10.1(h), during the Standstill Period, Administrative Agent shall not exercise the remedies pursuant to clauses (i), (iii), (iv), (v), (viii) and (ix) of the first sentence of Section 10.2(b) on account of the applicable Borrower's failure to pay such interest when due. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

3.3. **Payments on the Obligations.**

(a) **Borrower Payments.** All payments of principal of, and interest on, the Obligations by any Borrower to or for the account of the Lenders shall be made without condition or deduction or counterclaim, set-off, defense or recoupment for receipt before 3:00 p.m. (Eastern time) in the case of payments made in Dollars and 11:00 a.m. in the case of payments made in an Alternative Currency, in each case, in immediately available funds to Administrative Agent at the account Administrative Agent designates in writing to the applicable Borrowers, in all cases for the ratable benefit of each Lender. Funds received after 3:00 p.m. (Eastern time) in the case of payments made in Dollars or after 11:00 a.m. in the case of payments made in an Alternative Currency, as applicable, shall be treated for all purposes as having been received on the next Business Day. All payments shall be made in the currency of the related Borrowing.

(b) **Application of Payments.** So long as no Event of Default has occurred and is continuing, all payments made by Borrowers on the Obligations shall be applied as directed by Administrative Agent (it being understood that all payments to the Lenders will be distributed ratably amongst the Lenders). At all times when an Event of Default has occurred and is continuing, all payments made on the Obligations shall be credited in the following manner (in all applicable cases for the ratable benefit of each Lender): (i) *first*, against all costs, expenses (excluding expenses constituting indemnification obligations) and other fees (including attorneys' fees) arising under the terms hereof; (ii) *second*, against accrued and unpaid interest; (iii) *third*, against all Principal Obligations due and owing; and (iv) *fourth*, against all other amounts constituting any portion of the Obligations.

(c) **Disbursement of Funds.** If, at any time, Administrative Agent shall not have received on the date due any payment of interest upon the Obligations or any fee payable described under this Credit Agreement or the other Loan Documents, Administrative Agent may (i) direct the disbursement of funds from the Collateral Account of the applicable Borrower to the Lenders, in accordance with the terms hereof, to the extent available therein for payment of any such amount or (ii) require Borrowers to request a Borrowing of such amount (which shall be deemed to have complied with the requirements of Section 2.2 without any further actions being required by such Borrowers), in which case the Loans representing such amount shall be credited directly to the account of Administrative Agent rather than to any account of such Borrowers in satisfaction of such outstanding interest and/or fees; provided that no Borrowing shall be made pursuant to this clause (ii) hereof if after giving effect thereto (A) the Dollar Equivalent of the Principal Obligations would exceed the Available Commitment or (B) the Dollar Equivalent of the Principal Obligations of any Lender would exceed such Lender's Commitment.

3.4. Prepayments.

(a) **Voluntary Prepayments.** The applicable Borrowers may, without premium, penalty or fees, upon (x) one (1) Business Day's prior written notice to Administrative Agent with respect to Prime Rate Loans, and (y) three (3) Business Day's prior written notice to Administrative Agent with respect to LIBOR Rate Loans, prepay Principal Obligations then outstanding, in whole or in part, at any time or from time to time. Any prepayment not received by 3:00 p.m. (Eastern time) on a Business Day shall be deemed to have been paid on the next succeeding Business Day. The notice of prepayment shall specify which Borrower's Loans Administrative Agent shall apply the prepayment to and shall be in a minimum principal amount of ~~\$100,000~~, 100,000 (or the Dollar Equivalent thereof), or, if less, the entire amount of Principal Obligations then outstanding. All such voluntary prepayments shall be made together with payment of all interest accrued thereon. Administrative Agent shall give notice of any notice of repayment from a Borrower to Lenders promptly upon receipt thereof.

(b) **Mandatory Prepayment.** If on any day the Dollar Equivalent of the Principal Obligations exceed the Available Commitment for any reason (including, in each case without limitation, as a result of a Capital Call, an Investor becoming a Defaulting Investor, a change in the Fair Market Value of any Eligible Investment or any failure of an Investment to constitute an Eligible Investment) (any such excess, an "Overadvance"), then the applicable Borrower or Borrowers shall (i) if the amount of such Overadvance is greater than or equal to \$500,000, either pay the full amount of such Overadvance to Administrative Agent, for the benefit of the Lenders, in immediately available funds, without demand, or otherwise eliminate such Overadvance (by such other means that shall be subject to the Administrative Agent's consent, which shall not be unreasonably withheld or delayed), in each case on or before the Required Payment Time after the occurrence of such Overadvance, and (ii) if the amount of such Overadvance is less than \$500,000, either pay the full amount of such Overadvance to Administrative Agent, for the benefit of the Lenders, in immediately available funds, upon demand by Administrative Agent, or otherwise eliminate such Overadvance (by such other means that shall be subject to the Administrative Agent's consent, which shall not be unreasonably withheld or delayed), in each case on or before the Required Payment Time after such demand. If the applicable Borrower or Borrowers fail to pay or eliminate any Overadvance required to be paid under, and within the time period set forth in, this Section 3.4(b), then such Borrower or Borrowers hereby agree that Administrative Agent may withdraw from the Collateral Account and/or, to the extent applicable, the Investment Collection Account, any Capital Contributions or other monies or sums deposited therein and apply the same to the Principal Obligations until such time as such Overadvance has been satisfied in full.

3.5. **Reduction or Early Termination of Commitments.** So long as no Request for Borrowing is outstanding, Borrowers may (a) terminate the Commitments or (b) reduce the Maximum Commitment, by giving irrevocable written notice to Administrative Agent of such termination or reduction five (5) Business Days (or such shorter period of time agreed in writing by Administrative Agent in its sole discretion) prior to the effective date thereof (which date shall be specified in such notice and be a Business Day): (i) in the case of complete termination of the Commitments, upon prepayment of all of the outstanding Obligations; or (ii) in the case of a reduction of the Maximum Commitment, upon prepayment of the amount by which the Dollar Equivalent of the Principal Obligations exceed the reduced Available Commitment resulting from such reduction, including, without limitation, payment of all interest accrued thereon. Notwithstanding the foregoing: (x) any reduction of the Maximum Commitment shall be in an amount equal to \$5,000,000 or multiples thereof; and (y) in no event shall a reduction reduce the Maximum Commitment to below \$10,000,000 (except for a termination of all Commitments).

3.6. **Increase in the Maximum Commitment.** Provided there exists no Event of Default or, to the knowledge of any Borrower or Administrative Agent, Potential Default on the effective date of the increase, and subject to compliance with the terms below, upon written notice to Administrative Agent, Borrowers may request the Lenders to increase the Maximum Commitment. Such increase shall be effective upon the satisfaction of the following conditions precedent: (i) the existing Lenders shall have agreed in their sole discretion to increase their Commitments and/or additional Persons shall have agreed to join the Credit Facility as Lenders such that the Commitments of all Lenders equal the increased Maximum Commitment; (ii) on or prior to the proposed date of such increase, Borrowers shall have paid to Administrative Agent, for the benefit of each Lender that increases its Commitment or provides a new Commitment, a fee in an amount equal to 20 basis points (0.20%) of such increased or new Commitment; and (iii) Borrowers shall provide Administrative Agent such evidence of their power and authority to effectuate such increase as Administrative Agent may reasonably request. For the avoidance of doubt, such increase will be on the same terms as contained herein with respect to the Commitments and the Loans. No Lender will be required to commit, nor shall any Lender have any preemptive right, to provide any portion of such increase. On any date the Maximum Commitment is increased in accordance herewith, Borrowers and the Lenders agree to execute such documents as Administrative Agent may reasonably request to give effect to such increase.

3.7. **Joint and Several Liability.** Each Borrower acknowledges, agrees, represents and warrants the following:

(a) **Combined Liability.** Borrowers shall be jointly and severally liable to the Lenders for all representations, warranties, covenants, obligations and indemnities, including, without limitation, the Loans and the other Obligations of all Borrowers, and Administrative Agent and the Lenders may at their option enforce the entire amount of the Loans and the other Obligations of the Borrowers against any one or more of such Borrowers; and

(b) **Separate Exercise of Remedies.** Administrative Agent may exercise remedies against each Borrower and its property separately, whether or not Administrative Agent exercises remedies against any other Borrower or its property. Administrative Agent may enforce one or more Borrower's obligations without enforcing any other Borrower's obligations and vice versa. Any failure or inability of Administrative Agent to enforce one or more Borrower's obligations shall not in any way limit Administrative Agent's right to enforce the obligations of the other Borrowers. If Administrative Agent forecloses or exercises similar remedies under any one or more Loan Documents, then such foreclosure or similar remedy shall be deemed to reduce the balance of the Loans only to the extent of the cash proceeds actually realized by the Lenders from such foreclosure or similar remedy or, if applicable, Administrative Agent's credit bid at a foreclosure sale, regardless of the effect of such foreclosure or similar remedy on the Loans secured by such Loan Documents under the applicable state law. Each Borrower expressly waives to the fullest extent permitted by Applicable Law: (i) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; and (ii) any defenses or benefits that may be derived from or afforded by Applicable Law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Credit Agreement.

Section 4. CHANGE IN CIRCUMSTANCES

4.1. Taxes.

(a) **Defined Terms.** For purposes of this Section 4.1, the term “Applicable Law” includes FATCA.

(b) **Payments Free of Taxes.** Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 4.1) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) **Payment of Other Taxes by the Borrowers.** Without limiting the provisions of Section 4.1(b) above, each Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of Administrative Agent timely reimburse it for the payment of any Other Taxes applicable to such Borrower.

(d) **Evidence of Payments.** As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 4.1, such Borrower shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(e) **Indemnification by Loan Parties.** Each Borrower shall indemnify each Recipient, on or before the Required Payment Time after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.1) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, in each case with respect to such Borrower, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to such Borrower by a Lender (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest or demonstrable error.

(f) **Indemnification by Lenders.** Each Lender shall severally indemnify Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.9 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Administrative Agent shall be conclusive absent manifest or demonstrable error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Administrative Agent to the Lender from any other source against any amount due to Administrative Agent under this Section 4.1(f).

(g) **Status of Lenders.**

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrowers and Administrative Agent, at the time or times reasonably requested by Borrowers or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrowers or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrowers or Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrowers or Administrative Agent as will enable Borrowers or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 4.1(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if the Lender is not legally entitled to complete, execute or deliver such documentation or, in the Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person,

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

(A)

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

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

(ii) executed copies of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a “10 percent shareholder” of such Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form); or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner;

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

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

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

(h) **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.1 (including by the payment of additional amounts pursuant to this Section 4.1), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 4.1(h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 4.1(h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 4.1(h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) **Survival.** Each party's obligations under this Section 4.1 shall survive the resignation or replacement of, and any assignment of rights by, Administrative Agent or any Lender.

4.2. **Increased Cost and Capital Adequacy.**

(a) **Increased Costs Generally.** If any Change in Law shall: (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender (except any reserve requirement reflected in Adjusted LIBOR), (ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes and (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitment, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or (iii) impose on any Lender any other condition, cost or expense (other than Taxes) affecting this Credit Agreement or Loans made by any Lender, and the result of any of the foregoing shall be to increase the cost to such Lender or other Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender or other Recipient, Borrowers shall, on or before the Required Payment Time after such request, pay to any such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If any Lender determines that any Change in Law affecting such Lender regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of this Credit Agreement, the Commitment of such Lender or the Loans made by such Lender to a level below that which such Lender could have achieved but for such Change in Law (taking into consideration such Lender's policies with respect to capital adequacy and liquidity), then from time to time upon written request of such Lender, Borrowers shall, on or before the Required Payment Time after such request, pay to such Lender such additional amount or amounts as will compensate such Lender for any such reduction suffered.

(c) **Delay in Requests.** Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrowers shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that such Lender notifies Borrowers of the Change in Law giving rise to such increased costs or reductions (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period shall be extended to include the period of retroactive effect).

4.3. **Funding Losses.** Upon demand of any Lender, each Borrower shall, on or before the Required Payment Time after such demand, pay Administrative Agent for the account of such Lender, such amounts as shall compensate such Lender for, and hold such Lender harmless from, any loss, cost or expense (other than loss of margin or spread) incurred by such Lender in obtaining, liquidating or employing deposits or other funds from third parties as a result of (a) any failure or refusal of such Borrower (for any reasons whatsoever) to accept a Loan after such Borrower shall have requested such Loan, (b) any prepayment of a Loan by such Borrower that is otherwise not made in compliance with the provisions of the Credit Agreement, or (c) the failure such Borrower to make a prepayment of a Loan after giving notice thereof.

4.4. **Inability to Determine Rates.** If Administrative Agent determines, for any proposed Interest Period, that: (a) deposits in Dollars are not being offered to banks in the applicable offshore market for the applicable amount and Interest Period of any LIBOR Rate Loan; (b) adequate and reasonable means do not exist for determining LIBOR; or (c) LIBOR does not adequately or fairly reflect the cost to the Lenders of funding or maintaining any LIBOR Rate Loan, then: (i) Administrative Agent shall forthwith notify Borrowers and the Lenders; and (ii) while such circumstances exist, none of the Lenders shall allocate any Loans made during such period, or reallocate any Loans allocated to any then-existing Interest Period ending during such period, to an Interest Period with respect to which interest is calculated by reference to LIBOR. If, with respect to any outstanding Interest Period, a Lender notifies Administrative Agent that it is unable to obtain matching deposits in the London interbank market to fund its purchase or maintenance of such Loans or that LIBOR applicable to such Loans will not adequately reflect the cost to the Person of funding or maintaining such Loans for such Interest Period, then: (A) Administrative Agent shall forthwith so notify Borrowers and the Lenders; and (B) upon such notice and thereafter while such circumstances exist, the applicable Lender shall not make any LIBOR Rate Loans during such period or reallocate any Loans allocated to any Interest Period ending during such period, to an Interest Period with respect to which interest is calculated by reference to LIBOR; provided that, (x) if the forgoing notice relates to Loans that are outstanding as LIBOR Rate Loans, such Loans shall be Converted to Prime Rate Loans if denominated in Dollars or a LIBOR Rate Loan based on the Cost of Funds Rate if denominated in an Alternative Currency only on the last day of the then-current Interest Period, and (y) upon receipt of such notice, Borrowers may revoke any outstanding Requests for Borrowing.

