

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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: 814-00757

FS KKR Capital Corp.

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

201 Rouse Boulevard
Philadelphia, Pennsylvania
(Address of principal executive offices)

26-1630040
(I.R.S. Employer Identification Number)

19112
(Zip Code)

Registrant's telephone number, including area code: (215) 495-1150

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

Common Stock, par value \$0.001 per share
(Title of class)

FSK
(Trading Symbol(s))

The New York Stock Exchange
(Name of exchange on which registered)

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No .

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements .

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). .

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

The aggregate market value of common stock held by non-affiliates of the registrant (assuming solely for the purpose of this disclosure, but without conceding, all executive officers and directors of the registrant are "affiliates"), as of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$5.5 billion.

There were 281,174,936 shares of the registrant's common stock outstanding as of January 31, 2023.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement relating to the registrant's 2023 Annual Meeting of Stockholders, to be filed with the U.S. Securities and Exchange Commission within 120 days following the end of the registrant's fiscal year ended December 31, 2022, are incorporated by reference in Part III of this annual report on Form 10-K as indicated herein.

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PART I

Many of the amounts and percentages presented in Part I have been rounded for convenience of presentation.

Item 1. Business.

Summary

FS KKR Capital Corp. (NYSE: FSK), or the Company, which may also be referred to as “we,” “us” or “our,” was incorporated under the general corporation laws of the State of Maryland on December 21, 2007 and formally commenced investment operations on January 2, 2009. We are an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. As such, we are required to comply with certain regulatory requirements. In addition, we have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. As of December 31, 2022, we had total assets of approximately \$16.1 billion.

We are managed by FS/KKR Advisor, LLC, or the Advisor, a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act, which oversees the management of our operations and is responsible for making investment decisions with respect to our portfolio. Our investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. We seek to meet our investment objectives by:

- utilizing the experience and expertise of the management team of the Advisor;
- employing a defensive investment approach focused on long-term credit performance and principal protection;
- focusing primarily on debt investments in a broad array of private U.S. companies, including middle-market companies, which we define as companies with annual earnings before interest, taxes, depreciation and amortization, or EBITDA, of \$25 million to \$100 million at the time of investment;
- investing primarily in established, stable enterprises with positive cash flows; and
- maintaining rigorous portfolio monitoring in an attempt to anticipate and pre-empt negative credit events within our portfolio, such as an event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company.

Our portfolio is comprised primarily of investments in senior secured loans and second lien secured loans of private middle market U.S. companies and, to a lesser extent, subordinated loans and certain asset-based financing loans of private U.S. companies. Although we do not expect a significant portion of our portfolio to be comprised of subordinated loans, there is no limit on the amount of such loans in which we may invest. We may purchase interests in loans or make other debt investments, including investments in senior secured bonds, through secondary market transactions in the “over-the-counter,” or OTC, market or directly from our target companies as primary market or directly originated investments. In connection with our debt investments, we may on occasion receive equity interests such as warrants or options as additional consideration. We may also purchase or otherwise acquire interests in the form of common or preferred equity or equity-related securities, such as rights and warrants that may be converted into or exchanged for common stock or other equity or the cash value of common stock or other equity, including through a co-investment with a financial sponsor or possibly the restructuring of an investment. In addition, a portion of our portfolio may be comprised of corporate bonds, structured products, other debt securities and derivatives, including total return swaps and credit default swaps. The Advisor will seek to tailor our investment focus as market conditions evolve. Depending on market conditions, we may increase or decrease our exposure to less senior portions of the capital structures of our portfolio companies or otherwise make opportunistic investments, such as where the market price of loans, bonds or other securities reflects a lower value than deemed warranted by the Advisor’s fundamental analysis. Such investment opportunities may occur due to general dislocations in the markets, a misunderstanding by the market of a particular company or an industry being out of favor with the broader investment community and may include event driven investments, anchor orders and structured products.

The senior secured loans, second lien secured loans and senior secured bonds in which we invest generally have stated terms of three to seven years and subordinated debt investments that we make generally have stated terms of up to ten years, but the expected average life of such securities is generally three to four years. However, we may invest in loans and securities with any maturity or duration. Our debt investments may be rated by a nationally recognized statistical rating organization, or NRSRO, and, in such case, generally will carry a rating below investment grade (rated lower than “Baa3” by Moody’s Investors Service, Inc., or Moody’s, or lower than “BBB-” by Standard & Poor’s Ratings Services, or S&P). We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by a NRSRO.

To seek to enhance our returns, we employ leverage as market conditions permit and at the discretion of the Advisor, but in no event will leverage employed exceed the maximum amount permitted by the 1940 Act. Prior to June 14, 2019, in accordance with the

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1940 Act, we were allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, was at least 200% after such borrowing. Effective June 15, 2019, following approval by our stockholders, our asset coverage requirement was reduced from 200% to 150%.

As a BDC, we are subject to certain regulatory restrictions in making our investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the U.S. Securities and Exchange Commission, or the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term. In an order dated January 5, 2021, the SEC granted exemptive relief permitting us, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit Advisors (US) LLC, or KKR Credit, with our co-investment affiliates. We believe this relief enhances our ability to further our investment objectives and strategy. We believe this relief may also increase favorable investment opportunities for us in part by allowing us to participate in larger investments, together with our co-investment affiliates, than would be available to us if such relief had not been obtained.

Reverse Stock Split

On June 15, 2020, we filed Articles of Amendment to our Articles of Incorporation, or the Reverse Stock Split Amendment, with the State Department of Assessments and Taxation of the State of Maryland to effect a 4 to 1 reverse split of our shares of common stock, or the Reverse Stock Split. The Reverse Stock Split became effective in accordance with the terms of the Reverse Stock Split Amendment on June 15, 2020. As a result of the Reverse Stock Split, every four shares of our common stock issued and outstanding were automatically combined into one share of our common stock, and the number of outstanding shares of our common stock was reduced from approximately 495.0 million to approximately 123.8 million as of June 15, 2020. The Reverse Stock Split did not modify the rights or preferences of our common stock. We also filed a separate Articles of Amendment to its Articles of Incorporation with the State Department of Assessments and Taxation of the State of Maryland to provide that there would be no change in the par value of \$0.001 per share as a result of the Reverse Stock Split.

FS KKR Capital Corp. II Acquisition

On June 16, 2021, we completed our acquisition of FS KKR Capital Corp. II, or FSKR, pursuant to that certain Agreement and Plan of Merger, or the 2020 Merger Agreement, dated as of November 23, 2020, by and among the Company, FSKR, Rocky Merger Sub, Inc., a former wholly-owned subsidiary of the Company, or Merger Sub, and the Advisor. Pursuant to the 2020 Merger Agreement, Merger Sub merged with and into FSKR, with FSKR continuing as the surviving company and as a wholly-owned subsidiary of the Company, or the First Merger, and, immediately thereafter, FSKR merged with and into the Company, with the Company continuing as the surviving company, or together with the First Merger, the 2021 Merger. In accordance with the terms of the 2020 Merger Agreement, each outstanding share of FSKR common stock was converted into the right to receive 0.9498 shares of our common stock. As a result, we issued an aggregate of approximately 161,374,028 shares of its common stock to former FSKR stockholders. Following the consummation of the 2021 Merger, we entered into a new investment advisory agreement with the Advisor, dated as of June 16, 2021, or the investment advisory agreement.

About the Advisor

The Advisor is a Delaware limited liability company, located at 201 Rouse Boulevard, Philadelphia, PA 19112, registered as an investment adviser with the SEC under the Advisers Act. The Advisor is a partnership between an affiliate of Franklin Square Holdings, L.P. (which does business as FS Investments), or FS Investments, and KKR Credit. Our chairman and chief executive officer, Michael C. Forman, serves as the Advisor's chairman and chief executive officer.

The Advisor has significant experience in private lending and private equity investing, and has developed an expertise in using all levels of a firm's capital structure to produce income-generating investments, while focusing on risk management. The Advisor also has extensive knowledge of the managerial, operational and regulatory requirements of publicly registered alternative asset entities, such as BDCs. We believe that the active and ongoing participation by the Advisor, FS Investments, KKR Credit and their respective affiliates in the credit markets, and the depth of experience and disciplined investment approach of the Advisor, will allow the Advisor to successfully execute our investment strategies.

Our board of directors, which is comprised of a majority of independent directors, oversees and monitors our investment performance, and beginning with the second anniversary of the effective date of the investment advisory agreement, will review the investment advisory agreement to determine, among other things, whether the fees payable under such agreement are reasonable in light of the services provided.

About FS Investments

FS Investments is a leading asset manager dedicated to helping individuals, financial professionals and institutions design better portfolios. The firm provides access to alternative sources of income and growth, and focuses on setting industry standards for investor

protection, education and transparency. FS Investments is headquartered in Philadelphia, PA, with offices in New York, NY, Orlando, FL, and Leawood, KS. The firm had approximately \$35 billion in assets under management as of December 31, 2022.

About KKR Credit

KKR Credit is a Delaware limited liability company, located at 555 California Street, 50th Floor, San Francisco, CA 94104, registered as an investment adviser with the SEC under the Advisers Act. It had approximately \$194 billion of assets under management as of December 31, 2022 across investment funds, structured finance vehicles, specialty finance companies and separately managed accounts that invest capital in both liquid and illiquid credit strategies on behalf of some of the largest public and private pension plans, global financial institutions, university endowments and other institutional and public market investors. Its investment professionals utilize an industry and thematic approach to investing and benefit from access, where appropriate, to the broader resources and intellectual capital of KKR & Co. Inc., or KKR & Co.

KKR Credit is a subsidiary of KKR & Co., a leading global investment firm with approximately \$504 billion in assets under management as of December 31, 2022, that manages investments across multiple asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds. KKR & Co. aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR & Co. portfolio companies. KKR & Co. invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business.

Potential Market Opportunity

We believe significant investment opportunities will continue to present themselves in the senior secured and second lien secured loan asset class, as well as investments in debt securities of middle market companies.

Attractive Opportunities in Senior Secured and Second Lien Secured Loans

The variable rate structure of most senior secured and second lien secured loans present significant opportunities across the asset class, particularly within a rising interest rate environment. Additionally, the strong defensive characteristics inherent to many securities across the asset class make them compelling to many investors, especially as financial conditions tighten. Because senior secured debt has priority in payment among an issuer's security holders (i.e., holders are due to receive payment before junior creditors and equity holders), they carry the least potential risk within the issuer's capital structure. Further, senior secured debt investments are secured by the issuer's assets, which may be seized in the event of a default. Senior secured loans generally also carry restrictive covenants aimed at ensuring repayment before junior creditors, including unsecured bondholders and other security holders, preserving collateral to protect against credit deterioration.

Opportunity in Middle Market Private Companies

In addition to investing in senior secured and second lien secured loans, we believe that the market for lending to private companies, particularly middle market private companies within the United States, presents a compelling investment opportunity. The following characteristics support our belief:

- *Large Target Market.* Middle market U.S. companies have historically represented a significant portion of the growth segment of the U.S. economy. These companies also often require substantial capital investment to grow their businesses. Historically, significant private equity capital has been available for investment in middle market companies and we expect that private equity firms will continue to leverage their investments in middle market companies with senior secured and second lien secured loans.
- *Limited Investment Competition.* Despite the size of the market, regulatory changes and other factors have diminished the role of traditional financial institutions in providing financing to middle market companies in favor of lending to large corporate clients and leading syndication efforts for capital markets transactions. Further, we believe a limited number of lenders are willing to hold large amounts of middle market loans. As a result, we believe our ability to eliminate syndication risk by holding middle market loans is a competitive advantage.

Lending and originating new loans to middle market companies, which are often private, generally requires a greater dedication of a lender's time and resources compared to lending to larger companies as it is often more difficult to make investments in, and acquire information, about smaller companies. Many investment firms lack the breadth and scale necessary to identify investment opportunities, particularly directly originated investments in middle market companies, which may result in their overlooking many attractive investment opportunities. Middle market companies also may require more active monitoring and participation on the lender's part. We believe that many large financial organizations, which often have relatively high-cost structures, are not suited to deal with these

factors and instead emphasize services and transactions to larger corporate clients, resulting in a reduction in the availability of financing to middle market companies.

- *Attractive Market Segment.* The underserved nature of such a large segment of the market can at times create significant investment opportunities. In many environments, lending to middle market companies may offer more attractive economics than lending to larger corporations in terms of transaction pricing, up-front and ongoing fees, prepayment penalties, stricter covenants and quality collateral. In addition, middle market companies often have simpler capital structures and carry less leverage than larger companies, thus aiding the structuring and negotiation process and allowing us greater flexibility in structuring favorable transactions.

Potential Competitive Strengths

We believe that we offer investors the following potential competitive strengths:

Large, scalable, global platform with seasoned investment professionals

We believe that the breadth and depth of the experience of the Advisor and its affiliates, which are dedicated to sourcing, structuring, executing, monitoring and harvesting a broad range of private investments, provide us with a significant competitive advantage in sourcing and analyzing attractive investment opportunities. Our investment platform is supported by approximately 190 dedicated investment professionals at KKR Credit located in nine global cities. We also benefit from the expertise, network and resources of KKR & Co., which has over 700 investment professionals located in 23 global cities. The individual members of these teams have diverse investment backgrounds, with prior experience at investment banks, commercial banks, other asset managers and operating companies. We believe this diverse experience provides an in-depth understanding of the strategic, financial and operational challenges and opportunities of middle-market companies.

Utilization of long-standing relationships and international capital market capabilities to source investments

The Advisor and its affiliates have worked diligently over many years to build strategic relationships with private equity firms, banks and trading desks globally. Our and our affiliates' long history of serving as a reliable financing partner to middle-market sponsors, even during periods of significant market dislocation, has enhanced our reputation. We believe that our network of relationships will continue to produce attractive investment opportunities.

The Advisor also leverages the intellectual capital, industry experience and global network of KKR & Co.'s Capital Markets franchise to support the origination of new private credit investment opportunities. Through KKR & Co.'s Capital Markets franchise, the Advisor benefits from expanded sources of deal flow, real-time market intelligence on pricing trends and continuous dialogue with issuers and sponsors to provide holistic financing solutions to current and prospective portfolio companies. In addition, KKR & Co.'s Capital Markets franchise gives us the ability to access and originate larger transactions and enhances the Advisor's ability to manage risk.

Focus on larger middle market companies and customized one-stop credit solutions

We are focused on providing customized credit solutions to private upper middle market companies, which we generally define as companies with annual EBITDA of at least \$50 million at the time of our investment. Based on its size and scale, the KKR Credit platform is able to originate, commit to and hold positions in excess of \$1 billion in a given transaction. This size allows us to serve in the lead financing role for certain larger middle market companies with more than \$100 million in EBITDA. We believe our ability to underwrite an entire transaction provides financial sponsors and companies with a greater degree of financing certainty and further enhances our competitive position. The KKR Credit platform also offers a variety of financing structures and has the flexibility to structure investments to meet the needs of companies. Finally, we believe that the upper end of the middle market is less competitive as fewer lenders have the requisite size and scale to provide holistic solutions for these companies.

Long-term investment horizon

Our long-term investment horizon gives us great flexibility, which we believe allows us to maximize returns on our investments. Unlike most private equity and venture capital funds, as well as many private debt funds, we are not required to return capital to our stockholders once we exit a portfolio investment. We believe that freedom from such capital return requirements, which allows us to invest using a longer-term focus, provides us with the opportunity to increase total returns on invested capital, compared to other private company investment vehicles.

Disciplined, income-oriented investment philosophy

The Advisor employs a defensive investment approach focused on long-term credit performance and principal protection. This investment approach involves a multi-stage selection process for each investment opportunity, as well as ongoing monitoring of each investment made, with particular emphasis on early detection of deteriorating credit conditions at portfolio companies which would

result in adverse portfolio developments. This strategy is designed to maximize current income and minimize the risk of capital loss while maintaining the potential for long-term capital appreciation.

Investment expertise across all levels of the corporate capital structure

The Advisor believes that its broad expertise and experience investing at all levels of a company's capital structure enable us to manage risk while affording us the opportunity for significant returns on our investments. We attempt to capitalize on this expertise in an effort to produce and maintain an investment portfolio that will perform in a broad range of economic conditions.

Ability to create bespoke financing solutions through asset-based opportunities

The Advisor believes that there is an expansive and growing opportunity to create customized solutions in underserved asset classes, including across the aircraft, consumer finance and auto and equipment finance sectors. The Advisor will seek to identify investments with strong collateral protection, a low correlation to the broader markets and equity-like upside potential.

Maintenance of portfolio diversification

In addition to focusing our investments in middle-market companies, we seek to invest across various industries. The Advisor monitors our investment portfolio to ensure we have acceptable industry balance, using industry and market metrics as key indicators. By monitoring our investment portfolio for industry balance, we seek to reduce the effects of economic downturns associated with any particular industry or market sector. Notwithstanding our intent to invest across a variety of industries, we may from time to time hold securities of a single portfolio company that comprise more than 5.0% of our total assets and/or more than 10.0% of the outstanding voting securities of the portfolio company. For that reason, we are classified as a non-diversified management investment company under the 1940 Act.

Investment Strategy

Our principal focus is to invest in senior secured and second lien secured loans of private middle market U.S. companies, and to a lesser extent, subordinated loans and certain asset-based financing loans of private U.S. companies. Although we do not expect a significant portion of our portfolio to be comprised of subordinated loans, there is no limit on the amount of such loans in which we may invest. We may purchase interests in loans or make other debt investments, including investments in senior secured bonds, through secondary market transactions in the OTC market or directly from our target companies as primary market or directly originated investments. In connection with our debt investments, we may on occasion receive equity interests such as warrants or options as additional consideration. We may also purchase or otherwise acquire interests in the form of common or preferred equity or equity-related securities, such as rights and warrants that may be converted into or exchanged for common stock or other equity or the cash value of common stock or other equity, including through a co-investment with a financial sponsor or possibly the restructuring of an investment. In addition, a portion of our portfolio may be comprised of bonds, structured products, other debt securities and derivatives. The Advisor will seek to tailor our investment focus as market conditions evolve. Depending on market conditions, we may increase or decrease our exposure to less senior portions of the capital structures of our portfolio companies or otherwise make opportunistic investments, such as where the market price of loans, bonds or other securities reflects a lower value than deemed warranted by the Advisor's fundamental analysis. Such investment opportunities may occur due to general dislocations in the markets, a misunderstanding by the market of a particular company or an industry being out of favor with the broader investment community and may include event driven investments, anchor orders and structured products.

When identifying prospective portfolio companies, we focus primarily on the attributes set forth below, which we believe will help us generate higher total returns with an acceptable level of risk. While these criteria provide general guidelines for our investment decisions, if we believe the benefits of investing are sufficiently strong, not all of these criteria necessarily will be met by each portfolio company in which we choose to invest. These attributes are:

- *Leading, defensible market positions.* We seek to invest in companies that have developed strong competitive positions within their respective markets and exhibit the potential to maintain sufficient cash flows and profitability to service our debt in a range of economic environments. We seek companies that can protect their competitive advantages through scale, scope, customer loyalty, product pricing or product quality versus their competitors, thereby minimizing business risk and protecting profitability.
- *Investing in stable companies with positive cash flow.* We seek to invest in established, stable companies with strong profitability and cash flows. Such companies, we believe, are well-positioned to maintain consistent cash flow to service and repay our loans and maintain growth in their businesses or market share. We do not intend to invest to any significant degree in start-up companies, turnaround situations or companies with speculative business plans.
- *Proven management teams.* We focus on companies that have experienced management teams with an established track record of success. We typically prefer our portfolio companies to have proper incentives in place, which may include non-cash and performance-based compensation, to align management's goals with ours.

- *Private equity sponsorship.* Often we seek to participate in transactions sponsored by what we believe to be sophisticated and seasoned private equity firms. The Advisor believes that a private equity sponsor's willingness to invest significant sums of equity capital into a company is an endorsement of the quality of the investment opportunity. Further, by co-investing with such experienced private equity firms which commit significant sums of equity capital ranking junior in priority of payment to our debt investments, we may benefit from the due diligence review performed by the private equity firm, in addition to our own due diligence review. Further, strong private equity sponsors with significant investments at risk may have both the ability and incentive to contribute additional capital in difficult economic times should operational or financial issues arise, which could provide additional protections for our investments.
- *Allocation among various issuers and industries.* We seek to allocate our portfolio broadly among issuers and industries, thereby attempting to reduce the risk of a downturn in any one company or industry having a disproportionate adverse impact on the value of our portfolio.
- *Viable exit strategy.* While we attempt to invest in securities that may be sold in a privately negotiated OTC market, providing us a means by which we may exit our positions, we expect that a large portion of our portfolio may not be sold on this secondary market. For any investments that are not able to be sold within this market, we focus primarily on investing in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of our investments, an initial public offering of equity securities, a merger, a sale or a recapitalization, in each case with the potential for capital gains.

Joint Venture

We also co-invest with South Carolina Retirement Systems Group Trust, or SCRS, through Credit Opportunities Partners JV, LLC (formerly known as Strategic Credit Opportunities Partners, LLC), or COPJV, a joint venture with SCRS. COPJV invests its capital in a range of investments, including senior secured loans (both first lien and second lien) to middle market companies, broadly syndicated loans, equity, warrants and other investments. We and SCRS each have 50% voting control of COPJV and together are required to agree on all investment decisions as well as certain other significant actions for COPJV. As of December 31, 2022, COPJV had total capital commitments of \$2.4 billion, \$2.1 billion of which was from us and the remaining \$0.3 billion of which was from SCRS. As of December 31, 2022, we had funded approximately \$1.6 billion of our commitment. Additionally, as of December 31, 2022, COPJV had \$0.3 billion of borrowing capacity. As of December 31, 2022, our investment in COPJV was approximately \$1.4 billion at fair value. We do not consolidate COPJV in our consolidated financial statements.

Investment Types

We primarily focus on the following investment types:

Senior Secured Loans

Senior secured loans are situated at the top of a company's capital structure. Because these loans generally have priority in payment, they carry the least risk among all investments in a firm. Generally, our senior secured loans are expected to have maturities of three to seven years, offer some form of amortization, and have first priority security interests in the assets of the borrower. Generally, we expect that the interest rate on our senior secured loans typically will have variable rates over a standard benchmark, such as the prime rate, the London Interbank Offered Rate, or LIBOR, or the Secured Overnight Financing Rate, or SOFR.

Second Lien Secured Loans

Second lien secured loans are immediately junior to senior secured loans and have substantially the same maturities, collateral and covenant structures as senior secured loans. Second lien secured loans, however, are granted a second priority security interest in the assets of the borrower, which means that any realization of collateral will generally be applied to pay senior secured loans in full before second lien secured loans are paid and the value of the collateral may not be sufficient to repay in full both senior secured loans and second lien secured loans. In return for this junior ranking, second lien secured loans generally offer higher returns compared to senior secured debt. These higher returns come in the form of higher interest and in some cases the potential for equity participation through warrants, though to a lesser extent than with subordinated loans. Generally, we expect these loans to carry a fixed rate, or a floating current yield over a standard benchmark. In addition, we may receive additional returns from any warrants we may receive in connection with these investments.

Senior Secured Bonds

Senior secured bonds are generally secured by collateral on a senior, *pari passu* or junior basis with other debt instruments in an issuer's capital structure and have similar maturities and covenant structures as senior secured loans. Generally, we expect these investments to carry a fixed rate.

Subordinated Debt

In addition to senior secured loans, second lien secured loans and senior secured bonds, we may invest a portion of our assets in subordinated debt. Subordinated debt investments usually rank junior in priority of payment to senior debt and are often unsecured, but are situated above preferred equity and common equity in the capital structure. In return for their junior status compared to senior debt, subordinated debt investments typically offer higher returns through both higher interest rates and possible equity ownership in the form of warrants, enabling the lender to participate in the capital appreciation of the borrower. These warrants typically require only a nominal cost to exercise. We generally target subordinated debt with interest-only payments throughout the life of the security, with the principal due at maturity. Typically, subordinated debt investments have maturities of five to ten years. Generally, we expect these securities to carry a fixed rate, or a floating current yield over a standard benchmark. In addition, we may receive additional returns from any warrants we may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid-in-kind, or PIK.

Equity and Equity-Related Securities

While we intend to maintain our focus on investments in debt securities, from time to time, when we see the potential for extraordinary gain, or in connection with securing particularly favorable terms in a debt investment, we may enter into investments in preferred or common equity, typically in conjunction with a private equity sponsor we believe to be sophisticated and seasoned. In addition, we may receive the right to make equity investments in a portfolio company whose debt securities we hold in connection with the next equity financing round for that company. This right may provide us with the opportunity to further enhance our returns over time through equity investments in our portfolio companies. In addition, we may hold equity-related securities, such as rights and warrants that may be converted into or exchanged for common stock or other equity or the cash value of common stock or other equity, generally obtained in conjunction with one of our debt investments or through a co-investment with a financial sponsor, such as an institutional investor or private equity firm. In the future, we may achieve liquidity through a merger or acquisition of a portfolio company, a public offering of a portfolio company's stock or by exercising our right, if any, to require a portfolio company to repurchase the equity-related securities we hold.