4.5. **Mitigation.** Each Lender and Administrative Agent agrees that, upon the occurrence of any event giving rise to Borrowers' obligation to make a payment under this Section 4 with respect to such Lender or Administrative Agent, it will use commercially reasonable efforts to mitigate the effect of any such event, including by completing and delivering or filing any tax related forms that would reduce or eliminate any amount of Taxes required to be deducted or withheld or paid by Borrowers hereunder and changing the jurisdiction of its applicable lending office if, in the reasonable judgment of Administrative Agent or Lender, as the case may be, the making of such a change (i) would avoid the need for, or reduce the amount of, any such amounts that would be payable or may thereafter accrue and (ii) would not subject Administrative Agent or such Lender, as the case may be, to any material unreimbursed cost or expense and would not be otherwise materially disadvantageous to Administrative Agent or such Lender, as the case may be.

4.6. **Survival.** Without prejudice to the survival of any other agreement of Borrowers hereunder, all of Borrowers' obligations under this Section 4 shall survive and remain in full force and effect regardless of the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Credit Agreement. Each Lender shall notify Borrowers of any event occurring after the termination of this Credit Agreement entitling such Lender to compensation under this Section 4 as promptly as practicable.

Section 5. SECURITY

5.1. Liens and Security Interest.

(a) **Collateral Grant.** In order to secure the Obligations and until payment and performance in full of such Obligations and the expiration or termination of all Commitments hereunder and the termination of the Loan Documents, the respective Borrowers each hereby pledges, charges and assigns by way of security to Administrative Agent and grants to Administrative Agent, for the benefit of the Lenders, a first priority security interest in and Lien on their respective rights in the following (to the extent applicable), whether now existing or hereafter acquired or arising and wherever located (the "Collateral"):

(i) all of such Borrower's rights to make Capital Calls on Investors and all other rights, titles, interests, powers and privileges related to, appurtenant to or arising out of such Borrower's right to require or demand that the Investors make Capital Contributions to such Borrower;

(ii) all of such Borrower's rights, titles, interests and privileges in and to the Capital Commitments, the Uncalled Capital Commitments, Pending Capital Calls and Capital Contributions made by Investors;

(iii) all of such Borrower's rights, titles, interests, remedies, and privileges under the applicable Operative Documents and Subscription Agreements to issue Capital Calls and to receive and enforce the funding of Capital Contributions;

(iv) the Collateral Account and any successor or substitute accounts, together with all of the applicable Borrower's right, title, and interest in and to such account, all sums or other property now or at any time hereafter on deposit therein, credited thereto, or payable thereon, and all instruments, documents, certificates, and other writings evidencing such account;

(v) in the case only of Additional Borrowers, all of such Additional Borrower's rights, titles, interest and privileges in (x) the Investments, whether now existing or hereafter acquired or arising and wherever located, and (y) its Investment Collection Account, and any successor or substitute accounts, together with all of such Additional Borrower's right, title, and interest in and to such account, all sums or other property now or at any time hereafter on deposit therein, credited thereto, or payable thereon, and all instruments, documents, certificates, and other writings evidencing such account;

(vi) in the case only of Additional Borrowers, all other assets of such Additional Borrower, including, without limitation, all instruments, documents, general intangibles, investment property, supporting obligations, accounts, or deposit accounts under the Uniform Commercial Code or otherwise relating to the foregoing; and

(vii) all proceeds of any and all of the foregoing.

Notwithstanding the foregoing, the Collateral shall not include (a) any Investments or other assets to the extent any valid contract with respect to such Investment or asset or any applicable law prohibits the grant of a security interest in such Investment, asset or contract; provided, however, that this clause (a) shall not exclude the cash proceeds of any such Investment, asset or contract or any prohibition invalidated by Sections 9-406, 9-407, 9-408 or 9-409 of the UCC, (b) Margin Stock, (c) equity interests in any Subsidiary of a Borrower, (d) cash or cash equivalents, repurchase agreements and any other liquid investment products, (e) Excluded Amounts and (f) Investments held by the Initial Borrower.

(b) **Reliance.** Borrowers acknowledge and agree that Administrative Agent and each Lender have entered into this Credit Agreement, extended credit hereunder and at the time of each Loan will make such credit extension in reliance on the obligations of the Investors to fund their respective Capital Commitments and accordingly, it is the intent of the parties that such Capital Commitments may be enforced by Administrative Agent, pursuant to the terms of the Loan Documents, without further action by Borrowers and notwithstanding any compromise of any such Capital Commitment after the Closing Date by all the Investors in a manner similar to the compromise procedure permitted by 6 Del. Code section 17-502(b).

5.2. **The Collateral Account; the Investment Collection Account; Capital Calls.**

(a) **The Collateral Account; the Investment Collection Account.** Borrowers shall require all their Investors to wire transfer all monies or sums paid or to be paid by such Investors pursuant to Capital Calls made by the applicable Borrower, on such Borrower's behalf, only to the applicable Collateral Account. In addition, Borrowers shall deposit into the applicable Collateral Account any payments that any Borrower receives directly from the applicable Investors as Capital Contributions. Additional Borrowers shall deposit any payment or proceed that any such Additional Borrower receives from or on account of any Investment, other than any Excluded Amounts, only into the applicable Investment Collection Account.

(b) **Use of the Collateral Account; Investment Collection Account.** The Borrowers may withdraw funds from the Collateral Account or the Investment Collection Account only in compliance with Section 9.14. Upon the occurrence and continuance of (i) an Event of Default or (ii) a mandatory prepayment having been triggered pursuant to Section 3.4(b) that is unpaid, (A) no Borrower shall have the right to, and shall not, give instructions to the Account Bank with respect to the Collateral Account of any Borrower or the Investment Collection Account of any Additional Borrower (other than to direct that such defaulted amount or mandatory prepayment be made from such account) and (B) Administrative Agent is authorized to take exclusive control of each Collateral Account and, in the case of Additional Borrowers, Investment Collection Account. Upon a change of circumstance such that events in clauses (i) and (ii) above have been remedied or upon payment of all outstanding Obligations, Administrative Agent shall promptly relinquish exclusive control of each Collateral Account and Investment Collection Account. If the Account Bank with respect to any Collateral Account or the Investment Collection Account ceases to be an Eligible Institution, each applicable Borrower shall have thirty (30) days following notice from the Administrative Agent to move its Collateral Account or, in the case of Additional Borrowers, Investment Collection Account to a replacement Account Bank that is Signature Bank or an Eligible Institution. If an Account Bank terminates a Deposit Account Control Agreement, the applicable Borrower shall open a new collateral account or investment collection account, as applicable, that is subject to a new Deposit Account Control Agreement with a replacement Account Bank within thirty (30) days of the earlier of (i) such termination and (ii) the terminating Account Bank providing notice of its intent to terminate such Deposit Account Control Agreement.

(c) **No Duty.** Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that neither Administrative Agent nor any Lender undertakes any duties, responsibilities, or liabilities with respect to the Capital Calls issued by a Borrower. Neither Administrative Agent nor any Lender shall be required to take any action with respect to any other matter that might arise in connection with the Constituent Documents of any Borrower, a Subscription Agreement, a Side Letter or any Capital Call. Neither Administrative Agent nor any Lender shall have any duty to determine or inquire into any happening or occurrence or any performance or failure of performance of any Borrower or any of the Investors.

(d) **Disbursements from Collateral Account.** Upon the occurrence and continuance of (i) an Event of Default or (ii) a mandatory prepayment having been triggered pursuant to Section 3.4(b) that is unpaid, each Borrower hereby irrevocably authorizes and directs Administrative Agent to charge from time to time the Collateral Account for amounts not paid when due; provided that promptly after any disbursement of funds from such account to the Lenders, Administrative Agent shall provide notice thereof to Borrowers.

(e) **No Representations.** Neither Administrative Agent nor any Lender shall be deemed to make at any time any representation or warranty as to the validity of any Capital Call nor shall Administrative Agent or any Lender be accountable for any Borrower's use of the proceeds of any Capital Contribution.

(f) **No Impairment of Rights.** The rights of Administrative Agent hereunder shall not be released, diminished, impaired, reduced or adversely affected by (i) any adjustment, indulgence, forbearance or compromise that might be granted or given by Administrative Agent to any primary or secondary obligor or in connection with any security for the Obligations; (ii) any full or partial release of any security for the Obligations, except in accordance with the provisions of the Loan Documents; (iii) any other action taken or omitted to be taken by Administrative Agent in connection with the Obligations, whether or not such action or omission prejudices any Borrower or increases the likelihood that the Collateral Account will be applied to the Obligations; or (iv) notice of any of the foregoing.

(g) **Additional Rights.** Administrative Agent may, at any time and from time to time, without further consent of or notice to any Borrower, and with or without valuable consideration (i) release any Person primarily or secondarily liable in respect of the Obligations or any security therefor; (ii) renew, extend or accept partial payments upon, release or permit substitutions for or withdrawals of, any security (other than a Collateral Account or Investment Collection Account) at any time directly or indirectly, immediately or remotely, securing the payment of the Obligations or any part thereof; or (iii) release or pay to any Borrower, or any other Person otherwise entitled thereto, any amount paid or payable in respect of any such other direct or indirect security for the Obligations, or any part thereof.

5.3. **Agreement to Deliver Additional Collateral Documents.** The Borrowers shall deliver such security agreements, financing statements, assignments, and other collateral documents, in form and substance satisfactory to Administrative Agent, as Administrative Agent may reasonably request from time to time for the purpose of granting to, or maintaining or perfecting in favor of Administrative Agent, for the benefit of the Lenders, first priority security interests in the Collateral, together with other assurances of the enforceability and first priority of the Lenders' Liens and assurances of due recording and documentation of the Filings and Loan Documents or copies thereof, as Administrative Agent may reasonably require to avoid material impairment of the first priority Liens and security interests granted or purported to be granted in accordance with this Section 5 (in each case subject to Permitted Liens).

5.4. **Subordination.**

(a) **Subordination of Claims.** Upon the occurrence and continuance of (i) an Event of Default or (ii) a mandatory prepayment having been triggered pursuant to Section 3.4(b) that is unpaid, no Borrower shall make any payments of any kind, directly or indirectly, on any debts and liabilities to any other Borrower, Investor, the Investment Adviser or the Administrator, whether now existing or hereafter arising and whether direct, indirect, several, joint and several, or otherwise, and howsoever evidenced or created (collectively, the "Other Claims"), but excluding payments to another Borrower to the extent such payments are solely used to pay a defaulted payment or mandatory prepayment, in each case, of the Obligations. All Other Claims, together with all Liens on assets securing the payment of the Other Claims shall at all times during the continuance of an Event of Default or during the existence of a mandatory prepayment having been triggered pursuant to Section 3.4(b) that is unpaid be subordinated to and inferior in right and in payment to the Obligations and all Liens on assets securing all or any portion of the Obligations of any Borrower, and each Borrower, the Investment Adviser and the Administrator each agrees to take such actions as are necessary to provide for such subordination between it and any other Borrower, the Investment Adviser and/or the Administrator. Each of the Investment Adviser and the Administrator acknowledges and agrees that at any time an Event of Default has occurred and is continuing or a mandatory prepayment has been triggered pursuant to Section 3.4(b) that is unpaid, the payment of any Other Claims due and owing to it from any Borrower shall be subordinated to and inferior in right and payment to the Obligations in all respects.

(b) **Subordination of Rights.** Upon the occurrence and continuance of (i) an Event of Default or (ii) a mandatory prepayment having been triggered pursuant to Section 3.4(b) that is unpaid, no Borrower shall exercise or enforce: (A) any creditor's or partnership right it may have against any Investor or (B) any rights or remedies against any Investor under the Constituent Documents of such Person or the Subscription Documents, in each case ((A) and (B)), other than (1) to send notice of an overdue and unpaid Capital Contribution or (2) otherwise upon request by Administrative Agent during a Standstill Period.

Section 6. CONDITIONS PRECEDENT TO LENDING.

6.1. **Obligations of the Lenders.** The obligation of the Lenders to advance the initial Borrowing shall not become effective until the date on which Administrative Agent shall have received each of the following documents and each of the other conditions listed below is satisfied:

(a) **Credit Agreement and Loan Documents.** This Credit Agreement and any other Loan Document, duly executed and delivered by the Initial Borrower and the other Persons party thereto;

(b) **Filings.** (i) Satisfactory reports of searches of Filings in the jurisdiction of formation or registration of the Initial Borrower, copies of the financing statements on file in such jurisdictions and evidence that no Liens on the Collateral exist, or, if necessary, copies of proper financing statements, if any, filed on or before the date hereof necessary to terminate all security interests and other rights of any Person in any Collateral previously granted and (ii) Filings satisfactory to Administrative Agent with respect to the Collateral, submitted for filing in the appropriate public filing office(s) (as applicable), to perfect Administrative Agent's first priority security interest in the Collateral (subject to Permitted Liens);

(c) **Responsible Officer Certificates.** A certificate from a Responsible Officer of the Initial Borrower, in the form of Exhibit D;

(d) **Constituent Documents.** True and complete copies of the Constituent Documents of the Initial Borrower, Investment Adviser and Administrator, together with certificates of good standing, in each case certified by a Responsible Officer, to be correct and complete copies thereof and in effect on the date hereof;

(e) **Authority Documents.** Resolutions authorizing the entry into the transactions contemplated in the Loan Documents by the Initial Borrower, certified by a Responsible Officer, as correct and complete copies thereof;

(f) **Incumbency Certificate.** From the Initial Borrower, a signed certificate of a Responsible Officer, who shall certify the names of the Persons authorized, on the date hereof, to sign each of the Loan Documents, together with the true signatures of each such Person; Administrative Agent may conclusively rely on such certificate until it shall receive a further certificate canceling or amending the prior certificate and submitting the authority and signatures of the Persons named in such further certificate;

(g) **Opinions.** A favorable written opinion of counsel to the Initial Borrower in form and substance reasonably satisfactory to Administrative Agent;

(h) **Investor Documents.** A copy of each Investor's duly executed Subscription Agreement and Side Letter (if applicable) with the Initial Borrower, which in each case shall be acceptable to Administrative Agent and each Lender in its sole discretion, as well as a schedule of the Commitment Periods for all Investors;

(i) **Payoff Information.** Evidence reasonably satisfactory to the Administrative Agent that the credit facility evidenced by the Prior Loan Agreement has been paid in full;

(j) **ERISA Status.** With respect to the Initial Borrower, either (i) a favorable written opinion of counsel to the Initial Borrower, addressed to Administrative Agent, reasonably acceptable to Administrative Agent and its counsel, regarding the status of the Initial Borrower as an Operating Company (or a copy of such opinion addressed to the Investors of the Initial Borrower, reasonably acceptable to Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to Administrative Agent); or (ii) a certificate, addressed to Administrative Agent, signed by a Responsible Officer of the Initial Borrower, that the underlying assets of the Initial Borrower do not constitute Plan Assets because less than twenty-five percent (25%) of the total value of each class of equity interests in the initial Borrower is held by "benefit plan investors" within the meaning of Section 3(42) of ERISA; and

(k) **Deposit Account Control Agreement.** A Deposit Account Control Agreement, duly executed and delivered by the Initial Borrower, the Account Bank and the Administrative Agent, with respect to the Collateral Account, which shall be acceptable to Administrative Agent and each Lender in its sole discretion;

(l) **"Know-Your-Customer" Information and Documents.** Such documentation requested by the Lenders so that the Initial Borrower is KYC Compliant.