Convertible Securities

We may invest in convertible securities, such as bonds, debentures, notes, preferred stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

Non-U.S. Securities

We may invest in non-U.S. securities, which may include securities denominated in U.S. dollars or in non-U.S. currencies and securities of companies in emerging markets, to the extent permitted by the 1940 Act.

Investments in Asset-Based Opportunities

We may invest in asset-based opportunities through joint ventures, investment platforms, private investment funds or other business entities that provide one or more of the following services: origination or sourcing of potential investment opportunities, due diligence and negotiation of potential investment opportunities and/or servicing, development and management (including turnaround) and disposition of investments. Such investments may be in or alongside existing or newly formed operators, consultants and/or managers that pursue such opportunities and may or may not include capital and/or assets contributed by third party investors. Such investments may include opportunities to direct-finance physical assets, such as airplanes and ships, and/or operating assets, such as financial service entities, as opposed to investment securities, or to invest in origination and/or servicing platforms directly. These asset-based opportunities are expected to offer mezzanine-like structural downside protection as well as asset collateral, and equity-like upside that can be achieved through appreciation at the asset-level or, in the case of platforms, through growth of the enterprise value. Key areas of focus include, without limitation, aircraft, real estate and consumer finance.

Structured Products

We may invest in structured products, which may include collateralized debt obligations, collateralized bond obligations, collateralized loan obligations, structured notes and credit-linked notes. The issuers of such investment products may be structured as trusts or other types of pooled investment vehicles. Such products may also involve the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments.

Derivatives

We may also invest from time to time in derivatives, including total return swaps, interest rate swaps, credit default swaps and foreign currency forward contracts. We anticipate that any use of derivatives would primarily be as a substitute for investing in conventional securities or to hedge potential risk that is identified by the Advisor.

Investments with Third-Parties

We may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. Such joint venture partners or third party managers may include former personnel of the Advisor or its affiliates or associated persons.

Cash and Cash Equivalents

We may maintain a certain level of cash or equivalent instruments, including money market funds, to make follow-on investments, if necessary, in existing portfolio companies or to take advantage of new opportunities.

Comparison of Targeted Debt Investments to Corporate Bonds

Loans to private companies are debt instruments that can be compared to corporate bonds to aid an investor's understanding. As with corporate bonds, loans to private companies can range in credit quality depending on security-specific factors, including total leverage, amount of leverage senior to the security in question, variability in the issuer's cash flows, the quality of assets securing debt and the degree to which such assets cover the subject company's debt obligations. As is the case in the corporate bond market, we will require greater returns for securities that we perceive to carry increased risk. The companies in which we invest may be leveraged, often as a result of leveraged buyouts or other recapitalization transactions, and, in many cases, will not be rated by national rating agencies. When our targeted debt investments do carry ratings from a NRSRO, we believe that such ratings generally will be below investment grade (rated lower than "Baa3" by Moody's or lower than "BBB-" by S&P). To the extent we make unrated investments, we believe that such investments would likely receive similar ratings if they were to be examined by a NRSRO. Compared to below-investment grade corporate bonds that are typically available to the public, our targeted senior secured and second lien secured loan investments are higher in the capital structure, have priority in receiving payment, are secured by the issuer's assets, allow the lender to seize collateral if necessary, and generally exhibit higher rates of recovery in the event of default. Corporate bonds, on the other hand, are often unsecured obligations of the issuer.

The market for loans to private companies possesses several key differences compared to the corporate bond market. For instance, due to a possible lack of debt ratings for certain middle market firms, and also due to the reduced availability of information for private companies, investors must conduct extensive due diligence investigations before committing to an investment. This intensive due diligence process gives the investor significant access to management, which is often not possible in the case of corporate bondholders, who rely on underwriters, debt rating agencies and publicly available information for due diligence reviews and monitoring of corporate issuers. While holding these investments, private debt investors often receive monthly or quarterly updates on the portfolio company's financial performance, along with possible representation on the company's board of directors, which allows the investor to take remedial action quickly if conditions happen to deteriorate. Due to reduced liquidity, the relative scarcity of capital and extensive due diligence and expertise required on the part of the investor, we believe that private debt securities typically offer higher returns than corporate bonds of equivalent credit quality.

Investment Process

The investment professionals employed by the Advisor or its affiliates have spent their careers developing the resources necessary to invest in private companies. Our current transaction process is highlighted below.

Our Transaction Process



Sourcing

The relationships of the Advisor and its affiliates provide us with access to a robust and established pipeline of investment opportunities sourced from a variety of different investment channels, including private equity sponsors, non-sponsored corporates, financial advisors, banks, brokers and family offices.

Evaluation

Screening. Once a potential investment has been identified, the Advisor screens the opportunity and makes a preliminary determination concerning whether to proceed with a more comprehensive deal-level due diligence review.

Pipeline/Risk Update. Upon review of the full deal pipeline, the Advisor raises key risks and issues to determine whether or not an investment meets our basic investment criteria and offers an acceptable probability of attractive returns with identifiable downside

risk. The objective is for the Advisor to identify a suitable and attractive opportunity for a more comprehensive due diligence review based on the facts and circumstances surrounding the investment.

Deal-level Q&A: After an investment has been identified and preliminary due diligence has been completed, screening memos and a credit research analysis is prepared. These reports are reviewed by the Advisor's investment committee, or the Investment Committee, to discuss key diligence and structuring issues. Following the Advisor's review, the Investment Committee will complete any incremental due diligence prior to formal Investment Committee approval. Though each transaction may involve a somewhat different approach, the Advisor's diligence of each opportunity could include:

- a full operational analysis to identify the key risks and opportunities of the target's business, including a detailed review of historical and projected financial results;
- a detailed analysis of industry dynamics, competitive position, regulatory, tax and legal matters;
- on-site visits, if deemed necessary;
- background checks to further evaluate management and other key personnel;
- a review by legal and accounting professionals, environmental or other industry consultants, if necessary;
- financial sponsor due diligence, including portfolio company and lender reference checks, if necessary; and
- a review of management's experience and track record.

Execution

Following any incremental due diligence, the Investment Committee is presented with a formal recommendation for approval. Once the Investment Committee has determined that the portfolio company is suitable for investment, the Advisor works with the management team of the prospective company to finalize the structure and terms of the investment. We believe that structuring transactions appropriately is a key factor to producing strong investment results. Accordingly, we will actively consider transaction structures and seek to process and negotiate terms that provide the best opportunities for superior risk-adjusted returns.

Post-Investment Monitoring

Portfolio Monitoring. The Advisor monitors our portfolio with a focus toward anticipating negative credit events. To maintain portfolio company performance and help to ensure a successful exit, the Advisor works closely with, as applicable, the lead equity sponsor, loan syndicator, portfolio company management, consultants, advisers and other security holders to discuss financial position, compliance with covenants, financial requirements and execution of the company's business plan. In addition, depending on the size, nature and performance of the transaction, we may occupy a seat or serve as an observer on a portfolio company's board of directors or similar governing body.

Typically, the Advisor receives financial reports detailing operating performance, sales volumes, cost of goods sold, operating expenses, operating margins, cash flows, financial position and other key operating metrics on a quarterly basis from our portfolio companies. The Advisor uses this data, combined with due diligence gained through contact with the company's customers, suppliers, competitors, market research and other methods, to conduct an ongoing, rigorous assessment of the company's operating performance and prospects.

In addition to various risk management and monitoring tools, the Advisor uses an investment rating system to characterize and monitor the expected level of returns on each investment in our portfolio. The Advisor uses an investment rating scale of 1 to 4. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio Asset Quality" for a description of the conditions associated with each investment rating.

Valuation Process. Our board of directors is responsible for overseeing the valuation of our portfolio investments at fair value as determined in good faith pursuant to the Advisor's valuation policy. As permitted by Rule 2a-5 of the 1940 Act, our board of directors has designated the Advisor as our valuation designee with day-to-day responsibility for implementing the portfolio valuation process set forth in the Advisor's valuation policy.

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosure*, or ASC Topic 820, issued by the Financial Accounting Standards Board, or FASB, clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and

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quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Advisor determines the fair value of our investment portfolio each quarter. Securities that are publicly-traded with readily available market prices will be valued at the reported closing price on the valuation date. Securities that are not publicly-traded with readily available market prices will be valued at fair value as determined in good faith by the Advisor. In connection with that determination, the Advisor will prepare portfolio company valuations which are based on relevant inputs, including, but not limited to, indicative dealer quotes, values of like securities, recent portfolio company financial statements and forecasts, and valuations prepared by independent third-party pricing and valuation services.

With respect to investments for which market quotations are not readily available, we undertake a multi-step valuation process each quarter, as described below:

- our quarterly fair valuation process begins by the Advisor facilitating the delivery of updated quarterly financial and other information relating to each investment to an independent third-party pricing or valuation service;
- the independent third-party pricing or valuation service then reviews and analyzes the information, along with relevant market and economic data, and determines proposed valuations for each portfolio company or investment according to the valuation methodologies in the Advisor's valuation policy and communicates the information to the Advisor in the form of a valuation range for Level 3 assets;
- the Advisor then reviews the preliminary valuation information for each portfolio company or investment and provides feedback about the accuracy, completeness and timeliness of the valuation-related inputs considered by the independent third-party pricing or valuation service and any suggested revisions thereto prior to the independent third-party pricing or valuation service finalizing its valuation range;
- the Advisor then provides the valuation committee with its valuation determinations and valuation-related information for each portfolio company or investment, along with any applicable supporting materials; and other information that is relevant to the fair valuation process as required by the Advisor's board reporting obligations;
- the valuation committee meets with the Advisor to receive the relevant quarterly reporting from the Advisor and to discuss any questions from the valuation committee in connection with the valuation committee's role in overseeing the fair valuation process; and
- following the completion of its fair value oversight activities, the valuation committee (with the assistance of the Advisor) provides our board of directors with a report regarding the quarterly valuation process.

In circumstances where the Advisor deems appropriate, the Advisor's internal valuation team values certain investments. When performing the internal valuations, the Advisor utilizes similar valuation techniques as an independent third-party pricing service would use. Such valuations are approved by an internal valuation committee of the Advisor, as well as the valuation committee of the Board, as described above.

Determination of fair value involves subjective judgments and estimates. Accordingly, 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. In making its determination of fair value, the Advisor may use any independent third-party pricing or valuation services for which it has performed the appropriate level of due diligence. However, the Advisor is not required to determine fair value in accordance with the valuation provided by any single source, and may use any relevant data, including information sourced by the Advisor or provided by any independent third-party valuation or pricing service that the Advisor deems to be reliable in determining fair value under the circumstances. Below is a description of factors that the Advisor and any independent third-party valuation services may consider when determining the fair value of our investments.

The valuation methods utilized for each portfolio company may vary depending on industry and company-specific considerations. Typically, the first step is to make an assessment as to the enterprise value of the portfolio company's business in order to establish whether the portfolio company's enterprise value is greater than the amount of its debt as of the valuation date. This analysis helps to determine a risk profile for the applicable portfolio company and its related investments, and the appropriate valuation methodology to utilize as part of the security valuation analysis. The enterprise valuation may be determined using a market or income approach.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, the Advisor may incorporate these factors into discounted cash flow models to arrive at fair value. Various methods may be used to determine the appropriate discount rate in a discounted cash flow model.

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Other factors that may be considered include the borrower's ability to adequately service its debt, the fair market value of the borrower in relation to the face amount of its outstanding debt and the quality of collateral securing the debt investments.

For convertible debt securities, fair value generally approximates the fair value of the debt plus the fair value of an option to purchase the underlying security (i.e., the security into which the debt may convert) at the conversion price. To value such an option, a standard option pricing model may be used.

Our equity interests in portfolio companies for which there is no liquid public market are valued at fair value. Generally, the value of our equity interests in public companies for which market quotations are readily available is based upon the most recent closing public market price. Portfolio securities that carry certain restrictions on sale are typically valued at a discount from the public market value of the security.

When we receive warrants or other equity securities at nominal or no additional cost in connection with an investment in a debt security, the cost basis in the investment will be allocated between the debt securities and any such warrants or other equity securities received at the time of origination. The Advisor subsequently values these warrants or other equity securities received at their fair value.

Managerial Assistance. As a BDC, we must offer, and provide upon request, managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Depending on the nature of the assistance required, the Advisor will provide such managerial assistance on our behalf to portfolio companies that request this assistance. To the extent fees are paid for these services, we, rather than the Advisor, will retain any fees paid for such assistance.

Exit

While we attempt to invest in securities that may be sold in a privately negotiated OTC market, providing us a means by which we may exit our positions, we expect that a large portion of our portfolio may not be sold on this secondary market. For any investments that are not able to be sold within this market, we focus primarily on investing in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of our investments, an initial public offering of equity securities, a merger, a sale or a recapitalization, in each case with the potential for capital gains to the extent we maintain an equity interest in the underlying portfolio company.

Risk Management

We seek to limit the downside potential of our investment portfolio by, among other things:

- applying our investment strategy guidelines for portfolio investments;
- requiring a total return on investments (including both interest and potential appreciation) that adequately compensates us for credit risk;
- allocating our portfolio among various issuers and industries, size permitting, with an adequate number of companies, across different industries, with different types of collateral; and
- negotiating or seeking debt investments with covenants or features that protect us while affording portfolio companies flexibility in managing their businesses consistent with preservation of capital, which may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights.

We may also enter into interest rate hedging transactions at the sole discretion of the Advisor. Such transactions will enable us to selectively modify interest rate exposure as market conditions dictate.

Affirmative Covenants

Affirmative covenants require borrowers to take actions that are meant to ensure the solvency of the company, facilitate the lender's monitoring of the borrower, and ensure payment of interest and loan principal due to lenders. Examples of affirmative covenants include covenants requiring the borrower to maintain adequate insurance, accounting and tax records, and to produce frequent financial reports for the benefit of the lender.

Negative Covenants

Negative covenants impose restrictions on the borrower and are meant to protect lenders from actions that the borrower may take that could harm the credit quality of the lender's investments. Examples of negative covenants include restrictions on the payment of dividends and restrictions on the issuance of additional debt without the lender's approval. In addition, certain covenants restrict a

borrower's activities by requiring it to meet certain earnings interest coverage ratio and leverage ratio requirements. These covenants are also referred to as financial or maintenance covenants.

Operating and Regulatory Structure

Our investment activities are managed by the Advisor and supervised by our board of directors, a majority of whom are independent. Under the investment advisory agreement, we have agreed to pay the Advisor an annual base management fee based on the average weekly value of our gross assets (excluding cash and cash equivalents) and an incentive fee based on our performance. See Notes 2 and 4 to our consolidated financial statements included in this annual report on Form 10-K for a description of the fees we pay to the Advisor.

From time to time, the Advisor may enter into sub-advisory relationships with registered investment advisers that possess skills or attributes that the Advisor believes will aid it in achieving our investment objectives. The Advisor oversees our day-to-day operations, including the provision of general ledger accounting, fund accounting, legal services, investor relations, certain government and regulatory affairs activities, and other administrative services. The Advisor also performs, or oversees the performance of, our corporate operations and required administrative services, which includes being responsible for the financial records that we are required to maintain and preparing reports for our stockholders and reports filed with the SEC. In addition, the Advisor assists us in calculating our net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports to our stockholders, and generally overseeing the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Pursuant to our administration agreement, dated April 9, 2018, or the administration agreement, we reimburse the Advisor for expenses necessary to perform services related to our administration and operations, including the Advisor's allocable portion of the compensation and related expenses of certain personnel of FS Investments and KKR Credit providing administrative services to us on behalf of the Advisor. We reimburse the Advisor no less than quarterly for all costs and expenses incurred by the Advisor in performing its obligations and providing personnel and facilities under the administration agreement. The Advisor allocates the cost of such services to us based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. Our board of directors reviews the methodology employed in determining how the expenses are allocated to us and the proposed allocation of administrative expenses among us and certain affiliates of the Advisor. Our board of directors then assesses the reasonableness of such reimbursements for expenses allocated to us based on the breadth, depth and quality of such services as compared to the estimated cost to us of obtaining similar services from third-party service providers known to be available. In addition, our board of directors considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, our board of directors compares the total amount paid to the Advisor for such services as a percentage of our net assets to the same ratio as reported by other comparable BDCs.

We have contracted with State Street Bank and Trust Company to provide various accounting and administrative services, including, but not limited to, preparing preliminary financial information for review by the Advisor, preparing and monitoring expense budgets, maintaining accounting and corporate books and records, processing trade information provided by us and performing testing with respect to RIC compliance.

As a BDC, we are required to comply with certain regulatory requirements. Also, while we are permitted to finance investments using debt, our ability to use debt will be limited in certain significant respects pursuant to the 1940 Act. Within the limits of existing regulation, we will adjust our use of debt, according to market conditions, to the level we believe will allow us to generate maximum risk-adjusted returns. See "—Regulation." We have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under the Code.

Regulation

We have elected to be regulated as a BDC under the 1940 Act and as a RIC under the Code. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters, as described below. The 1940 Act also requires that a majority of our directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities. The 1940 Act defines "a majority of the outstanding voting securities" as the lesser of (i) 67% or more of the voting securities present at a meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy or (ii) 50% of our outstanding voting securities.

We will generally not be able to issue and sell our common stock at a price per share, after deducting underwriting commissions and discounts, that is below our net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. At the 2022 annual stockholders meeting, our stockholders approved the sale of shares of our common stock at a price below the then-current net

asset value per share, subject to certain conditions, during the period beginning on August 3, 2022 and expiring on August 3, 2023. We currently do not intend to utilize this authority to sell shares of our common stock at a price below the then-current net asset value per share. In addition, we may generally issue new shares of our common stock at a price below net asset value per share in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

As a BDC, we are subject to certain regulatory restrictions in making our investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term. In an order dated January 5, 2021, the SEC granted exemptive relief permitting us, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit, with our co-investment affiliates. Under the terms of this relief, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objectives and strategy and any criteria established by our board of directors.

Under the 1940 Act, we may only invest up to 30% of our portfolio in entities that are not considered “eligible portfolio companies” under the 1940 Act, including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the 1940 Act and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the 1940 Act.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies. We may enter into hedging transactions to manage the risks associated with interest rate and currency fluctuations. We may purchase or otherwise receive warrants or options to purchase the common stock of our portfolio companies in connection with acquisition financings or other investments. In connection with such an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances.

We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the 1940 Act), invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

On June 14, 2019, our stockholders approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act. As a result, we are permitted, under specified conditions, to issue multiple classes of debt and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance, such that the Company’s maximum debt to equity ratio increased from a prior maximum of 1.0x (equivalent of \$1 of debt outstanding for each \$1 equity) to a maximum of 2.0x (equivalent to \$2 of debt outstanding for each \$1 of equity). In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary purposes without regard to asset coverage.

During 2022, compliance with material governmental regulation applicable to us did not have a material effect on our capital expenditures, earnings, or competitive position.

Securities Exchange Act and Sarbanes-Oxley Act Compliance

We are subject to the reporting and disclosure requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act, which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 promulgated under the Exchange Act, our chief executive officer and chief financial officer are required to certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;

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- pursuant to Rule 13a-15 promulgated under the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting; and
- pursuant to Item 308 of Regulation S-K, our auditors must attest to, and report on, our management's assessment of our internal control over financial reporting.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and take actions necessary to ensure that we are in compliance therewith.

The New York Stock Exchange Corporate Governance Regulations

The New York Stock Exchange, or NYSE, has adopted corporate governance regulations with which listed companies must comply. We believe we currently are in compliance with such corporate governance listing standards. We intend to monitor our compliance with all future listing standards and to take reasonably necessary actions to ensure that we stay in compliance.

Taxation as a RIC

We have elected to be subject to tax as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we timely distribute each tax year as distributions to our stockholders. To qualify for and maintain our qualification as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to maintain RIC tax treatment, we must distribute to our stockholders, for each tax year, distributions generally of an amount at least equal to 90% of our "investment company taxable income," which is generally the sum of our net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses, determined without regard to any deduction for distributions paid, or the Annual Distribution Requirement.

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement,

then we will not be subject to U.S. federal income tax on the portion of our income or capital gains we distribute (or are deemed to distribute) as distributions to our stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) as distributions to our stockholders.

As a RIC, we will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless we distribute distributions in a timely manner to our stockholders generally of an amount at least equal to the sum of (1) 98% of our net ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gain net income, which is the excess of capital gains in excess of capital losses, or "capital gain net income" (as adjusted for certain ordinary losses), for the one-year period ending October 31 of that calendar year and (3) any net ordinary income and capital gain net income for the preceding years that were not distributed during such years and on which we paid no U.S. federal income tax, or the Excise Tax Avoidance Requirement. Any distribution declared by us during October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following calendar year, will be treated as if it had been paid by us, as well as received by our U.S. stockholders, on December 31 of the calendar year in which the distribution was declared.

We have previously incurred, and may incur in the future, such excise tax on a portion of our income and capital gains. While we intend to distribute income and capital gains to minimize exposure to the 4% excise tax, we may not be able to, or may choose not to, distribute amounts sufficient to avoid the imposition of the tax entirely. In that event, we generally will be liable for the excise tax only on the amount by which we do not meet the excise tax avoidance requirement.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the 1940 Act at all times during each tax year;
- derive in each tax year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly-traded partnerships," or other income derived with respect to our business of investing in such stock or other securities, or the 90% Income Test; and
- diversify our holdings so that at the end of each quarter of the tax year:

- at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and
- no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly-traded partnerships,” or the Diversification Tests.

A RIC is limited in its ability to deduct expenses in excess of its investment company taxable income. If our expenses in a given tax year exceed our investment company taxable income, we may experience a net operating loss for that tax year. However, a RIC is not permitted to carry forward net operating losses to subsequent tax years and such net operating losses do not pass through to its stockholders. In addition, deductible expenses can be used only to offset investment company taxable income, not net capital gain. A RIC may not use any net capital losses (that is, the excess of realized capital losses over realized capital gains) to offset its investment company taxable income, but may carry forward such net capital losses, and use them to offset future capital gains, indefinitely. Due to these limits on deductibility of expenses and net capital losses, we may for tax purposes have aggregate taxable income for several years that we are required to distribute and that is taxable to our stockholders even if such taxable income is greater than the net income we actually earn during those years.

For U.S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt instruments that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each tax year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same tax year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we have elected to amortize market discount and include such amounts in our taxable income in the current tax year, instead of upon their disposition, as an election not to do so would limit our ability to deduct interest expense for tax purposes.

We invest a portion of our net assets in below investment grade instruments. Investments in these types of instruments may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt instruments in a bankruptcy or workout context are taxable. We will address these and other issues to the extent necessary in order to seek to ensure that we distribute sufficient income to avoid any material U.S. federal income or excise tax.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the tax year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the Annual Distribution Requirement necessary to maintain RIC tax treatment under Subchapter M of the Code. We may have to sell or otherwise dispose of some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell or otherwise dispose of assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. See “—Regulation—Senior Securities.” Moreover, our ability to sell or otherwise dispose of assets to meet the Annual Distribution Requirement may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we sell or otherwise dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

A portfolio company in which we invest may face financial difficulties that require us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such transaction could, depending upon the specific terms of the transaction, result in unusable capital losses and future non-cash income. Any such transaction could also result in our receiving assets that give rise to non-qualifying income for purposes of the 90% Income Test or otherwise would not count toward satisfying the Diversification Tests.

Some of the income that we might otherwise earn, such as fees for providing managerial assistance, certain fees earned with respect to our investments, income recognized in a work-out or restructuring of a portfolio investment, or income recognized from an

equity investment in an operating partnership, may not satisfy the 90% Income Test. To manage the risk that such income might disqualify us as a RIC for failure to satisfy the 90% Income Test, one or more subsidiary entities treated as U.S. corporations for entity-level income tax purposes may be employed to earn such income and (if applicable) hold the related asset. Such subsidiary entities will be required to pay U.S. federal income tax on their earnings, which ultimately will reduce the yield to our stockholders on such fees and income.

Competition

Our primary competitors for investments include other BDCs and investment funds (including private equity funds, mezzanine funds and CLO funds). In addition, alternative investment vehicles, such as hedge funds, have begun to invest in areas in which they have not traditionally invested, including making investments in middle market private U.S. companies. We also compete with traditional financial services companies such as commercial banks. We believe we will be able to compete with these entities for financing opportunities on the basis of, among other things, the experience of the Advisor and its affiliates.