(m) **Fees; Costs and Expenses.** Payment of all fees and other amounts due hereunder on or prior to the date hereof, and payment of all reasonable expenses required to be reimbursed or paid by Borrowers hereunder, including the reasonable and documented fees and disbursements of Cadwalader, Wickersham & Taft LLP.

6.2. **Conditions to all Loans.** The obligation of the Lenders to advance each Borrowing (including the initial Borrowing) is subject to the following conditions precedent:

(a) **Representations and Warranties.** The representations and warranties of the Borrowers in the Loan Documents are true and correct in all material respects (without duplication of any materiality qualifier) on and as of the date of such Borrowing, except to the extent that such representations and warranties relate to an earlier date, in which case, such representations and warranties are true and correct in all material respects (without duplication of any materiality qualifier) as of such earlier date;

(b) **No Default.** No event shall have occurred and be continuing, or would result from the Borrowing, which constitutes an Event of Default or a Potential Default;

(c) **Material Adverse Change.** No Material Adverse Change shall have occurred and be continuing;

(d) **Request for Borrowing.** Administrative Agent shall have received a Request for Borrowing, together with a Borrowing Base Certificate and, in the case of a borrowing by an Additional Borrower, an Investment Report;

(e) **No Investor Excuses.** Other than as disclosed to Administrative Agent in writing, the Borrowers have no knowledge or reason to believe any Investor would be entitled to exercise any withdrawal, excuse or exemption right under the applicable Operative Documents, its Subscription Agreement or any Side Letter with respect to any Investment being acquired in whole or in part with any proceeds of the related Loan, provided, that if the Borrowers have disclosed a potential excuse or exemption right to Administrative Agent in writing, the applicable Investor shall be deemed to be an “Excused Investor” hereunder, but Borrowers shall not be prohibited from such Borrowing upon satisfaction of the other conditions therefor; and

(f) **Available Commitment.** After giving effect to the proposed Borrowing, the [Dollar Equivalent of the](#) Principal Obligations will not exceed the Available Commitment and the aggregate [Dollar Equivalent of the](#) Principal Obligations will not exceed the Maximum Commitment.

(g) **Eligible Investments.** Other than as disclosed to the Administrative Agent in writing, the Borrowers have no knowledge or reason to believe that any Investment is no longer an Eligible Investment (provided, that if the Borrowers have disclosed the foregoing to the Administrative Agent in writing, such Investment shall be excluded from the calculation of the Available Commitment, but Borrower shall not be prohibited from such Borrowing upon satisfaction of the other conditions therefor).

6.3. **Additional Borrowers.** Borrowers may at any time request that Additional Borrowers be added as parties hereunder. The addition of such Additional Borrower as a Borrower hereunder and for all purposes under the Loan Documents is subject to (i) consent of the Lenders, in their reasonable discretion, and (ii) Administrative Agent’s receipt of the following documents and satisfaction of the following conditions precedent (and upon the satisfaction of such requirements such Additional Borrower shall be a Borrower hereunder and for all purposes under the Loan Documents):

(a) **Additional Borrower Joinder.** An Additional Borrower Joinder, duly executed and delivered by the parties thereto, in form and substance reasonably acceptable to the Lenders;

(b) **Filings.** (i) Satisfactory reports of searches of Filings in the jurisdiction of formation of such additional Borrower, copies of the financing statements on file in such jurisdictions and evidence that no Liens on the Collateral exist (other than Permitted Liens), or, if necessary, copies of proper financing statements, if any, filed on or before the date hereof necessary to terminate all security interests and other rights of any Person in any Collateral previously granted and (ii) unfiled copies of each UCC-1 with respect to such additional Borrower as debtor and Administrative Agent as secured party reasonably satisfactory to Administrative Agent with respect to the Collateral, to perfect Administrative Agent's first priority security interest in the Collateral (subject to Permitted Liens);

(c) **Responsible Officer's Certificates.** A certificate from a Responsible Officer of such additional Borrower, in the form of Exhibit D;

(d) **Constituent Documents.** True and complete copies of the Constituent Documents of such additional Borrower, together with certificates of good standing, in each case certified by a Responsible Officer of such additional Borrower to be correct and complete copies thereof and in effect on the date hereof;

(e) **Authority Documents.** Resolutions authorizing the entry into the transactions contemplated in the Loan Documents by such additional Borrower, certified by a Responsible Officer as correct and complete copies thereof;

(f) **Incumbency Certificate.** From such Borrower, a signed certificate of a Responsible Officer, who shall certify the names of the Persons authorized, on the date hereof, to sign each of the Loan Documents, together with the true signatures of each such Person; Administrative Agent may conclusively rely on such certificate until it shall receive a further certificate canceling or amending the prior certificate and submitting the authority and signatures of the Persons named in such further certificate;

(g) **Opinions.** A favorable written opinion of counsel to such additional Borrower, in form and substance reasonably satisfactory to Administrative Agent;

(h) **Investors.** Any new Investors (*i.e.*, such Investors are not existing Investors in an existing Borrower) of such additional Borrower shall be acceptable to Lenders in their reasonable discretion;

(i) **Investor Documents.** A copy of a duly executed Subscription Agreement and Side Letter (if applicable) of each Investor in such additional Borrower;

(j) **Collateral Accounts and Investment Collection Accounts.** Such additional Borrower shall have entered into customary agreements or other arrangements acceptable to Administrative Agent whereby such additional Borrower shall maintain the Collateral Account and Investment Collection Account with the Account Bank or Administrative Agent, as applicable;

(k) **Fees; Costs and Expenses.** Payment of all fees and other amounts due hereunder on or prior to the date hereof, and payment of all reasonable expenses required to be reimbursed or paid by Borrowers hereunder, including the reasonable and documented fees and disbursements of Cadwalader, Wickersham & Taft LLP and counsel to Administrative Agent in each applicable jurisdiction;

(l) **ERISA Status.** With respect to such additional Borrower, either (i) a written opinion of counsel to such additional Borrower, addressed to Administrative Agent, reasonably acceptable to Administrative Agent and its counsel, stating that such additional Borrower should qualify as an Operating Company (or a copy of such opinion addressed to certain or all of the Investors or another Borrower, reasonably acceptable to Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to Administrative Agent); or (ii) a certificate, addressed to Administrative Agent, signed by a Responsible Officer of such additional Borrower, stating that the underlying assets of such additional Borrower do not constitute Plan Assets because less than twenty-five percent (25%) of the total value of each class of equity interests in such additional Borrower is held by “benefit plan investors” within the meaning of Section 3(42) of ERISA; and

(m) **“Know-Your-Customer” Information and Documents.** Such documentation (including, without limitation, a Beneficial Ownership Certification in relation to each Borrower that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation) requested by the Lenders so that such additional Borrower is KYC Compliant prior to the date on which such additional Borrower is to be added as an additional Borrower hereunder; and

(n) **Additional Information.** Administrative Agent shall have received such other information and documents as may reasonably be required by any Lender. In addition, each Lender shall have completed to its reasonable satisfaction and in its reasonable discretion its due diligence review of such additional Borrower.

Section 7. REPRESENTATIONS AND WARRANTIES OF THE BORROWERS

To induce the Lenders to make the Loans hereunder, Borrowers each hereby represents and warrants to Administrative Agent and the Lenders that:

7.1. **Organization and Good Standing.** Each Borrower is duly incorporated, organized, registered, validly existing and in good standing under the laws of its jurisdiction of organization, formation, registration or incorporation, as applicable, has the requisite power and authority to own its properties and assets and to carry on its business as now conducted, and is qualified to do business in each jurisdiction where the nature of the business conducted or the property owned or leased requires such qualification, except where the failure to be so qualified to do business would not have a Material Adverse Effect.

7.2. **Authorization and Power.** Each Borrower has the partnership, exempted limited partnership, limited liability company or corporate power, as applicable, and requisite authority to execute, deliver, and perform its respective obligations under the Loan Documents to be executed by it, its Constituent Documents, and its Subscription Agreements. Each Borrower is duly authorized to, and has taken all partnership, exempted limited partnership, limited liability company or corporate action, as applicable, necessary to authorize it to execute, deliver, and perform its obligations under the Loan Documents, its Constituent Documents, and the Subscription Agreements, and is and will continue to be duly authorized to perform its obligations under the Loan Documents, its Constituent Documents and the Subscription Agreements.

7.3. **No Conflicts or Consents.** None of the execution and delivery of the Loan Documents, the consummation of any of the transactions herein or therein contemplated, or the compliance with the terms and provisions hereof or thereof, will contravene or conflict, in any material respect, with (a) any Applicable Law which the Borrower is subject, (b) any judgment, license, order or permit applicable to the Borrower, (c) the Borrowers' Constituent Documents or any Side Letter, or (d) any material indenture, mortgage, contract, deed of trust or other agreement or instrument to which the Borrower is a party or by which the Borrower may be bound or to which the Borrower may be subject. No consent, approval, authorization or order of any court or Governmental Authority, Investor or third party is required in connection with the execution and delivery by the Borrower of the Loan Documents or to consummate the transactions contemplated hereby or thereby, including its Constituent Documents, except, in each case, for that which has already been obtained.

7.4. **Enforceable Obligations.** This Credit Agreement and the other Loan Documents to which each Borrower is a party are the legal and binding obligations of such Borrower, enforceable in accordance with their respective terms, subject to Debtor Relief Laws and general equitable principles (whether considered a proceeding in equity or at law).

7.5. **Priority of Liens; Eligibility of Investments.** The Loan Documents create, as security for the Obligations, valid and enforceable, perfected first priority security interests in and Liens on all of the Collateral in favor of Administrative Agent, for the benefit of the Lenders, subject to no other Liens (other than Permitted Liens), except as enforceability may be limited by Debtor Relief Laws and general equitable principles (whether considered in a proceeding in equity or at law). Such security interests in and Liens on such Collateral shall be superior to and prior to the rights of all third parties in such Collateral (subject to Permitted Liens), and, other than in connection with any future change in the applicable Borrower's name, identity or structure, or its jurisdiction of organization, registration or incorporation, as the case may be, no further recordings or Filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than the filing of continuation statements in accordance with Applicable Law. Each Investment included as an Eligible Investment in any calculation of the Available Commitment or other report was, in fact, to the knowledge of the Borrowers, an Eligible Investment as such time.

7.6. **Financial Condition.** Commencing after the first submission of the financial statements and reports as described in Section 8.1, the Borrowers have delivered to Administrative Agent the most recently available copies of such financial statements and reports, in each case which are true and correct in all material respects, and such financial statements fairly present in all material respects the financial condition of such Borrower as of the applicable date of delivery.

7.7. **Full Disclosure.** No written factual representation, warranty or other statement (other than general economic or industry data) of any Borrower in any certificate or written statement given to Administrative Agent, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Administrative Agent, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading in any material respect (it being recognized by Administrative Agent that the projections and forecasts provided by the Borrowers in good faith and based upon reasonable assumptions and any statements with respect to the collectability of, or risks or benefits associated with, any loan (whether or not such loan appears on the Watch List) are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

7.8. **No Default.** No event has occurred and is continuing which constitutes an Event of Default or, to the knowledge of the applicable Borrower, a Potential Default.

7.9. **No Litigation.** (a) As of the Closing Date, there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings in any court or before any arbitrator or Governmental Authority ("Proceedings") pending or, to any Borrower's knowledge, threatened, against any Borrower, other than any such Proceeding that has been disclosed in writing by such Borrower to Administrative Agent, and (b) as of any date after the Closing Date, there are no such Proceedings pending, or to any Borrower's knowledge, threatened in writing by or against such Borrower that would reasonably be expected to result in a Material Adverse Effect.

7.10. **Material Adverse Change.** No circumstances exist or changes to any Borrower have occurred since the date of the most recent financial statements of such Borrower delivered to Administrative Agent which would reasonably be expected to result in a Material Adverse Change.

7.11. **Taxes.** All U.S. federal income and other material tax returns, information statements and reports required to be filed by any Borrower in any jurisdiction have been filed and all U.S. federal income and other material taxes, assessments, fees, and other governmental charges upon such Borrower or upon any of its properties, income or franchises have been paid prior to the time that such taxes become delinquent. There is no proposed material tax assessment against any Borrower or any basis for such assessment.

7.12. **Principal Office; Jurisdiction of Formation.** Each of the chief executive office, jurisdiction of formation or registration and principal place of business of the Borrowers is correctly listed on Schedule I hereto.

7.13. **ERISA.** Either (a) the underlying assets of each Borrower do not constitute “plan assets” within the meaning of the Plan Asset Regulation because such Borrower qualifies as an “operating company” within the meaning of the Plan Asset Regulation or (b) “Benefit Plan Investors” (as defined in Section 3(42) of ERISA) hold less than twenty-five percent (25.0%) of each class of equity interests in such Borrower (calculated in accordance with Section 3(42) of ERISA) and, accordingly, the underlying assets of such Borrower do not constitute “plan assets” within the meaning of the Plan Asset Regulation. Assuming that no portion of any Borrowing is or has been funded with “plan assets” (within the meaning of the Plan Asset Regulation) of any Plan, unless Administrative Agent and the Lenders relied on an available prohibited transaction exemption, all of the conditions of which are satisfied, the execution, delivery and performance of this Credit Agreement and the other Loan Documents by each Borrower, the enforcement of the Obligations in accordance with the terms of this Credit Agreement and the other Loan Documents, and the borrowing and repayment of amounts under this Credit Agreement, do not constitute a non-exempt prohibited transaction under Section 406(a) of ERISA or Section 4975(c)(1)(A) - (D) of the Internal Revenue Code. No Borrower nor any member of any Borrower’s Controlled Group has established, maintains or has any obligation to contribute to any Plan, except as could not reasonably be expected to result in a material adverse effect on the business or operations of such Borrower.

7.14. **Compliance with Law.** Each Borrower is in compliance with all Applicable Laws, including, without limitation, Environmental Laws, except where non-compliance would not be reasonably likely to have a Material Adverse Effect.