Some of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have and may not be subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the restrictions that the Code imposes on us as a RIC. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than us.

Employees

We do not currently have any employees. Each of our executive officers is a principal, officer or employee of the Advisor or its affiliates, which manages and oversees our investment operations. In the future, the Advisor may directly retain personnel based upon its needs.

Available Information

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. This information is available free of charge by calling us collect at (215) 495-1150 or on our website at www.fskkradvisor.com. Information contained on our website is not incorporated into this annual report on Form 10-K and you should not consider such information to be part of this annual report on Form 10-K. Such information is also available from the EDGAR database on the SEC's web site at www.sec.gov.

Item 1A. Risk Factors

Investing in our securities involves a number of significant risks. In addition to the other information contained in this annual report on Form 10-K, investors should consider carefully the following information before making an investment in our securities. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the net asset value and market price of our common stock could decline or the value of our debt or equity investments may decline, and investors may lose all or part of their investment.

Summary of Risk Factors

The following is a summary of the principal risk factors associated with an investment in the Company. Further details regarding each risk included in the below summary list can be found further below.

Risks Related to Our Business and Structure

- If our investment advisory agreement were to be terminated, or if the Advisor loses any members of its senior management team, our ability to achieve our investment objectives could be significantly harmed.
- The inability of the Advisor to generate investment opportunities through relationships with private equity sponsors, investment banks and commercial banks could adversely affect our business.
- We operate in a highly competitive market for investment opportunities.
- The SBCA Act allows us to incur additional leverage.
- Failure to safeguard the security of our data could compromise our ability to conduct business.

Risks Related to the Advisor and its Affiliates

- The Advisor and its affiliates face conflicts of interest as a result of arrangements between us and the Advisor and related to obligations the Advisor and its affiliates have to our affiliates and to other clients.
- We may be obligated to pay the Advisor incentive compensation on income that we have not received.
- We may face additional competition because employees of the Advisor are not prohibited from raising money for or managing another entity that makes the same types of investments that we target.

Risks Related to Business Development Companies and RICs

- Failure to maintain our status as a BDC would reduce our operating flexibility.
- Our ability to acquire investments may be adversely affected if we cannot obtain financing.
- The requirement that we invest a sufficient portion of our assets in qualifying assets could preclude us from investing in accordance with our current business strategy; conversely, the failure to invest a sufficient portion of our assets in qualifying assets could result in our failure to maintain our status as a BDC.

Risks Related to our Investments

- Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies.
- Our investments in prospective portfolio companies may be risky, and we could lose all of our investment.
- Our investments in private investment funds subject us indirectly to the underlying risks of such private investment funds and additional fees and expenses.
- There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. If there is a default, the value of any collateral securing our debt investments may not be sufficient to repay in full both the other creditors and us.
- Declines in market values or fair market values of our investments could result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.

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- A significant portion of our investment portfolio does not have a readily available market price and is and will be recorded at fair value in accordance with policies and procedures approved by our board of directors and, as a result, there is and will be uncertainty as to the value of our portfolio investments.
- We are exposed to risks associated with changes in interest rates.
- Our investments may include original issue discount and PIK instruments.
- We may from time to time enter into derivative transactions which expose us to certain risks.

Risks Related to Debt Financing

- We currently incur indebtedness to make investments, which magnifies the potential for gain or loss on amounts invested in our common stock and may increase the risk of investing in our common stock.
- The agreements governing our debt financing arrangements contain various covenants which, if not complied with, could have a material adverse effect on our ability to meet our investment obligations.

Risks Related to an Investment in Our Common Stock

- There is a risk that investors in our common stock may not receive distributions.
- Portions of the distributions that we make may represent a return of capital to stockholders.
- Our shares of common stock may trade at a discount to net asset value and we may issue shares at prices below our then-current net asset value.
- We may pay distributions from offering proceeds, borrowings or the sale of assets.
- Certain provisions of our charter and bylaws as well as provisions of the Maryland General Corporation Law could deter takeover attempts and have an adverse impact on the value of our common stock.
- Holders of any preferred stock that we issue will have the right to elect members of the board of directors.

General Risk Factors

- Future disruptions or instability in capital markets could negatively impact the valuation of our investments and our ability to raise capital.
- Future economic recessions or downturns could impair our portfolio companies and harm our operating results.
- Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of operations.
- If a period of capital market disruption and instability continues for an extended period of time, there is a risk that investors in our equity securities may not receive distributions consistent with historical levels or at all or that our distributions may not grow over time and a portion of our distributions may be a return of capital.
- Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.

Risks Related to Our Business and Structure

Our ability to achieve our investment objectives depends on the Advisor's ability to manage and support our investment process and if our agreement with the Advisor were to be terminated, or if the Advisor loses any members of its senior management team, our ability to achieve our investment objectives could be significantly harmed.

Because we have no employees, we depend on the investment expertise, skill and network of business contacts of the Advisor. The Advisor evaluates, negotiates, structures, executes, monitors and services our investments. Our future success depends to a significant extent on the continued service of the Advisor, as well as its senior management team. The departure of any members of the Advisor's senior management team could have a material adverse effect on our ability to achieve our investment objectives.

Our ability to achieve our investment objectives depends on the Advisor's ability to identify, analyze, invest in, finance and monitor companies that meet our investment criteria. The Advisor's capabilities in structuring the investment process, providing competent, attentive and efficient services to us, and facilitating access to financing on acceptable terms depend on the employment of

investment professionals in an adequate number and of adequate sophistication to match the corresponding flow of transactions. To achieve our investment objectives, the Advisor may need to hire, train, supervise and manage new investment professionals to participate in our investment selection and monitoring process. The Advisor may not be able to find investment professionals in a timely manner or at all. Failure to support our investment process could have a material adverse effect on our business, financial condition and results of operations.

In addition, each of our investment advisory agreement and administration agreement with the Advisor has termination provisions that allow the parties to terminate the agreements without penalty. The investment advisory agreement and administration agreement may each be terminated at any time, without penalty, by the Advisor, upon 60 days' notice to us. If the investment advisory agreement is terminated, it may adversely affect the quality of our investment opportunities. In addition, in the event such agreement is terminated, it may be difficult for us to replace the Advisor and the termination of such agreement may adversely impact the terms of any existing or future financing arrangement, which could have a material adverse effect on our business and financial condition.

The Advisor has a limited track record of acting as an investment adviser to a BDC, and any failure by the Advisor to manage and support our investment process may hinder the achievement of our investment objectives.

The Advisor is jointly operated by an affiliate of FS Investments and KKR Credit with limited prior experience acting as an investment adviser to a BDC. The 1940 Act and the Code impose numerous constraints on the operations of BDCs that do not apply to other investment vehicles. While both affiliates of FS Investments and KKR Credit have individually acted as investment advisers to BDCs previously, the Advisor's limited experience in managing a portfolio of assets under the constraints of the 1940 Act and the Code may hinder the Advisor's ability to take advantage of attractive investment opportunities and, as a result, may adversely affect our ability to achieve our investment objectives. FS Investments' and KKR Credit's individual track records and achievements are not necessarily indicative of the future results they will achieve as a joint investment adviser. Accordingly, we can offer no assurance that we will replicate the historical performance of other investment companies with which FS Investments and KKR Credit have been affiliated, and we caution that our investment returns could be lower than the returns achieved by such other companies.

Because our business model depends to a significant extent upon relationships with private equity sponsors, investment banks and commercial banks, the inability of the Advisor to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

If the Advisor fails to maintain its existing relationships with private equity sponsors, investment banks and commercial banks on which it relies to provide us with potential investment opportunities, or develop new relationships with other sponsors or sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom the Advisor has relationships generally are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.

A number of entities compete with us to make the types of investments that we plan to make and we believe that recent market trends, including sustained periods of low interest rates, have increased the number of competitors seeking to invest in loans to private, middle market companies in the United States. We compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors have access to funding sources that are not available to us. In addition, some of our competitors could have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or the source of income, asset diversification and distribution requirements we must satisfy to maintain our qualification as a RIC. The competitive pressures we face could have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of this competition, we can provide no assurance that we will be able to take advantage of attractive investment opportunities that arise from time to time, and we can provide no assurance that we will be able to identify and make investments that are consistent with our investment objective.

The amount of capital in the private debt markets and overall competition for loans could result in short term returns for us that are lower than our long-term targets. In addition, one of the effects of the COVID-19 pandemic has been a decrease in the number of new investment opportunities in U.S. middle market companies during 2020, and we can offer no assurance about when, or if, the number of U.S. middle market company investing opportunities will equal or exceed those available prior to the COVID-19 pandemic. In the event these conditions continue for an extended amount of time, they could have a material adverse effect on our business, financial condition and results of operations.

Identifying, structuring and consummating investments involves competition among capital providers and market and transaction uncertainty. The Advisor can provide no assurance that it will be able to identify a sufficient number of suitable investment opportunities or to avoid prepayment of existing investments to satisfy our investment objectives, including as necessary to effectively structure

credit facilities or other forms of leverage. The loan origination market is very competitive, which can result in loan terms that are more favorable to borrowers, and conversely less favorable to lenders, such as lower interest rates and fees, weaker borrower financial and other covenants, borrower rights to cure defaults, and other terms more favorable to borrowers than current or historical norms. Increased competition could cause us to make more loans that are “cov-lite” in nature and, in a distressed scenario, there can be no assurance that these loans will retain the same value as loans with a full package of covenants. As a result of these conditions, the market for leveraged loans could become less advantageous than expected for us, and this could increase default rates, decrease recovery rates or otherwise harm our returns. The risk of prepayment is also higher in the current competitive environment if borrowers are offered more favorable terms by other lenders. The financial markets have experienced substantial fluctuations in prices and liquidity for leveraged loans. Any further disruption in the credit and other financial markets could have substantial negative effects on general economic conditions, the availability of required capital for companies and the operating performance of such companies. These conditions also could result in increased default rates and credit downgrades, and affect the liquidity and pricing of the investments made by us. Conversely, periods of economic stability and increased competition among capital providers could increase the difficulty of locating investments that are desirable for us.

With respect to the investments we make, we do not seek to compete based primarily on the interest rates we offer, and we believe that some of our competitors could make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we compete generally on the basis of pricing terms. With respect to all investments, we could lose some investment opportunities if we do not match our competitors’ pricing, terms and structure. However, if we match our competitors’ pricing, terms and structure, we could experience decreased net interest income, lower yields and increased risk of credit loss. We could also compete for investment opportunities with accounts managed or sponsored by Advisor or its affiliates. Although Advisor allocates opportunities in accordance with its allocation policy, allocations to such other accounts will reduce the amount and frequency of opportunities available to us and thus not necessarily be in the best interests of us and our securityholders. Moreover, the performance of investments will not be known at the time of allocation.

Our board of directors may change our operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. Moreover, we have significant investment flexibility within our investment strategies. Therefore, we may invest our assets in ways with which investors may not agree. We also cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and the value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay stockholders distributions and cause them to lose all or part of their investment.

Changes in laws or regulations governing our operations or the operations of our business partners may adversely affect our business or cause us to alter our business strategy.

We, our portfolio companies and our business partners are subject to regulation at the local, state and federal level. New legislation may be enacted, amended or repealed or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make and the deductibility of interest expense by our portfolio companies, potentially with retroactive effect. For example, certain provisions of the Dodd-Frank Act, which influences many aspects of the financial services industry, have been amended or repealed and the Code has been substantially amended and reformed. New or repealed legislation, interpretations, rulings or regulations could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. In addition, any changes to the laws and regulations governing our operations, including with respect to permitted investments, may cause us to alter our investment strategy to avail ourselves of new or different opportunities or make other changes to our business. Such changes could result in material differences to our strategies and plans as set forth in this annual report on Form 10-K and may result in our investment focus shifting from the areas of expertise of the Advisor to other types of investments in which the Advisor may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of a stockholder’s investment.

The SBCA Act allows us to incur additional leverage.