7.15. **Capital Commitments and Contributions.** As of the Closing Date, all the Investors and their Capital Commitments and Uncalled Capital Commitments are set forth on Exhibit A. No Capital Calls have been delivered to the Investors other than those disclosed to Administrative Agent. Pursuant to the applicable Operative Document, Subscription Agreements and Side Letters, each Capital Commitment may be subject to a Capital Call for paying the Obligations (without meeting any special conditions, including the use of any Loan or the timing of any Borrowing) at any time, without regard to the termination or expiration of the Commitment Period.

7.16. **Fiscal Year.** The fiscal year of such Borrower ends on September 30 in each year.

7.17. **Investor Documents.** Each Investor has executed a Subscription Agreement which has been provided to Administrative Agent. Each Side Letter that has been entered into by such Investor has been provided to Administrative Agent. For each Investor, (i) the applicable Operative Document and its Subscription Agreement (and any related Side Letter) set forth its entire agreement regarding its Capital Commitment and (ii) no changes, modifications, amendments or waivers were otherwise made to the applicable Operative Document, form Subscription Agreement attached hereto, or any related Side Letter.

7.18. **Margin Stock.** No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loan will be used: (a) to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock; (b) to reduce or retire any Indebtedness which was originally incurred to purchase or carry any such Margin Stock; or (c) for any other purpose which, in each of the foregoing clauses (a), (b) and (c), would result in a violation of Regulation T, U or X. No Borrower nor any Person acting on behalf of the Borrowers has taken or will take any action which might cause any Loan Document to violate Regulation T, U or X or any other regulation of the Board of Governors of the Federal Reserve System or to violate Section 7 of the Securities Exchange Act, in each case as now in effect or as the same may hereafter be in effect. No Loan will be secured at any time by, and the Collateral in which any Borrower has granted to Administrative Agent, for the benefit of each of Administrative Agent and the Lenders, a security interest and Lien pursuant to the Loan Documents will not contain at any time any Margin Stock.

7.19. **Investment Company Act.** Other than the Initial Borrower, which is an “investment company” that has elected to be regulated as a “business development company” within the meaning of the Investment Company Act of 1940, as amended, no Borrower is required to be registered as an “investment company” as defined in the Investment Company Act of 1940, as amended.

7.20. **No Defenses.** No Borrower knows of any default or circumstance which with the passage of time and/or giving of notice, could constitute a breach or default under its Constituent Documents, any Subscription Agreement or Side Letter which would constitute a defense to the obligation of any Investor to make Capital Contributions, or has any knowledge of any claims of offset or any other claims of any Investor against a Borrower which could diminish or adversely affect the obligations of such Investor to fund Capital Calls.

7.21. **No Withdrawals or Reductions of Capital Commitments.** No Investor has withdrawn or reduced such Investor’s Capital Commitment for any reason other than (a) expiration of such Capital Commitment at scheduled maturity as provided in its Subscription Documents and (b) transfers to such Investor’s Affiliates as expressly permitted under the Constituent Documents of the applicable Borrower.

7.22. **Sanctions.** No Borrower nor any subsidiary, director or officer thereof, or to such Borrower’s actual knowledge, any Affiliate, any Investor or any agent or employee of a Borrower, is a Person that is, or is owned or controlled by a Person that is (a) currently the subject of any Sanctions or is otherwise a Sanctioned Person, (b) located, organized or resident of a country or territory that is, or whose government is, a Sanctioned Country or is otherwise subject to Sanctions, or (c) has more than ten percent (10%) of its assets in Sanctioned countries or derives more than ten percent (10%) of its revenues or profits from investments in or transactions with Sanctioned Persons or Sanctioned Countries. Each Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by such Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws, Sanctions Laws and applicable Sanctions, and such Borrower, its Subsidiaries and their respective officers and employees, and to the knowledge of such Borrower, its directors and agents, are in compliance with Anti-Corruption Laws, Sanctions Laws, and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in such Borrower being designated as a Sanctioned Person. None of (a) any Borrower, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of any such Borrower or Subsidiary, any agent of such Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing, use of proceeds or other transaction contemplated by this Credit Agreement will violate Anti-Corruption Laws, Sanctions Laws or applicable Sanctions. To each Borrower’s actual knowledge, no Investor’s funds used in connection with this transaction are derived from illegal or suspicious activities.

7.23. **Insider.** No Borrower is an “executive officer,” “director,” or “person who directly or indirectly or acting through or in concert with one or more persons owns, controls, or has the power to vote more than ten percent (10%) of any class of voting securities” (as those terms are defined in 12 U.S.C. §375b or in regulations promulgated pursuant thereto) of any Lender, of a bank holding company of which any Lender is a subsidiary, or of any subsidiary of a bank holding company of which any Lender is a subsidiary.

7.24. **Financial Condition.** Each Borrower is Solvent.

7.25. **Other Investment Vehicles.** Other than as disclosed to Administrative Agent and the Lenders in writing, no Alternative Investment Vehicles have been formed.

7.26. **Borrowing Base Certificate and Investment Report.** The Borrowing Base Certificate and, in the case of Additional Borrowers, the Investment Report, as each may be updated in writing from time to time by the applicable Borrowers, is, to the knowledge of the applicable Borrower, true and correct in all material respects.

Section 8. AFFIRMATIVE COVENANTS OF THE BORROWERS

So long as the Commitments remain outstanding and until payment and performance in full of the outstanding Obligations, each Borrower agrees that:

8.1. **Financial Statements, Reports and Notices.** The Borrowers shall deliver to Administrative Agent, and promptly upon receipt thereof, Administrative Agent will provide copies thereof to all Lenders, in each case via physical copies or an electronic or other communication data room or medium as Administrative Agent may reasonably request, the following:

(a) **Financial Reports.**

(i) **Annual Reports.** As soon as available, but no later than one hundred eighty (180) days after the end of each fiscal year for Borrowers, (A) the audited balance sheet and related statements of operations, income, partners’ equity and cash flows of the Borrowers as of the end of and for such year, setting forth in each case in comparative form (if applicable) the figures for the previous fiscal year, all reported on by a firm of nationally recognized independent certified public accountants of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Borrowers on a consolidated basis in accordance with GAAP, (B) a copy of all financial reports and statements, and any notes thereon, delivered to the Investors during such fiscal year not previously delivered to Administrative Agent, (C) a schedule of the current face value of all Investments, (D) a Watch List and (E) when Additional Borrowers are party to this Credit Agreement, an Investment Report.

(ii) **Quarterly Reports.** As soon as available, but no later than one hundred twenty (120) days after the end of each of the first three fiscal quarters of each fiscal year of Borrowers, (A) the unaudited balance sheet and related statements of operations, income, schedule of investments, partners' equity and cash flows of Borrowers as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year; provided that the financial statements delivered for the first (1st) fiscal quarter of each year may be preliminary in nature, with final financial statements for such fiscal quarter being delivered with the annual financial statements for the prior fiscal year as required pursuant to Section 8.1(a)(i), (B) a copy of all financial reports and statements, and any notes thereon, delivered to the Investors during such fiscal quarter, (C) a schedule of the current face value of all Investments, (D) a Watch List and (E) when Additional Borrowers are party to this Credit Agreement, an Investment Report.

Information required to be delivered pursuant to this Section 8.1(a) shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall be available on the website of the SEC at <http://www.sec.gov> and the applicable Borrower informs the Administrative Agent that such information has been posted.

(b) **Compliance Certificate.** As soon as available, but no later than the date any financial statements are due pursuant to Section 8.1(a), a compliance certificate in the form of Exhibit C hereto (the "Compliance Certificate"), certified by a Responsible Officer of Borrowers to be true and correct, (i) stating whether any Event of Default or, to the knowledge of the applicable Borrower, any Potential Default exists, (ii) stating whether, to the knowledge of the applicable Borrower, Borrowers are in full compliance with all the terms and conditions of the Loan Documents, and setting forth a summary of calculations demonstrating compliance with the financial covenants set forth herein, and (iii) providing such other information as Administrative Agent may reasonably request.

(c) **Capital Calls.** (i) Within ten (10) days after the issuance of each Capital Call, the applicable Borrowers shall notify Administrative Agent of the timing and amount of such Capital Call and the aggregate amount of Uncalled Capital Commitments of the Investors and (ii) Borrowers shall promptly notify Administrative Agent of the identity of any Investor that fails to fund such Capital Call within thirty (30) days after the date such Capital Call is due (without regard to any additional cure or notice periods).

(d) **Notice of Default.** Within two (2) Business Days of becoming aware of the existence of an Event of Default or Potential Default, the Borrowers shall furnish Administrative Agent a written notice specifying the nature and period of existence thereof and any action being taken with respect thereto.

(e) **Investor and Eligible Investment Events.** Applicable Borrowers shall promptly notify Administrative Agent: (i) if, to the knowledge of such Borrower, any Investor has become a Defaulting Investor, (ii) if any Investor has provided a notice of withdrawal or request for excuse or exemption, (iii) of any transfer of any such Investor's interest in a Borrower, (iv) if a new Investor acquires an interest in such Borrower after the Closing Date, or (v) if, to the knowledge of such Borrower, any Eligible Investment no longer meets the criteria of being an Eligible Investment. Applicable Borrowers shall, no later than thirty (30) days prior to the expiration of the Commitment Period of any Investor, notify the Administrative Agent of the expiration thereof.

(f) **Structure Chart.** If any Alternative Investment Vehicle is formed, Borrowers will promptly deliver an updated fund structure chart to Administrative Agent.

(g) **ERISA Certification.** Prior to admitting one or more ERISA Investors which would result in twenty-five percent (25%) or more of the total value of any class of equity interests in a Borrower being held by “benefit plan investors” within the meaning of Section 3(42) of ERISA, such Borrower shall deliver a favorable written opinion of counsel addressed to Lenders and reasonably acceptable to Administrative Agent, regarding the status of such Borrower as an Operating Company (or a copy of such opinion addressed to the Investors or another Borrower, reasonably acceptable to Administrative Agent and its counsel, together with a reliance letter with respect thereto, addressed to Administrative Agent).

(h) **Commitment Period.** Applicable Borrowers shall promptly notify Administrative Agent of the expiration, termination or suspension of the Commitment Period, or any liquidation, winding up or dissolution of any such Borrower.

(i) **Litigation.** Within five (5) days after the applicable Borrower’s receipt of notice thereof, Borrowers shall notify Administrative Agent of any Proceedings pending or threatened in writing against a Borrower that could, individually or in the aggregate, be reasonably likely to result in a Material Adverse Effect.

(j) **Other Reporting.** Concurrently with the delivery to two or more unaffiliated Investors, copies of all other material (i) financial statements, (ii) appraisal reports, (iii) performance reports, (iv) notices, and (v) other matters at any time or from time to time furnished to the Investors.

(k) **Recallable Capital Notice.** Promptly after the delivery to any Investor, notice of any distribution to any Investor that is Recallable Capital (it being agreed that any amounts distributed to any Investor constituting Recallable Capital shall be acknowledged by the Borrowers as being subject to recall as a Capital Contribution pursuant to the applicable Subscription Agreement) along with a revised Borrowing Base Certificate.

(l) **New Investors or Amended Investor Documents.** Promptly after the execution thereof, applicable Borrowers shall deliver to Administrative Agent: (i) copies of the Subscription Agreement (and any related Side Letter) of any new Investor admitted after the Closing Date; (ii) any transfer documentation of any new Investor admitted after the Closing Date; (iii) written evidence of any increase or decrease in the Capital Commitment of any Investor; and (iv) any amendments to any Investor’s Side Letter.

(m) **Federal Reserve Form U-1.** Whenever required to ensure compliance with Regulations T, U and X and upon the reasonable request of Administrative Agent, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U and any other notice or form required under Regulation U.

(n) **Borrowing Base Certificate and Investment Report.** The applicable Borrower will provide an updated Borrowing Base Certificate and, in the case of an Additional Borrower, an Investment Report certified by a Responsible Officer of such Borrower to be true and correct in all material respects setting forth a calculation of the Available Commitment in reasonable detail at each of the following times: (i) concurrently with each Compliance Certificate; (ii) in connection with any new Borrowing; (iii) concurrently with notice of the issuance of any Capital Calls by such Borrower to the Investors in accordance with Section 8.1(c); (iv) concurrently with notice of any distribution that gives rise to Rec callable Capital in accordance with Section 8.1(k), (v) within three (3) Business Days after acquiring knowledge of any Investor Exclusion Event or that any Eligible Investment no longer meets the criteria of being an Eligible Investment; and (vi) within three (3) Business Days of any Borrower having knowledge of any other event that reduces the Available Commitment (such as, by way of example, a deemed capital contribution).

(o) **Other Information.** Such other information concerning the business, properties, or financial condition of the Borrowers as Administrative Agent shall reasonably request.

(p) **Beneficial Ownership Information.** Applicable Borrowers shall provide Administrative Agent with prompt written notice of any changes to the beneficial ownership information set out on the CDD Attestation delivered to Administrative Agent by the Initial Borrower on the Closing Date (and with respect to any other applicable Borrower, the date such Borrower joins the Credit Agreement pursuant to Section 6.3). Borrowers understand and acknowledge that Administrative Agent and the Lenders rely on such true, accurate and up-to-date beneficial ownership information to meet Administrative Agent's and the Lenders' regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers.

8.2. **Payment of Obligations.** Each Borrower shall pay and discharge all Indebtedness and other obligations, including all taxes, assessments, and governmental charges or levies imposed upon it, before any such obligation becomes delinquent, if such failure could reasonably be expected to result in a Material Adverse Effect; provided that such Borrower shall not be required to pay any tax, assessment, charge, or levy if the amount, applicability, or validity thereof shall be contested in good faith by adequate proceedings and adequate reserves therefor have been established in accordance with GAAP.

8.3. **Maintenance of Existence and Rights.** Each Borrower shall preserve and maintain its existence. Each Borrower shall further preserve and maintain all of its rights, privileges, and franchises necessary in the normal conduct of its business and in accordance with all valid regulations and orders of any Governmental Authority the failure of which could reasonably be expected to result in a Material Adverse Effect.

8.4. **Books and Records; Access.** Following at least five (5) Business Days prior written notice, each Borrower shall give Administrative Agent access during ordinary business hours to visit its premises, and permit such Person to examine, copy, or make excerpts from, any and all books, records, and documents in the possession of such Borrower and relating to their affairs, and to inspect any of the properties and to discuss its affairs, finances and condition with its officers; provided that, such access shall be limited to one time in each calendar year except upon the occurrence or during the continuance of an Event of Default.