On March 23, 2018, the Small Business Credit Availability Act, or the SBCA Act, became law. The SBCA Act, among other things, amends Section 61(a) of the 1940 Act to add a new Section 61(a)(2) which reduces the asset coverage requirements for senior securities applicable to BDCs from 200% to 150% provided that certain disclosure and approval requirements are met. Effective June 15, 2019, following approval by our stockholders, our asset coverage requirement was reduced from 200% to 150%, such that the Company’s maximum debt to equity ratio increased from a prior maximum of 1.0x (equivalent of \$1 of debt outstanding for each \$1 of equity) to a maximum of 2.0x (equivalent to \$2 of debt outstanding for each \$1 of equity). As a result, we are able to incur substantial additional indebtedness, and, therefore the risk of an investment in us may increase. See “Risks Related to Debt Financing

—We currently incur indebtedness to make investments, which magnifies the potential for gain or loss on amounts invested in our common stock and may increase the risk of investing in our common stock.”

We may invest in derivatives or other assets that expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage.

The Company may invest in derivatives and other assets that are subject to many of the same types of risks related to the use of leverage. In October 2020, the SEC adopted Rule 18f-4 under the 1940 Act regarding the ability of a BDC to use derivatives and other transactions that create future payment or delivery obligations. Under Rule 18f-4, BDCs that use derivatives are subject to a value-at-risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the BDC qualifies as a “limited derivatives user,” as defined under Rule 18f-4. Under Rule 18f-4, a BDC may enter into an unfunded commitment agreement (which may include delayed draw and revolving loans) that will not be deemed to be a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit the Company’s ability to use derivatives and/or enter into certain other financial contracts.

The Company has adopted updated policies and procedures in compliance with Rule 18f-4. The Company currently qualifies as a “limited derivatives user.” Future legislation or rules may modify how the Company treats derivatives and other financial arrangements for purposes of the Company’s compliance with the leverage limitations of the 1940 Act. Future legislation or rules may modify how leverage is calculated under the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to the Company under the 1940 Act, which may be materially adverse to the Company and the Company’s Investors.

As a public company, we are subject to regulations not applicable to private companies, such as provisions of the Sarbanes-Oxley Act. Efforts to comply with such regulations will involve significant expenditures, and non-compliance with such regulations may adversely affect us.

As a public company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act, and other rules implemented by the SEC and the listing standards of the NYSE. Our management is required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and rules and regulations of the SEC thereunder. In particular, our management is required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting. Section 404 of the Sarbanes-Oxley Act also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting.

We incur significant expenses in connection with our compliance with the Sarbanes-Oxley Act and other regulations applicable to public companies, which may negatively impact our financial performance and our ability to make distributions. Compliance with such regulations also requires a significant amount of our management’s time and attention. For example, we cannot be certain as to the timing of the completion of our Sarbanes-Oxley mandated evaluations, testings and remediation actions, if any, or the impact of the same on our operations, and we may not be able to ensure that the process is effective or that our internal control over financial reporting are or will be deemed effective in the future. In the event that we are unable to maintain an effective system of internal control and maintain compliance with the Sarbanes-Oxley Act and related rules, we may be adversely affected.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of our expenses, variations in and the timing of fee income and the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.

If we, our affiliates and our and their respective third-party service providers are unable to maintain the availability of electronic data systems and safeguard the security of data, our ability to conduct business may be compromised, which could impair our liquidity, disrupt our business, damage our reputation or otherwise adversely affect our business.

Cybersecurity refers to the combination of technologies, processes, and procedures established to protect information technology systems and data from unauthorized access, attack, or damage. We, our affiliates and our and their respective third-party service providers are subject to cybersecurity risks. Our business operations rely upon secure information technology systems for data processing, storage and reporting. We depend on the effectiveness of the information and cybersecurity policies, procedures and capabilities maintained by our affiliates and our and their respective third-party service providers to protect their computer and telecommunications systems and the data that reside on or are transmitted through them. Cybersecurity risks have significantly

increased in recent years and, while we have not experienced any material losses relating to cyber-attacks or other information security breaches, we could suffer such losses in the future. Our, our affiliates and our and their respective third-party service providers' computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact, as well as cyber-attacks that do not have a security impact but may nonetheless cause harm, such as causing denial-of-service attacks (i.e., efforts to make network services unavailable to intended users) on websites, servers or other online systems. If one or more of such events occur, it potentially could jeopardize confidential and other information, including nonpublic personal information and sensitive business data, processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our affiliates and our and their respective third-party service providers. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations.

Substantial costs may be incurred in order to prevent any cyber incidents in the future. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Privacy and information security laws and regulation changes, and compliance with those changes, may result in cost increases due to system changes and the development of new administrative processes. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. There is no assurance that any efforts to mitigate cybersecurity risks undertaken by us, our affiliates, or our or their respective third-party service providers will be effective. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our business, liability to investors, regulatory intervention or reputational damage.

We and our Advisor could be the target of litigation.

We and our Advisor could become the target of securities class action litigation or other similar claims if our common stock price fluctuates significantly or for other reasons. The proceedings could continue without resolution for long periods of time and the outcome of any such proceedings could materially adversely affect our business, financial condition, and/or operating results. Any litigation or other similar claims could consume substantial amounts of our management's time and attention, and that time and attention and the devotion of associated resources could, at times, be disproportionate to the amounts at stake. Litigation and other claims are subject to inherent uncertainties, and a material adverse impact on our financial statements could occur for the period in which the effect of an unfavorable final outcome in litigation or other similar claims becomes probable and reasonably estimable. In addition, we could incur expenses associated with defending ourselves against litigation and other similar claims, and these expenses could be material to our earnings in future periods.

Our business and operations could be negatively affected if we become subject to stockholder activism, which could cause us to incur significant expense, hinder the execution of our investment strategy or impact our stock price.

Stockholder activism, which could take many forms, including making public demands that we consider certain strategic alternatives for the Company, engaging in public campaigns to attempt to influence our corporate governance and/or our management, and commencing proxy contests to attempt to elect the activists' representatives or others to our board of directors, or arise in a variety of situations, has been increasing in the BDC space recently. While we are currently not subject to any stockholder activism, potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of stockholder activism. Stockholder activism could result in substantial costs and divert management's and our board of directors' attention and resources from our business. Additionally, such stockholder activism could give rise to perceived uncertainties as to our future and adversely affect our relationships with service providers and our portfolio companies. Also, we may be required to incur significant legal and other expenses related to any activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

Risks Related to the Advisor and its Affiliates

The Advisor and its affiliates, including our officers and some of our directors, face conflicts of interest as a result of compensation arrangements between us and the Advisor, which could result in actions that are not in the best interests of our stockholders.

The Advisor and its affiliates receive substantial fees from us in return for their services, and these fees could influence the advice provided to us. We pay to the Advisor an incentive fee that is based on the performance of our portfolio and an annual base management fee that is based on the average weekly value of our gross assets. Because the incentive fee is based on the performance of our portfolio, the Advisor may be incentivized to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee is determined may also encourage the Advisor to use leverage to increase the return on our investments. In addition, because the base management fee is based upon the average weekly value of our gross assets, which includes any borrowings for investment purposes, the Advisor may be incentivized to recommend the use of leverage or the issuance of additional equity to make additional investments and increase the average weekly value of our gross assets. Under certain circumstances, the use of leverage may increase the likelihood of default, which could disfavor holders of our common stock. Our compensation arrangements could therefore result in our making riskier or more speculative

investments, or relying more on leverage to make investments, than would otherwise be the case. This could result in higher investment losses, particularly during cyclical economic downturns.

We may be obligated to pay the Advisor incentive compensation on income that we have not received.

Any incentive fee payable by us that relates to our net investment income may be computed and paid on income that may include interest that has been accrued but not yet received. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously included in the calculation of the incentive fee will become uncollectible. The Advisor is not under any obligation to reimburse us for any part of the incentive fee it received that was based on accrued income that we never received as a result of a default by an entity on the obligation that resulted in the accrual of such income, and such circumstances would result in our paying an incentive fee on income we never received.

For U.S. federal income tax purposes, we are required to recognize taxable income (such as deferred interest that is accrued as original issue discount) in some circumstances in which we do not receive a corresponding payment in cash. Under such circumstances, we may have difficulty meeting the Annual Distribution Requirement necessary to maintain RIC tax treatment under the Code. This difficulty in making the required distribution may be amplified to the extent that we are required to pay an incentive fee with respect to such accrued income. As a result, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital, or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

There may be conflicts of interest related to obligations the Advisor's senior management and investment teams have to our affiliates and to other clients.

The members of the senior management and investment teams of the Advisor serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment vehicles managed by the same personnel. For example, the officers, managers and other personnel of the Advisor serve and may serve in the future in similar or other capacities for the investment advisers to future investment vehicles affiliated with FS Investments or KKR Credit. In serving in these multiple and other capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in our best interests or in the best interest of our stockholders. Our investment objectives may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. For example, we rely on the Advisor to manage our day-to-day activities and to implement our investment strategy. The Advisor and certain of its affiliates are presently, and plan in the future to continue to be, involved with activities which are unrelated to us. As a result of these activities, the Advisor, its employees and certain of its affiliates will have conflicts of interest in allocating their time between us and other activities in which they are or may become involved, including the management of other entities affiliated with FS Investments or KKR Credit. The Advisor and its employees will devote only as much of its or their time to our business as the Advisor and its employees, in their judgment, determine is reasonably required, which may be substantially less than their full time.

The time and resources that the Advisor and individuals employed by the Advisor devote to us may be diverted and we may face additional competition due to the fact that the Advisor and individuals employed by the Advisor are not prohibited from raising money for or managing another entity that makes the same types of investments that we target.

Neither the Advisor, nor persons providing services to us on behalf of the Advisor, are prohibited from raising money for and managing another investment entity that makes the same types of investments as those we target. As a result, the time and resources that these individuals may devote to us may be diverted. In addition, we may compete with any such investment entity for the same investors and investment opportunities.

The Advisor's liability is limited under each of the investment advisory agreement and the administration agreement, and we are required to indemnify it against certain liabilities, which may lead it to act in a riskier manner on our behalf than it would when acting for its own account.

Pursuant to each of the investment advisory agreement and the administration agreement, the Advisor and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with, or acting on behalf of, the Advisor will not be liable to us for their acts under the investment advisory agreement or the administration agreement, as applicable, absent willful misfeasance, bad faith or gross negligence in the performance of their duties. We have agreed to indemnify, defend and protect the Advisor and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with, or acting on behalf of, the Advisor with respect to all damages, liabilities, costs and expenses resulting from acts of the Advisor not arising out of willful misfeasance, bad faith or gross negligence in the performance of their duties under the investment advisory agreement or the administration agreement, as applicable. These protections may lead the Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

Risks Related to Business Development Companies

Failure to maintain our status as a BDC would reduce our operating flexibility.

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

We are uncertain of our sources for funding our future capital needs and if we cannot obtain debt or equity financing on acceptable terms, or at all, our ability to acquire investments and to expand our operations will be adversely affected.

Any working capital reserves we maintain may not be sufficient for investment purposes, and we may require debt or equity financing to operate. We may also need to access the capital markets to refinance existing debt obligations to the extent maturing obligations are not repaid with cash flows from operations. In order to maintain RIC tax treatment, we must distribute distributions to our stockholders each tax year on a timely basis generally of an amount at least equal to 90% of our investment company taxable income, determined without regard to any deduction for distributions paid, and the amounts of such distributions will therefore not be available to fund investment originations or to repay maturing debt. In addition, with certain limited exceptions, we are only allowed to borrow amounts or issue debt securities or preferred stock, which we refer to collectively as “senior securities,” such that our asset coverage, as calculated pursuant to the 1940 Act, equals at least 150% immediately after such borrowing, which, in certain circumstances, may restrict our ability to borrow or issue debt securities or preferred stock. In the event that we develop a need for additional capital in the future for investments or for any other reason, and we cannot obtain debt or equity financing on acceptable terms, or at all, our ability to acquire investments and to expand our operations will be adversely affected. As a result, we would be less able to allocate our portfolio among various issuers and industries and achieve our investment objectives, which may negatively impact our results of operations and reduce our ability to make distributions to our stockholders.

The requirement that we invest a sufficient portion of our assets in qualifying assets could preclude us from investing in accordance with our current business strategy; conversely, the failure to invest a sufficient portion of our assets in qualifying assets could result in our failure to maintain our status as a BDC.

As a BDC, we may not acquire any assets other than “qualifying assets” unless, at the time of such acquisition, at least 70% of our total assets are qualifying assets. Therefore, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets. Similarly, these rules could prevent us from making additional investments in existing portfolio companies, which could result in the dilution of our position, or could require us to dispose of investments at an inopportune time to comply with the 1940 Act. If we were forced to sell non-qualifying investments in the portfolio for compliance purposes, the proceeds from such sale could be significantly less than the current value of such investments. Conversely, if we fail to invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC, which would subject us to substantially more regulatory restrictions and significantly decrease our operating flexibility.