8.5. **Compliance with Law.** Each Borrower shall observe and comply with all Applicable Laws and all orders of any Governmental Authority, including without limitation, Environmental Laws, Anti-Terrorism Laws and ERISA, and maintain in full force and effect all material Governmental Approvals applicable to the conduct of its business, in each case except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

8.6. **Authorizations and Approvals.** Each Borrower shall promptly obtain, from time to time at its own expense, all such Governmental Approvals as may be required to enable such Borrower to comply with its obligations, under the Loan Documents and its Constituent Documents, and to conduct its business in the customary fashion.

8.7. **Maintenance of Liens.** Each Borrower shall perform all such acts and execute all such documents as Administrative Agent may reasonably request in order to enable Administrative Agent and the Lenders to file and record every instrument that Administrative Agent may deem necessary in order to perfect and maintain Administrative Agent's first priority Liens on the Collateral (subject to Permitted Liens).

8.8. **Compliance with Constituent Documents.** Each Borrower shall fully comply with all applicable material provisions of the Constituent Documents of the Borrowers and Guarantors and all Side Letters.

8.9. **Investor Default.** At all times when an Event of Default has occurred and is continuing, if any applicable Investor is delinquent funding a Capital Call or otherwise in breach of any of its obligations to any Borrower, then such Borrower shall exercise its available remedies as to such Investor (other than the delivery of a defaulted payment notice) only with the written consent of Administrative Agent.

8.10. **Solvency.** Each Borrower shall be Solvent.

8.11. **Accounts.** Applicable Borrowers shall maintain (i) their Collateral Account at the Account Bank, and (ii) their Investment Collection Account at the Administrative Agent.

8.12. **Sanctions.** Each Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by such Borrower, their respective Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws, Sanctions Laws and applicable Sanctions.

8.13. **Taxes.** Each Borrower will timely file, inclusive of any extensions, all U.S. federal income and other material tax returns, information statements and reports required to be filed by it in any jurisdiction and will pay all U.S. federal income and other material taxes, assessments, fees, and other governmental charges upon such Borrower or upon any of its properties, income or franchises paid prior to the time that such taxes become delinquent, inclusive of any extensions.

8.14. **Insurance.** Each Borrower shall maintain, with financially sound and reputable insurance companies, liability insurance, and insurance on its present and future businesses against such casualties, risks, and contingencies, and in such types and amounts, as are consistent with customary practices and standards of its industry in the same or similar locations.

8.15. **Authorization and Power.** Each Borrower is and will continue to be duly authorized to perform its obligations under the Loan Documents, its Constituent Documents and its Subscription Agreements.

8.16. **Further Assurances.** Each Borrower shall make, execute or endorse, and acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications, and additional agreements, undertakings, conveyances, transfers, assignments, financing statements, or other assurances, and shall take any and all such other action, as Administrative Agent may, from time to time, reasonably deem necessary or desirable in connection with the Credit Agreement or any of the other Loan Documents, the obligations of the Borrowers hereunder or thereunder for better assuring and confirming unto Administrative Agent all or any part of the security for any of such obligations.

8.17. **Inspection of Investment Documents.** From time to time at the request of the Administrative Agent and following at least fourteen (14) days prior written notice by the Administrative Agent, each Additional Borrower shall give Administrative Agent access to its Investment Documents.

Section 9. NEGATIVE COVENANTS

So long as the Commitments remain outstanding and until payment and performance in full of the outstanding Obligations, each Borrower agrees that:

9.1. **Borrower Information.** No Borrower shall change its name, jurisdiction of formation or registration and/or principal place of business without providing prior written notice to Administrative Agent.

9.2. **Mergers, Etc.** No Borrower shall take any action (a) to merge or consolidate with or into any Person, unless a Borrower is the surviving entity, or (b) that will dissolve or terminate such Borrower (other than liquidation into a Borrower).

9.3. **Negative Pledge.** No Borrower shall create, permit or suffer to exist any Lien (whether based on common law, statute, other law or contract and whether junior or equal or superior in priority to the Liens created by the Loan Documents) upon the Collateral, other than Permitted Liens.

9.4. Admission of Investors.

(a) **Transfers or Withdrawals by Investors.** The Borrowers shall not permit the transfer or withdrawal by Investors (individually or in the aggregate) of more than ten percent (10%) of the aggregate Capital Commitments (other than upon expiration of such Capital Commitments at scheduled maturity as provided in the Subscription Documents) without obtaining the written consent of Administrative Agent.

(b) **Admission of Investors; Sanctions Compliance.** The Borrowers shall not permit (i) the admission of an Investor in Borrower or (ii) the transfer of any Investor's interest in Borrower, in each case to a Person which, to any Borrower's actual knowledge, is named on a list published by OFAC or is a Person with whom dealings are prohibited under any Sanctions Law or applicable Sanctions.

9.5. **Constituent Documents.** No Borrower shall alter, amend, modify, terminate, or change any provision of its Constituent Documents, any Subscription Agreement or any Side Letter or enter any new Side Letter (each, a "Proposed Amendment") if such Proposed Amendment would (a) affect the Borrower's or any Investor's debts, duties, obligations, and liabilities, or the rights, titles, security interests, Liens, powers and privileges of such Person (as applicable), in each case, relating to any Capital Calls, Capital Contributions, Capital Commitments, Pending Capital Calls, Uncalled Capital Commitments that constitutes Collateral, or any other Collateral or any time period applicable thereto; (b) suspend, reduce or terminate any Investor's Uncalled Capital Commitments or obligation to fund Capital Calls that constitutes Collateral; or (c) otherwise have a material adverse effect on the rights, titles, first priority security interests and Liens, and powers and privileges of the Lenders hereunder (each, a "Material Amendment"). With respect to any Proposed Amendment by a Borrower or Guarantor, such Borrower or Guarantor, as applicable, shall notify Administrative Agent of such proposal. Administrative Agent shall within five (5) Business Days of such notification inform Borrowers whether or not such Proposed Amendment would constitute a Material Amendment. In the event that Administrative Agent determines that such Proposed Amendment is a Material Amendment, the approval of all Lenders shall be required. Proposed Amendments that are not Material Amendments do not require Administrative Agent or Lender consent. Copies of all executed amendments and new Side Letters will be promptly provided to Administrative Agent.

Notwithstanding anything to the contrary in the preceding paragraph, to the extent any amendment is being made to the Operative Documents of the Initial Borrower pursuant to a review by the Initial Borrower's board of directors pursuant to the Investment Company Act of 1940, as amended, and it is impractical for the Initial Borrower to obtain the Administrative Agent's and Lenders' prior review and/or approval of such amendment pursuant to the preceding paragraph, Borrower may consummate such amendment without such prior review or consent; provided, however, that (i) such amendment is not a Material Amendment, and (ii) the Initial Borrower shall promptly (but in any event within five (5) Business Days of the effectiveness of such amendment) provide a copy of the executed amendment to the Administrative Agent for the Administrative Agent to determine whether such proposed amendment constitutes a Material Amendment.

9.6. **Status of BDC.** The Initial Borrower shall at all times maintain its status as a "business development company" under the Investment Company Act of 1940, as amended.

9.7. **Certain Restrictions on Subsidiaries.** The Borrowers will not permit any of their Subsidiaries to enter into or suffer to exist any indenture, agreement, instrument or other arrangement (other than the Loan Documents) that prohibits or restrains, in each case in any material respect, or imposes materially adverse conditions upon, the incurrence or payment of Indebtedness, the granting of Liens, the declaration or payment of dividends, the making of loans, advances, guarantees or Investments or the sale, assignment, transfer or other disposition of property; provided that the foregoing shall not apply to (i) indentures, agreements, instruments or other arrangements pertaining to Permitted Indebtedness (provided that such restrictions would not adversely affect the exercise of rights or remedies of the Lenders hereunder or under any other Loan Document or restrict any Subsidiary in any manner from performing its obligations under the Loan Documents) and (ii) indentures, agreements, instruments or other arrangements pertaining to any lease, sale or other disposition of any asset or Lien permitted by this Credit Agreement on such asset so long as the applicable restrictions only apply to such assets.

9.8. **Alternative Investment Vehicles.** The Borrowers shall not (a) transfer the Uncalled Capital Commitment of any Investor to any Alternative Investment Vehicle or similar vehicle; or (b) cause Capital Contributions to be made or directed to an Alternative Investment Vehicle or similar vehicle, in each case, unless such Alternative Investment Vehicle or similar vehicle has joined the Credit Facility as an Additional Borrower or a Guarantor in accordance with the terms hereof. The Borrowers shall not cause Capital Contributions to be made to any Affiliate of a Borrower that is not a Borrower hereunder or directly to any Investment.

9.9. **Limitation on Indebtedness.** Borrowers shall not incur Indebtedness, or permit any Special Purpose Entity to do so (to the extent such Indebtedness of such Special Purpose Entity is recourse to the Borrower), other than the Indebtedness pursuant to the Credit Facility and Permitted Indebtedness.

9.10. **Capital Commitments.** No Borrower shall relieve, excuse, delay, postpone, compromise or abate any Investor from the making of any Capital Contribution pursuant to a Capital Call by the applicable Borrower, provided that the Borrowers may excuse any Investor from funding a Capital Call with respect to which an Investor Exclusion Event applies.

9.11. **Capital Calls.** Except as set forth in the Constituent Documents and the Side Letters, no Borrower shall make any contractual agreement which shall restrict, limit, penalize or control its ability to make Capital Calls or the timing thereof.

9.12. **ERISA Compliance.** No Borrower shall fail to satisfy an exception under the Plan Asset Regulation which failure causes the assets of such Borrower to be deemed “plan assets” within the meaning of the Plan Asset Regulation. No Borrower shall take any action, or omit to take any action, which would give rise to a non-exempt prohibited transaction under Section 4975(c)(1)(A) - (D) of the Internal Revenue Code or Section 406(a) of ERISA that would subject Administrative Agent or the Lenders to any tax, penalty, damages or any other claim or relief under the Internal Revenue Code or ERISA with respect to transactions contemplated by this Credit Agreement and the other Loan Documents. The covenant in the immediately preceding sentence is being given on the assumption that no portion of a Borrowing shall be funded with “plan assets” within the meaning of the Plan Asset Regulation of any Plan, unless Administrative Agent and the Lenders relied on an available prohibited transaction exemption, all of the conditions of which are satisfied. No Borrower nor any member of any Borrower’s Controlled Group shall establish, maintain or have any obligation to contribute to any Plan, except as could not reasonably be expected to result in a material adverse effect on the business or operations of such Borrower.

9.13. **Limitations on Distributions.** No Borrower shall make, pay or declare any Distribution (as defined below) at any time that (i) an Event of Default or Potential Default under Section 10.1(a) or (h) has occurred and is continuing, (ii) the Borrowers fail to be in compliance with the financial covenant contained in Section 9.24 either immediately before or after giving effect to such Distribution or (iii) a mandatory prepayment has been triggered pursuant to Section 3.4(b) that is unpaid; provided that any Additional Borrower may, at any time, make Distributions solely to another Borrower. “Distribution” means any distributions (whether or not in cash) on account of any equity interest in any Borrower, including as a dividend or other distribution.

9.14. **Limitation on Withdrawals from Collateral Account and Investment Collection Account.** Without the prior written consent of Administrative Agent, no Borrower shall withdraw or transfer funds from the Collateral Account or the Investment Collection Account if it has actual knowledge that an Event of Default has occurred and is continuing or a mandatory prepayment has been triggered pursuant to Section 3.4(b) that is unpaid (other than the withdrawal of Excluded Amounts and amounts applied to the payment of Obligations). No Borrower shall make or cause the making of any withdrawal or transfer of funds from any Investment Collection Account at a time when the Borrower has not provided a Borrowing Base Certificate or Investment Report required by Section 8.1(n), unless such Borrower provides the Administrative Agent with advance written notice of such withdrawal or transfer.

9.15. **Transactions with Affiliates.** No Borrower shall sell, lease or otherwise transfer any of its property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business at prices and on terms and conditions not less favorable to such Borrower than could be obtained in an arm’s length transaction with a non-affiliated Person and (b) operations in accordance with the Investment Advisory Agreement and the Administration Agreement.

9.16. **Investment Company.** Other than the Initial Borrower, which is an “investment company” that has elected to be regulated as a “business development company” within the meaning of the Investment Company Act of 1940, as amended, no Borrower shall become required to be registered as an “investment company” as defined in the Investment Company Act of 1940, as amended.

9.17. **Deemed Capital Contributions.** The applicable Borrowers shall not reinvest current cash flow received by them from Investments and/or net proceeds from Investment dispositions if (a) it has actual knowledge that an Event of Default has occurred and is continuing or (b) such reinvestment would reduce the Unfunded Capital Commitment of any Investor and thereby trigger a mandatory prepayment under Section 3.4(b), including by causing the Dollar Equivalent of the Principal Obligations to exceed the Available Commitment, unless with respect to this clause (b), prior to such reinvestment, Borrowers shall first make any resulting prepayment required under Section 3.4(b).

9.18. **Transactions with Lenders or Affiliates.** Unless disclosed to Administrative Agent in the applicable Request for Borrowing and approved by Administrative Agent and any applicable Lender in their sole discretion, Borrowers shall not knowingly cause or permit the funds received from any Lender hereunder to be used to acquire an asset from, or otherwise used for the benefit of, or transferred to, any Lender’s “affiliate” as such term is defined in Regulation W, 12 C.F.R. Part 223.

9.19. **Investor Liens.** No Borrower will consent to any Investor creating, permitting or suffering to exist any Lien on such Investor's partnership interest in a Borrower.

9.20. **Limitation on Investments.** No Borrower will make Investments other than in compliance with its Operative Documents. No Additional Borrower will: (i) commit to sell, assign, transfer or otherwise dispose of, (ii) sell, assign, transfer or otherwise dispose of, or (iii) designate in writing that an Investment is no longer an Eligible Investment, unless, in each of the foregoing cases, the [Dollar Equivalent of the](#) Principal Obligations do not exceed the Available Commitment after giving effect thereto (including application of the proceeds of any such sale, assignment, transfer or other disposition) or sufficient replacement Collateral that satisfies the definition of Eligible Investment is pledged to the Administrative Agent as determined in the sole discretion of the Administrative Agent exercised in its commercially reasonable judgment.

9.21. **Use of Proceeds; Sanctions.** (a) No part of the proceeds of any Loan will be used by any Borrower for any purpose that entails a violation of any of the Regulations of the Board of Governors of the Federal Reserve System, including Regulation T, Regulation U and Regulation X and (b) the applicable Borrower will not request any Borrowing, and Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

9.22. **No Cancellations, Withdrawals or Reductions of Capital Commitments.** Without Administrative Agent's prior written consent, no applicable Borrower shall cancel, withdraw or reduce any Investor's Capital Commitment, or permit any Investor to cancel, withdraw or reduce such Investor's Capital Commitment, for any reason, but not including any cancellation, withdrawal or reduction effected by means of a transfer of such Investor's interest pursuant to Section 7(o)(iv) of the form Subscription Agreement.

9.23. **Net Asset Value.** The Additional Borrowers shall not permit, as of the last day of any fiscal quarter, the Fair Market Value of the aggregate Eligible Investments to be less than seventy-five percent (75%) of the aggregate Cost Basis of such Eligible Investments and such failure shall not be cured within ten (10) Business Days by designating that certain Investments will no longer constitute Eligible Investments and the repayment of any amounts required by [Section 3.4\(b\)](#).

9.24. **Debt Coverage Test.** The Borrowers shall not permit, at any time, their “asset coverage” ratio for purposes of applicable laws and regulations applicable to the Initial Borrower’s status as a “business development company” under the Investment Company Act of 1940, as amended, to be less than the amount required to be maintained by the Initial Borrower under such laws and regulations. For the avoidance of doubt, as of the Closing Date, the “asset coverage” requirement for the Initial Borrower under such laws and regulations is 2:1.

9.25. **Investor Documents.** The Borrowers, the Investment Adviser or any of the Covered Associates (as such term is used and defined in the applicable Operative Document and/or Side Letters) shall not permit, at any time, the Borrowers, the Investment Adviser or any of the Covered Associates to make any Contribution (as such term is used and defined in the applicable Operative Document and/or Side Letters) or coordinate or solicit any person or political action committee to make any Contribution to, the (a) Governor of the State of Ohio; (b) Treasurer of the State of Ohio, (c) Speaker of the Ohio House of Representatives; or (d) President of the Ohio Senate, other than as permitted by Rule 206(4)-5 under the Investment Advisers Act of 1940, as amended.

Section 10. EVENTS OF DEFAULT

10.1. **Events of Default.** An “Event of Default” shall exist if any one or more of the following events (collectively, “Events of Default”) shall occur:

(a) the applicable Borrowers shall fail to pay when due (i) any Principal Obligations, including, without limitation, any failure to pay any amount required under Section 3.4(b); or (ii) any interest or any fee, expense, indemnity or other payment required under any Loan Document, and such failure under this clause (ii) shall continue for three (3) Business Days;

(b) any representation or warranty made or deemed made by or on behalf of the Borrowers under any Loan Document, or in any certificate or statement furnished or made by the Borrowers to induce Administrative Agent and/or any Lender to enter into this Credit Agreement or any other Loan Documents, shall prove to be untrue or inaccurate in any material respect as of the date made;

(c) default shall occur in the performance of: (i) any of the covenants or agreements contained herein (other than the covenants contained in Sections 3.4(b), 8.1, 8.3 and Sections 9.1 through 9.25) by the Borrowers; or (ii) the covenants or agreements of the Borrowers contained in any other Loan Documents executed by such Person, and in each case, if such default is susceptible to cure, such default shall continue uncured for thirty (30) days;

(d) default shall occur in the performance of any of the covenants or agreements of any Borrower contained in any one of Section 8.3, or Sections 9.1 through 9.25;

(e) default shall occur in the performance of any of the covenants or agreements of any Borrower contained in Section 8.1 and such default shall continue uncured for five (5) Business Days;

(f) any of the Loan Documents executed by the Borrowers: (i) shall cease, in whole or in part, to be legal, valid, binding agreements enforceable against the Borrowers, as the case may be, in accordance with the terms thereof (except as enforceability may be limited by Debtor Relief Laws and general equitable principles (whether considered in a proceeding in equity or at law)); (ii) shall in any way be terminated or become or be declared ineffective or inoperative (except as enforceability may be limited by Debtor Relief Laws and general equitable principles (whether considered in a proceeding in equity or at law)); or (iii) shall in any way whatsoever cease to give or provide the respective first priority Liens, security interest, rights, titles, interest, remedies, powers, or privileges intended to be created thereby;

(g) any Borrower shall be in default of its obligations under any Indebtedness in excess of \$1,000,000;

(h) any Borrower, the Investment Adviser or the Administrator shall become a debtor under any Debtor Relief Law;

(i) any final judgment(s) for the payment of money in excess of \$1,000,000 in the aggregate shall be rendered against any Borrower alone or against one or more of the Borrowers and such judgment shall remain undischarged for a period of ten (10) days unless (i) execution is effectively stayed, (ii) such judgment is covered by insurance, or (iii) a bond or cash collateral is posted with the court against such judgment (and any related Lien is removed);

(j) [reserved];

(k) Investors having Capital Commitments aggregating ten percent (10%) or greater of the total Capital Commitments of Investors shall default in their obligation to fund any Capital Call when due and such failure shall not be cured within thirty (30) Business Days (without regard to any cure or notice periods in the Subscription Agreements);

(l) the applicable Investment Adviser or any Investor that is an Affiliate thereof or of Borrower (i) fails to fund any Capital Call when due and such failure shall not be cured within thirty (30) days (without regard to any cure or notice periods contained in the Subscription Agreements); or (ii) shall repudiate, challenge, or declare unenforceable its Capital Commitment or its obligation to make Capital Contributions pursuant to a Capital Call;

(m) [reserved];

(n) any Investment Advisory Agreement shall cease to be in full force and effect or any Investment Adviser resigns or is removed from said role and a similarly situated and experienced successor Investment Adviser acceptable to 100% of the Lenders in their sole discretion (it being understood that any Affiliate of the applicable Investment Adviser shall be acceptable to the Lenders) is not appointed within ten (10) days;

(o) the Administration Agreement shall cease to be in full force and effect or the Administrator resigns or is removed from said role and a similarly situated and experienced successor Administrator acceptable to 100% of the Lenders in their sole discretion (it being understood that any Affiliate of the Administrator shall be acceptable to the Lenders) is not appointed within ten (10) days; and

(p) (i) any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in clauses (b), (g), (h) or (l) of this Section 10.1 occurs with respect to any Guarantor; or (d) the liquidation, provisional liquidation, winding up, or termination of existence of any Guarantor.

10.2. Remedies Upon Event of Default.

(a) If an Event of Default shall have occurred, then Administrative Agent may (and shall at the direction of the Required Lenders): (i) suspend the Commitments with respect to such Borrowers; (ii) terminate the Commitments with respect to such Borrowers hereunder and declare the occurrence of the Maturity Date; (iii) declare the principal of, and all interest then accrued on, the applicable Obligations of such Borrowers to be forthwith due and payable, whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration, or of intention to accelerate or other notice of any kind (other than notice of such declaration) all of which the Borrowers hereby expressly waive, anything contained herein or in any other Loan Document to the contrary notwithstanding; (iv) exercise any right, privilege, or power set forth in Section 5 or this Section 10.2 (except, in the case of clauses (i), (iii), (iv), (v), (vii) and (ix) of the first sentence of Section 10.2(b), during the Standstill Period) or in the other Loan Documents with respect to such Borrowers; (v) suspend the obligation of the Lenders to make Loans, and (vi) without notice of default or demand, pursue and enforce any of Administrative Agent's or the Lenders' rights and remedies under the Loan Documents, or otherwise provided under or pursuant to any Applicable Law or agreement; provided that if any Event of Default specified in Section 10.1(h) shall occur, the Commitments hereunder shall automatically terminate, the principal of, and all interest on, the Obligations shall thereupon become due and payable concurrently therewith, without any further action by Administrative Agent or the Lenders, and without presentment, demand, protest, notice of default, notice of acceleration, or of intention to accelerate or other notice of any kind, all of which the Borrowers hereby expressly waive.

(b) **Actions with Respect to the Collateral.** Administrative Agent, for the benefit of each Lender, is hereby authorized by the Borrowers, at any time or from time to time during the existence of an Event of Default (and shall upon the direction of the Required Lenders do each of the following) to: (i) initiate one or more Capital Calls in order to pay the Obligations then due and owing and enforce the obligations of the Investors to make Capital Contributions, (ii) take or bring in any Borrower's name, or that of the Lenders, all steps, actions, suits, or proceedings deemed by Administrative Agent necessary or desirable to effect possession or collection of payments of the Collateral, (iii) complete any contract or agreement of any Borrower in any way related to payment of any of the Capital Commitments, (iv) make allowances or adjustments related to the Capital Commitments of the Investors, or, following acceleration of the Obligations by the Administrative Agent, with respect to any Eligible Investment, including under any Investment Document, (v) compromise any claims related to the Capital Commitments of the Investors, or, following acceleration of the Obligations by the Administrative Agent, Eligible Investments, (vi) following acceleration of the Obligations by the Administrative Agent, notify Investment Obligors of any Additional Borrower to make all payments with respect to their obligations under any Investment directly to the Administrative Agent or to an account other than the Investment Collection Account, (vii) exercise any other right, privilege, power, or remedy provided to any Borrower under its respective Constituent Documents and the Subscription Agreements with respect to the Investors, (viii) provide instruction and direction to the Account Bank as to the application of monies in the Collateral Account (including taking exclusive control thereof), and apply such monies to the payment of the Obligations, (ix) notify any or all Investors to make all payments due or to become due in connection with Capital Calls directly to Administrative Agent, (x) to sell the Collateral or any part thereof, upon giving at least ten (10) days' prior written notice to Borrowers of the time and place of sale (which notice each Borrower and Administrative Agent agree is commercially reasonable), for cash or upon credit or for future delivery, and the Borrowers hereby waive all rights, if any, of marshalling the Collateral and any other security for the Obligations, and at the option and in the complete discretion of Administrative Agent, either at public sale or at private sale, in which event such notice shall also contain the terms of the proposed sale, and the Borrowers shall have until the time of such proposed sale in which to redeem the Collateral or to procure a purchaser willing, ready and able to purchase the Collateral on terms more favorable to the Borrowers and the Lenders, and if such a purchaser is so procured, then Administrative Agent shall sell the Collateral to the purchaser so procured, (xi) to bid for and to acquire, unless prohibited by Applicable Law, free from any redemption right, the Collateral, or any part thereof, and, in lieu of paying cash therefor, Administrative Agent may make settlement for the selling price by crediting the net selling price, if any, after deducting all costs and expenses of every kind, upon the outstanding principal amount of the Obligations, in such order and manner as Administrative Agent, in its discretion, may deem advisable, and (xii) exercise all rights, remedies and recourse granted in the Loan Documents and any other instruments executed to provide security for or in connection with the payment and performance of the Obligations or existing at common law or equity (including those granted by the UCC) and such rights and remedies in clauses (i) through (xii) above: (A) shall be cumulative and concurrent; (B) may be pursued separately, successively or concurrently against any or all Borrowers and any other party obligated under the Obligations, or against the Collateral, or any of such Collateral, or any other security for the Obligations, or any of them, at the sole discretion of Administrative Agent; (C) may be exercised as often as occasion therefor shall arise, it being agreed by the Borrowers that the exercise or failure to exercise any of the same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse; and (D) are intended to be and shall be, non-exclusive. Regardless of any provision hereof, in the absence of bad faith, gross negligence or willful misconduct by Administrative Agent or the Lenders, neither Administrative Agent nor the Lenders shall be liable for failure to collect or for failure to exercise diligence in the collection, possession, or any transaction concerning, all or part of the Capital Calls or the Capital Commitment or sums due or paid thereon, nor shall it be under any obligation whatsoever to anyone by virtue of Liens relating to the Collateral, subject to the Internal Revenue Code. Administrative Agent shall give Borrowers notice of actions taken pursuant to this Section 10.2(b) promptly after the taking of such action, but its failure to give such notice shall not affect the validity of such action, nor shall such failure give rise to defenses to any Borrower's obligations hereunder.

Notwithstanding anything contained in this Credit Agreement to the contrary, except with respect to an Event of Default occurring pursuant to Section 10.1(h), clauses (i), (iii), (iv), (v), (vi) and (viii) of the first sentence above shall not be exercised by Administrative Agent until the date that is ten (10) Business Days after the date Administrative Agent has made a written request of the applicable Borrower to issue a Capital Call to the Investors in an amount sufficient to repay the Obligations (provided that such ten (10) Business Day period shall only apply if the applicable Borrower shall have provided Administrative Agent with adequate evidence that Borrower has issued such a Capital Call within two (2) Business Days after such request by Administrative Agent and shall not apply if an Event of Default has occurred under Section 10.1(h)) (such period, the "Standstill Period").

(c) **Additional Action by Administrative Agent.** Administrative Agent is hereby authorized and empowered, during the continuance of an Event of Default, on behalf of any Borrower (and shall upon the direction of the Required Lenders do each of the following), to endorse the name of any Borrower upon any check, draft, instrument, receipt, instruction, or other document or items, including, but not limited to, all items evidencing payment upon a Capital Contribution to any Borrower coming into Administrative Agent's possession, and to receive and apply the proceeds therefrom in accordance with the terms hereof. During the continuance of an Event of Default, Administrative Agent, on behalf of the Lenders, is hereby granted an irrevocable power of attorney, which is coupled with an interest and granted as security for the obligations of the Borrowers herein and in the other Loan Documents, to (i) carry out all actions and exercise all rights referred to in Section 10.2(b) hereof (except, in the case of clauses (i), (iii), (iv), (v), (vi) and (viii) of the first sentence of Section 10.2(b), during the Standstill Period); and (ii) execute all checks, drafts, receipts, instruments, instructions, or other documents, agreements, or items on behalf of any Borrower, either before or after demand of payment of the Obligations, as shall be deemed by Administrative Agent to be necessary or advisable, in the sole discretion of Administrative Agent, to protect the first priority Liens in the Collateral or the repayment of the Obligations, and neither Administrative Agent nor the Lenders, in the absence of bad faith, gross negligence and willful misconduct, shall incur any liability in connection with or arising from its exercise of such power of attorney.