Regulations governing our operation as a BDC and a RIC will affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative effect on our growth.

As a result of our need to satisfy the Annual Distribution Requirement in order to maintain RIC tax treatment under Subchapter M of the Code, we may need to periodically access the capital markets to raise cash to fund new investments. We may issue “senior securities,” as defined in the 1940 Act, including issuing preferred stock, borrowing money from banks or other financial institutions, or issuing debt securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such incurrence or issuance. Our ability to issue certain other types of securities is also limited. Under the 1940 Act, we are also generally prohibited from issuing or selling our common stock at a price per share, after deducting underwriting commissions, that is below our net asset value per share, without first obtaining approval for such issuance from our stockholders and our independent directors. Compliance with these limitations on our ability to raise capital may unfavorably limit our investment opportunities. These limitations may also reduce our ability in comparison to other companies to profit from favorable spreads between the rates at which we can borrow and the rates at which we can lend.

In addition, because we incur indebtedness for investment purposes, if the value of our assets declines, we may be unable to satisfy the asset coverage test under the 1940 Act, which would prohibit us from paying distributions and, as a result, could cause us to be subject to corporate-level tax on our income and capital gains, regardless of the amount of distributions paid. If we cannot satisfy the asset coverage test, we may be required to sell a portion of our investments and, depending on the nature of our debt financing, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

Our ability to enter into transactions with our affiliates is restricted.

We are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of a majority of the independent members of our board of directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we will

generally be prohibited from buying or selling any securities from or to such affiliate, absent the prior approval of our board of directors. The 1940 Act also prohibits certain “joint” transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our board of directors and, in some cases, the SEC. In an order dated January 5, 2021, the SEC granted exemptive relief permitting us, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit, with our co-investment affiliates. If a person acquires more than 25% of our voting securities, we will be prohibited from buying or selling any security from or to such person or certain of that person’s affiliates, or entering into prohibited joint transactions with such persons to the extent not covered by the exemptive relief, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their respective affiliates. As a result of these restrictions, we may be prohibited from buying or selling any security from or to any portfolio company of a fund managed by the Advisor without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us.

Risks Related to Our Investments

Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies.

Certain of our portfolio companies are in industries that may be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies’ operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net assets resulting from operations.

Our investments in prospective portfolio companies may be risky, and we could lose all or part of our investment.

Our investments in senior secured loans, second lien secured loans, senior secured bonds, subordinated debt and equity of private U.S. companies, including middle market companies, may be risky and there is no limit on the amount of any such investments in which we may invest.

Senior Secured Loans, Second Lien Secured Loans and Senior Secured Bonds. There is a risk that any collateral pledged by portfolio companies in which we have taken a security interest may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. To the extent our debt investment is collateralized by the securities of a portfolio company’s subsidiaries, such securities may lose some or all of their value in the event of the bankruptcy or insolvency of the portfolio company. Also, in some circumstances, our security interest may be contractually or structurally subordinated to claims of other creditors. In addition, deterioration in a portfolio company’s financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the debt. Secured debt that is under-collateralized involves a greater risk of loss. In addition, second lien secured debt is granted a second priority security interest in collateral, which means that any realization of collateral will generally be applied to pay senior secured debt in full before second lien secured debt is paid. Consequently, the fact that debt is secured does not guarantee that we will receive principal and interest payments according to the debt’s terms, or at all, or that we will be able to collect on the debt should we be forced to enforce our remedies.

Subordinated Debt. Our subordinated debt investments will generally rank junior in priority of payment to senior debt and will generally be unsecured. This may result in a heightened level of risk and volatility or a loss of principal, which could lead to the loss of the entire investment. These investments may involve additional risks that could adversely affect our investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject us and our stockholders to non-cash income. Because we will not receive any principal repayments prior to the maturity of some of our subordinated debt investments, such investments will be of greater risk than amortizing loans.

Equity and Equity-Related Securities. We may make select equity investments. In addition, in connection with our debt investments, we on occasion receive equity interests such as warrants or options as additional consideration. The equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Convertible Securities. We may invest in convertible securities, such as bonds, debentures, notes, preferred stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by us is called for redemption, it

will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our investment objective.

Non-U.S. Securities. We may invest in non-U.S. securities, which may include securities denominated in U.S. dollars or in non-U.S. currencies and securities of companies in emerging markets, to the extent permitted by the 1940 Act. Because evidences of ownership of such securities usually are held outside the United States, we would be subject to additional risks if we invested in non-U.S. securities, which include possible adverse political and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions which might adversely affect or restrict the payment of principal and interest on the non-U.S. securities to investors located outside the country of the issuer, whether from currency blockage or otherwise. Because non-U.S. securities may be purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected unfavorably by changes in currency rates and exchange control regulations. In addition, investing in securities of companies in emerging markets involves many risks, including potential inflationary economic environments, regulation by foreign governments, different accounting standards, political uncertainties and economic, social, political, financial, tax and security conditions in the applicable emerging market, any of which could negatively affect the value of companies in emerging markets or investments in their securities.

Investments in Asset-Based Opportunities. We may invest in asset-based opportunities through joint ventures, investment platforms, private investment funds or other business entities that provide one or more of the following services: origination or sourcing of potential investment opportunities, due diligence and negotiation of potential investment opportunities and/or servicing, development and management (including turnaround) and disposition of investments. Such investments may be in or alongside existing or newly formed operators, consultants and/or managers that pursue such opportunities and may or may not include capital and/or assets contributed by third party investors. Such investments may include opportunities to direct-finance physical assets, such as airplanes and ships, and/or operating assets, such as financial service entities, as opposed to investment securities, or to invest in origination and/or servicing platforms directly. In valuing our investments, we rely primarily on information provided by operators, consultants and/or managers. Valuations of illiquid securities involve various judgments and consideration of factors that may be subjective. There is a risk that inaccurate valuations could adversely affect the value of our common stock. We may not be able to promptly withdraw our investment in these asset-based opportunities, which may result in a loss to us and adversely affect our investment returns.

Structured Products. We may invest in structured products, which may include collateralized debt obligations, collateralized bond obligations, collateralized loan obligations, structured notes and credit-linked notes. When investing in structured products, we may invest in any level of the subordination chain, including subordinated (lower-rated) tranches and residual interests (the lowest tranche). Structured products may be highly levered and therefore, the junior debt and equity tranches that we may invest in are subject to a higher risk of total loss and deferral or nonpayment of interest than the more senior tranches to which they are subordinated. In addition, we will generally have the right to receive payments only from the issuer or counterparty, and will generally not have direct rights against the underlying borrowers or entities. Furthermore, the investments we make in structured products are at times thinly traded or have only a limited trading market. As a result, investments in such structured products may be characterized as illiquid securities.

Derivatives. We may invest from time to time in derivatives, including total return swaps, interest rate swaps, credit default swaps and foreign currency forward contracts. Derivative investments have risks, including: the imperfect correlation between the value of such instruments and our underlying assets, which creates the possibility that the loss on such instruments may be greater than the gain in the value of the underlying assets in our portfolio; the loss of principal; the possible default of the other party to the transaction; and illiquidity of the derivative investments. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, we may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding, or may not recover at all. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative contract would typically be terminated at its fair market value. If we are owed this fair market value in the termination of the derivative contract and our claim is unsecured, we will be treated as a general creditor of such counterparty and will not have any claim with respect to the underlying security. Certain of the derivative investments in which we may invest may, in certain circumstances, give rise to a form of financial leverage, which may magnify the risk of owning such instruments. The ability to successfully use derivative investments depends on the ability of the Advisor to predict pertinent market movements, which cannot be assured. In addition, amounts paid by us as premiums and cash or other assets held in margin accounts with respect to our derivative investments would not be available to it for other investment purposes, which may result in lost opportunities for gain.

Below Investment Grade Risk. In addition, we invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. They may also be difficult to value and illiquid.

International investments create additional risks.

We expect to make investments in portfolio companies that are domiciled outside of the United States. We anticipate that up to 30% of our investments may be in these types of assets. Our investments in foreign portfolio companies are deemed “non-qualifying assets,” which means, as required by the 1940 Act, they, along with other non-qualifying assets, may not constitute more than 30% of our total assets at the time of our acquisition of any asset, after giving effect to the acquisition. Notwithstanding the limitation on our ownership of foreign portfolio companies, such investments subject us to many of the same risks as our domestic investments, as well as certain additional risks, including the following:

- foreign governmental laws, rules and policies, including those restricting the ownership of assets in the foreign country or the repatriation of profits from the foreign country to the United States;
- foreign currency devaluations that reduce the value of and returns on our foreign investments;
- adverse changes in the availability, cost and terms of investments due to the varying economic policies of a foreign country in which we invest;
- adverse changes in tax rates, the tax treatment of transaction structures and other changes in operating expenses of a particular foreign country in which we invest;
- the assessment of foreign-country taxes (including withholding taxes, transfer taxes and value added taxes, any or all of which could be significant) on income or gains from our investments in the foreign country;
- adverse changes in foreign-country laws, including those relating to taxation, bankruptcy and ownership of assets;
- changes that adversely affect the social, political and/or economic stability of a foreign country in which we invest;
- high inflation in the foreign countries in which we invest, which could increase the costs to us of investing in those countries;
- deflationary periods in the foreign countries in which we invest, which could reduce demand for our assets in those countries and diminish the value of such investments and the related investment returns to us; and
- legal and logistical barriers in the foreign countries in which we invest that materially and adversely limit our ability to enforce our contractual rights with respect to those investments.

In addition, we may make investments in countries whose governments or economies may prove unstable. Certain of the countries in which we may invest may have political, economic and legal systems that are unpredictable, unreliable or otherwise inadequate with respect to the implementation, interpretation and enforcement of laws protecting asset ownership and economic interests. In some of the countries in which we may invest, there may be a risk of nationalization, expropriation or confiscatory taxation, which may have an adverse effect on our portfolio companies in those countries and the rates of return that we are able to achieve on such investments. We may also lose the total value of any investment which is nationalized, expropriated or confiscated. The financial results and investment opportunities available to us, particularly in developing countries and emerging markets, may be materially and adversely affected by any or all of these political, economic and legal risks.

Our investments in private investment funds, including hedge funds, private equity funds, limited liability companies and other business entities, subject us indirectly to the underlying risks of such private investment funds and additional fees and expenses.

We may invest in private investment funds, including hedge funds, private equity funds, limited liability companies and other business entities which would be required to register as investment companies but for an exemption under Sections 3(c)(1) and 3(c)(7) of the 1940 Act. Our investments in private funds are subject to substantial risks. Investments in such private investment funds expose us to the risks associated with the businesses of such funds or entities as well as such private investment funds’ portfolio companies. These private investment funds may or may not be registered investment companies and, thus, may not be subject to protections afforded by the 1940 Act, covering, among other areas, liquidity requirements, governance by an independent board, affiliated transaction restrictions, leverage limitations, public disclosure requirements and custody requirements.

We rely primarily on information provided by managers of private investment funds in valuing our investments in such funds. There is a risk that inaccurate valuations provided by managers of private investment funds could adversely affect the value of our common stock. In addition, there can be no assurance that a manager of a private investment fund will provide advance notice of any material change in such private investment fund’s investment program or policies and thus, our investment portfolio may be subject to additional risks which may not be promptly identified by the Advisor. Moreover, we may not be able to withdraw our investments in certain private investment funds promptly after we make a decision to do so, which may result in a loss to us and adversely affect our investment returns.

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Investments in the securities of private investment funds may also involve duplication of advisory fees and certain other expenses. By investing in private investment funds indirectly through us, you bear a pro rata portion of our advisory fees and other expenses, and also indirectly bear a pro rata portion of the advisory fees, performance-based allocations and other expenses borne by us as an investor in the private investment funds. In addition, the purchase of the shares of some private investment funds requires the payment of sales loads and (in the case of closed-end investment companies) sometimes substantial premiums above the value of such investment companies' portfolio securities.

In addition, certain private investment funds may not provide us with the liquidity we require and would thus subject us to liquidity risk. Further, even if an investment in a private investment fund is deemed liquid at the time of investment, the private investment fund may, in the future, alter the nature of our investments and cease to be a liquid investment fund, subjecting us to liquidity risk.

We may acquire various structured financial instruments for purposes of "hedging" or reducing our risks, which may be costly and ineffective and could reduce the cash available to service debt or for distribution to stockholders.