(d) **Actions with Respect to Investments Owned by Additional Borrowers.** Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent (i) may realize upon and foreclose on any Investment pledged by an Additional Borrower as Collateral in accordance with the terms of this Credit Agreement and (ii) to the extent an Investment is able to be sold through commercially reasonable efforts, may direct the applicable Additional Borrower to promptly (but in any event with a trade date within fifteen (15) Business Days) sell such Investment to a purchaser on commercially reasonable terms as determined by the Additional Borrower, and either direct the net cash proceeds relating thereto to be paid into such Additional Borrower's Investment Collection Account or within two (2) Business Days distribute such proceeds to the Administrative Agent. Upon the occurrence and during the continuance of an Event of Default, the Additional Borrowers shall, within one (1) Business Day, instruct any applicable custodian (or any other Person providing similar services to the Additional Borrowers in respect of the Investments) to follow the Administrative Agent's direction for purposes of giving effect to the remedies contemplated in this Section 10.2(d). The Additional Borrowers hereby agree that they shall not rescind or otherwise amend such direction notice without the prior written consent of the Administrative Agent exercised in its good faith sole discretion until such time as any Event of Default is no longer continuing.

The Additional Borrowers shall cooperate and do all things that the Administrative Agent considers to be reasonably required to give full effect to this Section 10.2(d) and to enable the Administrative Agent to obtain the intended benefits of the Loan Documents. The Administrative Agent, in the absence of gross negligence or willful misconduct, shall not be liable for any loss, cost, expense or damage in connection with, or arising in connection with, or arising from, the exercise of this Section 10.2(d). For the avoidance of doubt, the rights and remedies set forth in this Section 10.2(d) are in addition to, and in no way limit, any and all rights and remedies that the Administrative Agent has pursuant to the Loan Documents, under the UCC or otherwise in equity or at law. The Additional Borrowers are not aware of any other material authorizations, approvals or consents that are, or would be, required as of the date hereof or as of any date following the occurrence and during the continuation of an Event of Default, which if not obtained, would prohibit or otherwise materially limit the ability of the Administrative Agent to exercise the rights and remedies set forth in this Section 10.2(d), other than customary loan agreement requirements for consents to assignment by the applicable obligor and the administrative agent, which consents may not be unreasonably withheld (subject to customary and market restrictions on assignment to non-bank lenders).

10.3. **Lender Offset.** If an Event of Default shall have occurred and be continuing, Administrative Agent is hereby authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender to or for the credit or the account of a Borrower against any and all of the obligations of such Borrower now or hereafter existing under the Loan Documents; provided, that in the event that any Defaulting Lender or any of its Affiliates shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to Administrative Agent for further application in accordance with the provisions of this Credit Agreement and, pending such payment, shall be segregated by such Defaulting Lender or Affiliate thereof from its other funds and deemed held in trust for the benefit of Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender or Affiliate thereof as to which it exercised such right of setoff.

10.4. **Good Faith Duty to Cooperate.** In the event Administrative Agent or Lenders elect to commence the exercise of remedies pursuant to Section 10 as a result of the occurrence of any Event of Default, the Borrowers agree to cooperate in good faith with Administrative Agent to enable Administrative Agent to issue Capital Calls and enforce the payment thereof by the Investors, subject to the limitations of Section 10.2, including but not limited to providing the then current contact information for each Investor within three (3) Business Days of request.

Section 11. MISCELLANEOUS

11.1. **Amendments.** Neither this Credit Agreement (including the exhibits hereto) nor any other Loan Document to which any Borrower is a party, nor any of the terms hereof or thereof, may be amended, waived, discharged or terminated, unless such amendment, waiver, discharge, or termination is in writing and signed by Administrative Agent and the Required Lenders, on the one hand, and the Borrowers on the other hand; and, if the rights or duties of an Agent are affected thereby, by such Agent; provided that no such amendment, waiver, discharge, or termination shall, without the consent of:

- (a) each Lender affected thereby:

(i) reduce or increase the amount or alter the term of the Commitment of such Lender, alter the provisions relating to any fees (or any other payments) payable to such Lender, or accelerate the obligations of such Lender to advance its portion of any Borrowing;

(ii) extend the time for payment for the principal of or interest on the Obligations, or fees or costs, or reduce the principal amount of the Obligations (except as a result of the application of payments or prepayments), or reduce the rate of interest borne by the Obligations (other than as a result of waiving the applicability of the Default Rate), or otherwise affect the terms of payment of the principal of or any interest on the Obligations or fees or costs hereunder;

(iii) release or subordinate any Liens granted under the Loan Documents, except as otherwise contemplated herein or therein; or

(iv) release any Borrower from its obligations under the Loan Documents, except as otherwise contemplated herein or therein; and

(b) all Lenders:

(i) amend the definition of “Available Commitment”, “Eligible Investment”, “Fair Market Value”, “Maturity Date”, “Pro Rata Share”, “Required Lenders” (or any other provision hereof specifying the number or percentage of the Lenders which are required to amend, waive or modify any rights hereunder or otherwise make any determination or grant any consent hereunder), or the definition of any of the defined terms used therein;

(ii) consent to the assignment or transfer by any Borrower of any of its rights and obligations under (or in respect of) the Loan Documents; or

(iii) amend the terms of Section 3.4(b) or this Section 11.1.

11.2. **Waiver.** No failure to exercise, and no delay in exercising, on the part of Administrative Agent or the Lenders, any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other further exercise thereof or the exercise of any other right or power. The rights and remedies of Administrative Agent and the Lenders under the Loan Documents shall be in addition to all other rights provided by law. No modification or waiver of any provision of any of the other Loan Documents, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved.

11.3. Payment of Expenses; Indemnity.

(a) **Cost and Expenses.** Borrowers shall pay (i) all reasonable and documented out of pocket expenses incurred by the Administrative Agent (including but not limited to the reasonable and documented fees, charges and disbursements, and due diligence expenses of outside counsel for the Administrative Agent), lien searches, and any other customary fees and expenses, in connection with the preparation, negotiation, execution, delivery and administration of the Loan Documents and any amendments, modifications, addition of Investors, amendments to any Constituent Document, joinder, or waivers of the provisions hereof or thereof (whether or not the transactions contemplated shall be consummated), and (ii) all reasonable and documented out of pocket expenses incurred by Administrative Agent or any Lender (including the reasonable and documented fees, charges and disbursements of any one counsel, plus local counsel, for Administrative Agent and one counsel for all other Lenders) in connection with the enforcement or protection of its rights (A) in connection with the Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out of pocket expenses incurred during any workout, restructuring or related negotiations.

(b) **Indemnification by Borrowers.** Borrowers shall indemnify Administrative Agent and the Lenders and each Related Party of Administrative Agent or any Lender (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, and shall pay or reimburse any such Indemnatee for, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees, charges and disbursements of any counsel for any Indemnatee) (collectively, the “Indemnified Liabilities”), incurred by any Indemnatee or asserted against any Indemnatee by any Person (including Borrowers or any other Borrower), arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby (including, without limitation, the Credit Facility), (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any Subsidiary thereof, and regardless of whether any Indemnatee is a party thereto, or (iv) any claim, investigation, litigation or other proceeding and the prosecution and defense thereof, arising out of or in any way connected with the Loans, any Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including without limitation, reasonable and documented attorneys’ fees; provided that, Borrowers shall not be required to indemnify any Indemnatee pursuant to this Section 11.3(b) to the extent such Indemnified Liabilities result from any such Indemnatee’s gross negligence, bad faith, or willful misconduct or material breach by a Lender of its obligations hereunder, in each case as finally determined by a non-appealable judgment of a court of competent jurisdiction. This Section 11.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by Applicable Law, Borrowers shall not assert, and hereby waive, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, the Loan Documents or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnatee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with the Loan Documents or the transactions contemplated hereby or thereby.

(d) **Payments.** All amounts due under this Section shall be payable by the Required Payment Time.

(e) **Survival.** Each party's obligations under this Section shall survive the termination of the Loan Documents and the Commitments and payment of the Obligations hereunder.

11.4. **Notice.**

(a) **Notices Generally.** Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing (except where telephonic instructions or notices are expressly authorized herein to be given).

If to a Borrower:

At the address specified with respect thereto on Schedule I hereto.

If to Administrative Agent:

Signature Bank
2 Penn Plaza, Suite 1712
New York, New York 10121
Attention: Trevor Freeman
Telephone: (646) 968-4337
Email: trfreeman@signatureny.com

With copies to (which shall not constitute notice hereunder):

Cadwalader, Wickersham & Taft LLP
227 West Trade Street
Charlotte, North Carolina 28202
Attention: Michael Mascia
Telephone: (704) 348-5160
Email: michael.mascia@cwt.com

If to any Lender, at the address specified for it on Schedule II hereto.

Any party hereto may change its address for purposes of this Credit Agreement by giving notice of such change to the other parties pursuant to this Section 11.4.

(b) **Electronic Communication.** Notices and other communications to Administrative Agent and Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent and Lenders. Any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications.

11.5. **Governing Law.** This Credit Agreement and any other Loan Document, and any claim, controversy or dispute arising under or related to or in connection therewith, the relationship of the parties, and/or the interpretation and enforcement of the rights and duties of the parties will be governed by the laws of the State of New York without regard to any conflicts of law principles other than Section 5-1401 of the New York General Obligations Law.

11.6. **Choice of Forum; Consent to Service of Process and Jurisdiction; Waiver of Trial by Jury.** Any suit, action or proceeding against any Borrower with respect to the Loan Documents or any judgment entered by any court in respect thereof, may be brought in the courts of the State of New York, or in the United States Courts located in the Borough of Manhattan in New York City, pursuant to Section 5-1402 of the New York General Obligations Law, as Administrative Agent in its sole discretion may elect and each Borrower hereby submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. Each Borrower hereby irrevocably consents to the service of process in any suit, action or proceeding in said court by the mailing thereof by Administrative Agent by registered or certified mail, postage prepaid, to such Borrower's address set forth in Section 11.4. Each Borrower hereby irrevocably waives any objections which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to the Loan Documents brought in the courts located in the State of New York, Borough of Manhattan in New York City, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO HEREBY WAIVES TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THE LOAN DOCUMENTS, WHICH WAIVER IS INFORMED AND VOLUNTARY.

11.7. **Invalid Provisions.** If any provision of this Credit Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Credit Agreement, such provision shall be fully severable and this Credit Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Credit Agreement, and the remaining provisions of this Credit Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Credit Agreement, unless such continued effectiveness of this Credit Agreement, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein. If any provision of this Credit Agreement shall conflict with or be inconsistent with any provision of any of the other Loan Documents, then the terms, conditions and provisions of this Credit Agreement shall prevail.

11.8. **Entirety.** The Loan Documents embody the entire agreement between the parties and supersede all prior agreements relating to the subject matter hereof.

11.9. **Successors and Assigns; Participations.**

(a) **Successors and Assigns Generally.** The provisions of this Credit Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Borrowers nor any other Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender.

(b) **Assignments by Lenders.** Any Lender may at any time assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Credit Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that, in each case, any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts.** The aggregate amount of the Commitment or, if the applicable Commitment is not then in effect, the outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the assignment) shall not be less than \$5,000,000 (or the entire remaining amount of the assigning Lender’s Commitment and/or Loans).

(ii) **Proportionate Amounts.** Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Credit Agreement with respect to the Loan or the Commitment assigned.

(iii) **Required Consents.** No consent shall be required for any assignment except:

(A) the consent of Borrowers (such consent not to be unreasonably withheld or delayed) unless an Event of Default has occurred and is continuing at the time of such assignment; and

(B) the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed) if such assignment is to a Person that is not a Lender or an Affiliate of such Lender.

(iv) **Assignment Agreement.** The parties to each assignment shall execute and deliver to Administrative Agent an assignment agreement reasonably acceptable to Administrative Agent, together with a processing and recordation fee of \$3,500 for each assignment; provided that Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment.

(v) **No Assignment to Certain Persons.** No such assignment shall be made to (A) any Borrower, the Investment Adviser or any Borrower’s Subsidiaries or Affiliates, (B) a Competitor, or (C) any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (C).

(vi) **No Assignment to Natural Persons.** No such assignment shall be made to a natural Person.

(vii) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Borrowers and Administrative Agent, the applicable Pro Rata Share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full share of all Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Credit Agreement until such compliance occurs.

(viii) **Notice to Borrowers.** Each assigning Lender shall promptly notify Borrowers of any assignment of such Lender's rights and obligations under this Credit Agreement.

(c) **Consequences of Assignment.** Subject to acceptance and recording thereof by Administrative Agent pursuant to Section 11.9(d), from and after the effective date specified in the assignment agreement, the assignee thereunder shall be a party to this Credit Agreement and, to the extent of the interest assigned thereby, have the rights and obligations of a Lender under this Credit Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned thereby, be released from its obligations under this Credit Agreement (and, in the case of an assignment covering all of the assigning Lender's rights and obligations under this Credit Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article IV and Section 11.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Credit Agreement that does not comply with this paragraph shall be treated for purposes of this Credit Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.9(e).

(d) **Register.** Administrative Agent, acting solely for this purpose as an agent of Borrowers, shall maintain at one of its offices in Santa Clara, California, or other office as it may elect, a copy of each assignment agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest or demonstrable error, and Borrowers, Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Credit Agreement. The Register shall be available for inspection by Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) **Participations.** Any Lender may at any time sell participations to any Person (other than a natural Person or Borrowers or any of Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Credit Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Credit Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrowers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Credit Agreement and (iv) such Participant is not a Competitor. Borrowers agree that each Participant shall be entitled to the benefits of Sections 4.1 and 4.2 (subject to the requirements and limitations therein, including the requirements under Section 4.1(g) (it being understood that the documentation required under Section 4.1(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.9(b); provided that such Participant shall not be entitled to receive any greater payment under Section 4.1 or 4.2, with respect to any participation, than its participating Lender would have been entitled to receive in the absence of such participation. To the extent permitted by Applicable Law, each Participant also shall be entitled to the benefits of Section 10.3 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other Obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other Obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest or demonstrable error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Credit Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Credit Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge shall release such Lender from any of its obligations hereunder or substitute any such pledgee for such Lender as a party hereto.

11.10. Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below) and exercise the same degree of care that it exercises to maintain the confidentiality of its own proprietary information, but in any event not less than reasonable care, except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); provided that, in no event will the disclosure of Information to such Affiliates or Related Parties facilitate any activity that competes directly with the business activities of any Borrower or the Investment Adviser as such business activities have been disclosed to Administrative Agent as of the Closing Date; (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (in which case the Administrative Agent or such Lender, as the case may be, agrees to inform the Initial Borrower promptly thereof and provide an opportunity to contest such disclosure, in each case to the extent not prohibited by applicable law); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case the Administrative Agent or such Lender, as the case may be, agrees to inform the Initial Borrower promptly thereof and provide an opportunity to contest such disclosure, in each case to the extent not prohibited by applicable law); (d) to any other Lender; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Credit Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, but not including a Competitor, any of its rights and obligations under this Credit Agreement, or (ii) any actual or prospective party (or its Related Parties), but not including a Competitor, to any swap, derivative or other transaction under which payments are to be made by reference to the Borrowers and their obligations, this Credit Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrowers or the Credit Facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facility; (h) with the consent of the Borrowers; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section by Administrative Agent, any Lender or any of their respective Affiliates or Related Parties, or (y) becomes available to Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrowers if Administrative Agent, such Lender or such Affiliate (as applicable) does not know that such source is prohibited from disclosing such Information. In addition, Administrative Agent, the Lenders, and any of their respective Related Parties, may (A) disclose the existence of this Credit Agreement and information about this Credit Agreement to market data collectors, similar service providers to the lending industry and service providers to Administrative Agent or the Lenders in connection with the administration of this Credit Agreement, the other Loan Documents, and the Commitments; and (B) use any information (not constituting Information subject to the foregoing confidentiality restrictions) related to the syndication and arrangement of the credit facilities contemplated by this Credit Agreement in connection with marketing, press releases, or other transactional announcements or updates provided to investor or trade publications, including the placement of “tombstone” advertisements in publications of its choice at its own expense.

Notwithstanding anything herein to the contrary, any party to this Credit Agreement (and any employee, representative, or other agent of any party to this Credit Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Credit Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent necessary to comply with any applicable federal or state securities laws, rules, and regulations.

For purposes of this Section, “**Information**” means all information received from the Borrowers relating to (a) the Borrowers, (b) any of the Borrowers’ respective businesses, Subsidiaries or Investments or (c) the Investors.

11.11. **All Powers Coupled with Interest.** All powers of attorney and other authorizations granted to Administrative Agent and/or Lenders pursuant to any provisions of any Loan Document shall be deemed coupled with an interest and granted by way of security for the obligations owed therein and shall be irrevocable so long as any Obligations remain unpaid, the Commitments remain in effect or the Credit Facility has not been terminated.

11.12. **Headings.** Section headings are for convenience of reference only and shall in no way affect the interpretation of this Credit Agreement.

11.13. **Survival.** All representations and warranties made by the Borrowers herein shall survive the making of the Loans.

11.14. **Full Recourse.** The payment and performance of the Obligations shall be fully recourse to the applicable Borrowers and their properties and assets. The Principal Obligations shall not be recourse to the applicable Investment Adviser or Administrator, and the Lenders shall not have the right to pursue any claim or action against such Investment Adviser or Administrator, except for any claim or action for actual damages of Administrative Agent or the Lenders or specific performance as a result of any breach of a contractual obligation under a Loan Document, fraud, willful misrepresentation or willful misappropriation of proceeds from the Credit Facility in which event there shall be full recourse against such Investment Adviser or Administrator.

11.15. **USA PATRIOT Act Notice.** Each Lender and Administrative Agent hereby notifies each Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “PATRIOT Act”), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Borrower and other information that will allow such Lender or Administrative Agent, as applicable, to identify each Borrower in accordance with the PATRIOT Act.

11.16. **Multiple Counterparts.** This Credit Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Credit Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Credit Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Credit Agreement.

11.17. **Term of Agreement.** This Credit Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been indefeasibly and irrevocably paid and satisfied in full and the Commitments have been terminated. No termination of this Credit Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Credit Agreement which survives such termination.

11.18. **Conflicts.** Borrowers acknowledge that Lenders and their Affiliates may be providing financing or other services to other companies in respect of which Borrowers or their Affiliates may have conflicting interests. Borrowers acknowledge that the Lenders and their Affiliates have no obligation to use in connection with the transactions contemplated herein, or to furnish to Borrowers, confidential information obtained from such other companies.

11.19. **Borrower Liability.** Each Borrower may, acting singly, request Loans hereunder. Each Borrower hereby appoints each other Borrower as agent for the other for all purposes hereunder, including with respect to requesting Loans hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Loans made hereunder, regardless of which Borrower actually receives said Loans, as if each Borrower hereunder directly received all Loans. Each Borrower waives (a) any suretyship defenses available to it under the UCC or any other applicable law, and (b) any right to require Administrative Agent or any Lender to: (i) proceed against any Borrower or any other Person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Administrative Agent and/or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Credit Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating such Borrower to the rights of Administrative Agent and/or any Lender under this Credit Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by such Borrower with respect to the Obligations in connection with this Credit Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by such Borrower with respect to the Obligations in connection with this Credit Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 11.19 shall be null and void. If any payment is made to a Borrower in contravention of this Section, such Borrower shall hold such payment in trust for Administrative Agent and such payment shall be promptly delivered to Administrative Agent, for the benefit of the Lenders, for application to the Obligations, whether matured or unmatured.

Section 12. AGENCY PROVISIONS

12.1. Appointment and Authorization of Administrative Agent.

(a) **Authority.** Each Lender (including any Person that is an assignee, participant, secured party or other transferee with respect to the interest of such Lender in any Principal Obligation or otherwise under this Credit Agreement) (collectively with such Lender, a “Lender Party”) hereby irrevocably appoints, designates and authorizes Administrative Agent to take such action on its behalf under the provisions of this Credit Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to Administrative Agent by the terms hereof and of the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere herein and in the other Loan Documents, Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein and therein, nor shall Administrative Agent have or been deemed to have any fiduciary relationship with any Lender Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Credit Agreement or any of the other Loan Documents or otherwise exist against Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Loan Documents with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties. The provisions of this Section 12 are solely for the benefit of Administrative Agent and the Lenders and none of the Borrowers, any Investor, or any Affiliate of the foregoing (each, a “Borrower Party”) shall have any rights as a third-party beneficiary of the provisions hereof (except for the provisions that explicitly relate to the Borrowers in Section 12.10).

(b) **Release of Collateral.** Upon (i) termination of this Credit Agreement and the other Loan Documents, termination of the Commitments and payment in full of all of the Obligations, including all fees and indemnified costs and expenses that are then due and payable pursuant to the terms of the Loan Documents or (ii) approval by each of the Lenders pursuant to the terms of Section 11.1, the Lenders irrevocably authorize Administrative Agent, at Administrative Agent’s option and in its sole discretion, to release any security interest in or Lien on any Collateral granted to or held by Administrative Agent. Upon the request of Administrative Agent, the Lenders will confirm in writing Administrative Agent’s authority to release particular types or items of Collateral pursuant to this Section 12.1(b).

12.2. **Delegation of Duties.** Administrative Agent may execute any of its duties hereunder or under the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of legal counsel, accountants, and other professionals selected by Administrative Agent concerning all matters pertaining to such duties. Administrative Agent shall not be responsible to any Lender for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care, nor shall it be liable for any action taken or suffered in good faith by it in accordance with the advice of such Persons. The exculpatory provisions of this Section 12 shall apply to any such sub-agent of Administrative Agent.

12.3. **Exculpatory Provisions.** Neither Administrative Agent nor any of its Affiliates, nor any of their respective officers, directors, employees, agents or attorneys-in-fact (each such person, an “Agent-Related Person”), shall be liable for any action taken or omitted to be taken by it under or in connection herewith or in connection with any of the other Loan Documents (except for its own gross negligence or willful misconduct) or be responsible in any manner to any Lender Party for any recitals, statements, representations or warranties made by any of Borrower Parties contained herein or in any of the other Loan Documents or in any certificate, report, document, financial statement or other written or oral statement referred to or provided for in, or received by Administrative Agent under or in connection herewith or in connection with the other Loan Documents, or enforceability or sufficiency therefor of any of the other Loan Documents, or for any failure of any Borrower Party to perform its obligations hereunder or thereunder. No Agent-Related Person shall be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Credit Agreement, or any of the other Loan Documents or for any representations, warranties, recitals or statements made herein or therein or made by any Borrower Party in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Agent-Related Person to the Lenders or by or on behalf of the Borrower Parties to the Agent-Related Person or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Potential Default or Event of Default or to inspect the properties, books or records of the Borrower Parties. Administrative Agent is not a trustee for the Lenders and owes no fiduciary duty to the Lenders. Each Lender Party recognizes and agrees that Administrative Agent shall not be required to determine independently whether the conditions described in Section 6.2 have been satisfied and, when Administrative Agent disburses funds to a Borrower, it may rely fully upon statements contained in the relevant requests by a Borrower Party.

12.4. **Reliance on Communications.** Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, email, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons. Administrative Agent may deem and treat each Lender as the owner of its interests hereunder for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been received by Administrative Agent. Administrative Agent shall be fully justified in failing or refusing to take any action under this Credit Agreement or under any of the other Loan Documents unless it shall first receive such advice or concurrence of the Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Loan Documents in accordance with a request of the Required Lenders (or to the extent specifically required, all of the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders (including their successors and assigns).

12.5. **Notice of Default.** Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Potential Default or Event of Default hereunder unless Administrative Agent has received notice from a Lender or a Borrower Party referring to the Loan Document, describing such Potential Default or Event of Default and stating that such notice is a “notice of default.” Administrative Agent will notify the Lenders of its receipt of any such notice and shall take such action with respect to such Potential Default or Event of Default as shall be reasonably directed by the Required Lenders and as is permitted by the Loan Documents.

12.6. Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that no Agent-Related Person has made any representations or warranties to it and that no act by any Agent-Related Person hereafter taken, including any review of the affairs of any Borrower Party, shall be deemed to constitute any representation or warranty by the Agent-Related Person to any Lender. Each Lender represents to Administrative Agent that it has, independently and without reliance upon any Agent-Related Person or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of Borrower Parties and made its own decision to make its Loans hereunder and enter into this Credit Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of Borrower Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by Administrative Agent hereunder, Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial or other conditions, prospects or creditworthiness of Borrower Parties which may come into the possession of any Agent-Related Person.

12.7. Indemnification. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify, upon demand, each Agent-Related Person (to the extent not reimbursed by a Borrower Party and without limiting the obligation of Borrower Parties to do so), ratably in accordance with the applicable Lender's respective Pro Rata Share of the Commitments, and hold harmless each Agent-Related Person from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following payment in full of the Obligations) be imposed on, incurred by or asserted against it in its capacity as such in any way relating to or arising out of this Credit Agreement or the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by it under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Person's gross negligence or willful misconduct, or related to another Lender; provided, further, that no action taken in accordance with the directions of the Required Lenders or all Lenders, as applicable, shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 12.7. Without limitation of the foregoing, each Lender shall reimburse Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney costs) incurred by Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Credit Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Administrative Agent is not reimbursed for such expenses by or on behalf of Borrower Parties. The agreements in this Section 12.7 shall survive the termination of the Commitments, payment of all of the Obligations under the Loan Documents or any documents contemplated by or referred to therein, as well as the resignation or replacement of Administrative Agent.

12.8. **Administrative Agent in Its Individual Capacity.** Administrative Agent (and any successor acting as Administrative Agent) and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any Borrower Party (or any of their Subsidiaries or Affiliates) as though Administrative Agent were not Administrative Agent or a Lender hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Administrative Agent or its Affiliates may receive information regarding Borrower Parties or their Affiliates (including information that may be subject to confidentiality obligations in favor of such Person) and acknowledge that Administrative Agent shall be under no obligation to provide such information to them except as otherwise provided in this Credit Agreement. With respect to the Loans made and all obligations owing to it, Administrative Agent acting in its individual capacity shall have the same rights and powers under this Credit Agreement as any Lender and may exercise the same as though it were not Administrative Agent, and the terms “Lender” and “Lenders” shall include Administrative Agent in its individual capacity.

12.9. **Resignation of Administrative Agent.** Administrative Agent may at any time give notice of its resignation to the Lenders and Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

12.10. **Administrative Agent May File Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Borrower Party, Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower Parties) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Administrative Agent and the Lenders (including any claim for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and the Lenders and their respective agents and counsel and all other amounts due Administrative Agent and the Lenders hereunder) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(c) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to the Lender, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent hereunder.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOLLOW.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the day and year first above written.

BORROWER:

GOLUB CAPITAL BDC 3, INC., a Maryland corporation, as
Initial Borrower

By: _____
Name: _____
Title: _____

*Signature Bank – Golub BDC 3
Revolving Credit and Security Agreement*

Acknowledged and agreed to with respect to Section 5.4 only:

INVESTMENT ADVISER:

GC ADVISORS LLC, a Delaware limited liability company, as
Investment Adviser

By: _____
Name: _____
Title: _____

ADMINISTRATOR:

GOLUB CAPITAL LLC, a Delaware limited liability company, as
Administrator

By: _____
Name: _____
Title: _____

*Signature Bank – Golub BDC 3
Revolving Credit and Security Agreement*

ADMINISTRATIVE AGENT AND LENDER:

SIGNATURE BANK

By: _____
Name: _____
Title: _____

*Signature Bank – Golub BDC 3
Revolving Credit and Security Agreement*

SCHEDULE I

Borrower Information

<u>Name</u>	<u>Type of Borrower</u>	<u>Jurisdiction of Formation</u>	<u>Type of Entity</u>	<u>Collateral Account</u>	<u>Investment Collection Account</u>
Golub Capital BDC 3, Inc.	Initial Borrower	Maryland	Corporation	3302226750	Not applicable

Notice Information:

GOLUB CAPITAL BDC 3, INC.:

Chief Executive Office /

Principal Place of Business:

Golub Capital BDC 3, Inc.
666 Fifth Avenue, 18th Floor
New York, New York 10103

Notice Address:

Golub Capital BDC 3, Inc.
666 Fifth Avenue, 18th Floor
New York, New York 10103
Attention: David B. Golub
Email: StructuredProducts@golubcapital.com

With a copy to:
Golub Capital LLC
130 Harbour Place, Suite 340
Davidson, North Carolina 28036
Attention: Daniel Colaizzi
Email: dcolaizzi@golubcapital.com

And:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Thomas B. Draper
Email: tdraper@foleyhoag.com

SCHEDULE II

Lender Commitments

<u>Lender</u>	<u>Commitment</u>
Signature Bank	\$ 175,000,000 <u>225,000,000</u>
Total	\$ 175,000,000 <u>225,000,000</u>

SCHEDULE III

Eligible Investments as of the Closing Date

None

**Certification of Chief Executive Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, David B. Golub, Chief Executive Officer, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Golub Capital BDC 3, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2019

/s/ David B. Golub
David B. Golub
Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

I, Ross A. Teune, Chief Financial Officer, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Golub Capital BDC 3, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2019

/s/ Ross A. Teune
Ross A. Teune
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Golub Capital BDC 3, Inc. (the “Company”), for the quarterly period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, David B. Golub and Ross A. Teune, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2019

/s/ David B. Golub

David B. Golub
Chief Executive Officer

/s/ Ross A. Teune

Ross A. Teune
Chief Financial Officer