We may seek to hedge against interest rate and currency exchange rate fluctuations and credit risk by using structured financial instruments such as futures, options, swaps and forward contracts, subject to the requirements of the 1940 Act. Use of structured financial instruments for hedging purposes may present significant risks, including the risk of loss of the amounts invested. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Hedging activities also involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase our losses. Further, hedging transactions may reduce cash available to service our debt or pay distributions to our stockholders.

Investing in middle market companies involves a number of significant risks, any one of which could have a material adverse effect on our operating results.

Investments in middle market companies involve some of the same risks that apply generally to investments in larger, more established companies. However, such investments have more pronounced risks in that they:

- may have limited financial resources and may be unable to meet the obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral pledged under such securities and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tends to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers and directors and members of the Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any proceeds. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

If one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might recharacterize our debt investment and subordinate all or a portion of our claim to that of other creditors. In situations where a bankruptcy carries a high degree of political significance, our legal rights may be subordinated to other creditors. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or in instances where we exercise control over the borrower or render significant managerial assistance.

Second priority liens on collateral securing debt investments that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain debt investments that we make in portfolio companies may be secured on a second priority basis by the same collateral securing first priority debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by such company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the debt obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the debt obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against such company's remaining assets, if any.

We may also make unsecured debt investments in portfolio companies, meaning that such investments will not benefit from any interest in collateral of such companies. Liens on any such portfolio company's collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured debt agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured debt obligations after payment in full of all secured debt obligations. If such proceeds were not sufficient to repay the outstanding secured debt obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the debt investments we make in our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We generally will not control our portfolio companies.

We do not expect to control most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements with such portfolio companies may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings.

Declines in market values or fair market values of our investments could result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.

Under the 1940 Act, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value, in accordance with policies and procedures approved by our board of directors. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a

principal market to market participants (even if we plan on holding an investment through its maturity) and impairments of the market values or fair market values of our investments, even if unrealized, must be reflected in our financial statements for the applicable period as unrealized depreciation, which could result in a significant reduction to our net asset value for a given period.

A significant portion of our investment portfolio does not have a readily available market price and is and will be recorded at fair value in accordance with policies and procedures approved by our board of directors and, as a result, there is and will be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value, in accordance with policies and procedures approved by our board of directors. There is not a public market for the securities of the privately held companies in which we invest. Most of our investments are not publicly traded or actively traded on a secondary market but are, instead, traded on a privately negotiated OTC secondary market for institutional investors or are not traded at all. As a result, the Advisor, with oversight from our board of directors, will value these securities quarterly at fair value.

Pursuant to Rule 2a-5 under the 1940 Act, our board has designated the Advisor to perform, subject to board oversight, fair value determinations of our investments. Certain factors that may be considered in determining the fair value of our investments include dealer quotes for securities traded on the secondary market for institutional investors, the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly traded companies, discounted cash flows and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these non-traded securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize upon the sale of one or more of our investments.

We are exposed to risks associated with changes in interest rates.

We are subject to financial market risks, including changes in interest rates. General interest rate fluctuations may have a substantial negative impact on our investments, investment opportunities and cost of capital and, accordingly, may have a material adverse effect on our investment objectives, our rate of return on invested capital and our ability to service our debt and make distributions to our stockholders. In addition, an increase in interest rates would make it more expensive to use debt for our financing needs, if any.

Our investment portfolio primarily consists of senior secured debt with maturities typically ranging from three to seven years. The longer the duration of these securities, generally, the more susceptible they are to changes in market interest rates. As market interest rates have increased, those securities with a lower yield-at-cost have experienced a mark-to-market unrealized loss. An impairment of the fair market value of our investments, even if unrealized, must be reflected in our financial statements for the applicable period and may therefore have a material adverse effect on our results of operations for that period.

Because we incur indebtedness to make investments, our net investment income is dependent, in part, upon the difference between the rate at which we borrow funds or pay interest on outstanding debt securities and the rate at which we invest these funds. The recent increases in interest rates have made it more expensive to use debt to finance our investments and to refinance our current financing arrangements. In addition, certain of our financing arrangements provide for adjustments in the loan interest rate along with changes in market interest rates. Therefore, in periods of rising interest rates, our cost of funds will increase, which could materially reduce our net investment income. Any reduction in the level of interest rates on new investments relative to interest rates on our current investments could also adversely impact our net investment income.

We have and may continue to structure the majority of our debt investments with floating interest rates to position our portfolio for rate increases. However, there can be no assurance that this will successfully mitigate our exposure to interest rate risk. For example, in rising interest rate environments, payments under floating rate debt instruments generally will rise and there may be a significant number of issuers of such floating rate debt instruments that will be unable or unwilling to pay such increased interest costs and may otherwise be unable to repay their loans. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. Investments in floating rate debt instruments may also decline in value in response to rising interest rates if the interest rates of such investments do not rise as much, or as quickly, as market interest rates in general. Similarly, during periods of rising interest rates, our fixed rate investments may decline in value because the fixed rate of interest paid thereunder may be below market interest rates.

On March 5, 2021, the U.K.'s Financial Conduct Authority publicly announced that all U.S. dollar LIBOR settings will either cease to be provided by any administrator or no longer be representative (i) immediately after December 31, 2021 for one-week and two-month U.S. dollar LIBOR settings and (ii) immediately after June 30, 2023 for the remaining U.S. dollar LIBOR settings. Although most U.S. dollar LIBOR rates will continue to be published through June 30, 2023, the FCA no longer compels panel banks

to continue to contribute to LIBOR and the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have encouraged banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, supports replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated using short-term repurchase agreements backed by Treasury securities.

Some regulators have prohibited the use of any LIBOR benchmarks in new contracts and have required that regulated entities transition existing contracts to another benchmark prior to June 30, 2023. Although settings of such LIBOR benchmarks may continue to be available, such prohibitions and requirements may adversely affect the value of floating-rate debt securities in our portfolio or issued by us. While SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, it is not possible to predict whether SOFR will ultimately prevail in the market as the definitive replacement for LIBOR. At this time, we expect that SOFR will be the prevailing replacement for U.S. dollar LIBOR for our floating rate investments. The transition away from LIBOR to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems.

In anticipation of the cessation of LIBOR, we may need to renegotiate any credit agreements extending beyond June 30, 2023 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate or rely on certain fallback provisions that could cause interest rates to shift to a base rate plus a margin. Any such renegotiations may have a material adverse effect on our business, financial condition and results of operations, including as a result of changes in interest rates payable to us by our portfolio companies.

Alteration of the terms of a debt instrument or a modification of the terms of other types of contracts to replace an interbank offered rate with a new reference rate could result in a taxable exchange and the realization of income and gain/loss for U.S. federal income tax purposes. The IRS has issued final regulations regarding the tax consequences of the transition from interbank offered rates to new reference rates in debt instruments and non-debt contracts. Under the final regulations, alteration or modification of the terms of a debt instrument to replace an operative rate that uses a discontinued interbank offered rate with a qualified rate (as defined in the final regulations), add a qualified rate as a fallback rate to a contract whose operative rate uses a discontinued interbank offered rate or replace a fallback rate that uses a discontinued interbank offered rate with a qualified rate would not be taxable. The IRS may provide additional guidance, with potential retroactive effect.

Furthermore, because a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate in the investment advisory agreement and may result in a substantial increase of the amount of incentive fees payable to the Advisor with respect to pre-incentive fee net investment income.

A covenant breach by our portfolio companies may harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

We may not realize gains from our equity investments.

Certain investments that we may make may include equity related securities, such as rights and warrants that may be converted into or exchanged for common stock or the cash value of the common stock. In addition, we may make direct equity investments in portfolio companies. The equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We may also be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We may be unable to exercise any put rights we acquire, which grant us the right to sell our equity

securities back to the portfolio company, for the consideration provided in our investment documents if the issuer is in financial distress.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.

Our investments are primarily in privately held companies. Investments in private companies pose significantly greater risks than investments in public companies. First, private companies have reduced access to the capital markets, resulting in diminished capital resources and the ability to withstand financial distress. As a result, these companies, which may present greater credit risk than public companies, may be unable to meet the obligations under their debt securities that we hold. Second, the investments themselves often may be illiquid. The securities of most of the companies in which we invest are not publicly traded or actively traded on the secondary market and are, instead, traded on a privately negotiated OTC secondary market for institutional investors. In addition, such securities may be subject to legal and other restrictions on resale. As such, we may have difficulty exiting an investment promptly or at a desired price prior to maturity or outside of a normal amortization schedule. In addition, in a restructuring, we may receive substantially different securities than our original investment in a portfolio company, including securities in a different part of the capital structure. These investments may also be difficult to value because little public information generally exists about private companies, requiring an experienced due diligence team to analyze and value the potential portfolio company. Finally, these companies often may not have third-party debt ratings or audited financial statements. We must therefore rely on the ability of the Advisor to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. These companies and their financial information will generally not be subject to the Sarbanes-Oxley Act and other rules and regulations that govern public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments.

A lack of liquidity in certain of our investments may adversely affect our business.

We invest in certain companies whose securities are not publicly traded or actively traded on the secondary market and are, instead, traded on a privately negotiated OTC secondary market for institutional investors and whose securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of certain of our investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. The reduced liquidity of our investments may make it difficult for us to dispose of them at a favorable price or at all, and, as a result, we may suffer losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected return on the investment.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments, net of prepayment fees, could negatively impact our return on equity.

Our investments may include original issue discount and PIK instruments.

To the extent that we invest in original issue discount or PIK instruments and the accretion of original issue discount or PIK interest income constitutes a portion of our income, we will be exposed to risks associated with the requirement to include such non-cash income in taxable and accounting income prior to receipt of cash, including the following:

- The higher interest rates on PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and PIK instruments generally represent a significantly higher credit risk than coupon loans;

- Original issue discount and PIK instruments may have unreliable valuations because the accruals require judgments about collectability of the deferred payments and the value of any associated collateral;
- An election to defer PIK interest payments by adding them to the principal on such instruments increases our future investment income which increases our gross assets and, as such, increases the Advisor's future base management fees which, thus, increases the Advisor's future income incentive fees at a compounding rate;
- Market prices of PIK instruments and other zero coupon instruments are affected to a greater extent by interest rate changes, and may be more volatile than instruments that pay interest periodically in cash. While PIK instruments are usually less volatile than zero coupon debt instruments, PIK instruments are generally more volatile than cash pay securities;
- The deferral of PIK interest on an instrument increases the loan-to-value ratio, which is a measure of the riskiness of a loan, with respect to such instrument;
- Even if the conditions for income accrual under GAAP are satisfied, a borrower could still default when actual payment is due upon the maturity of such loan;
- For accounting purposes, cash distributions to investors representing original issue discount income are not derived from paid-in capital, although they may be paid from the offering proceeds. Thus, although a distribution of original issue discount income may come from the cash invested by investors, the 1940 Act does not require that investors be given notice of this fact;
- Tax legislation requires that income be recognized for tax purposes no later than when recognized for financial reporting purposes;
- The required recognition of PIK interest for U.S. federal income tax purposes may have a negative impact on liquidity, as it represents a non-cash component of our investment company taxable income that may require cash distributions to stockholders in order to maintain our ability to be subject to tax as a RIC; and
- Original issue discount may create a risk of non-refundable cash payments to the Advisor based on non-cash accruals that may never be realized.

We may from time to time enter into total return swaps, credit default swaps or other derivative transactions which expose us to certain risks, including credit risk, market risk, liquidity risk and other risks similar to those associated with the use of leverage.

We may from time to time enter into total return swaps, credit default swaps or other derivative transactions that seek to modify or replace the investment performance of a particular reference security or other asset. These transactions are typically individually negotiated, non-standardized agreements between two parties to exchange payments, with payments generally calculated by reference to a notional amount or quantity. Swap contracts and similar derivative contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. These investments may present risks in excess of those resulting from the referenced security or other asset. Because these transactions are not an acquisition of the referenced security or other asset itself, the investor has no right directly to enforce compliance with the terms of the referenced security or other asset and has no voting or other consensual rights of ownership with respect to the referenced security or other asset. In the event of insolvency of a counterparty, we will be treated as a general creditor of the counterparty and will have no claim of title with respect to the referenced security or other asset.

A total return swap is a contract in which one party agrees to make periodic payments to another party based on the change in the market value of the referenced security or other assets underlying the total return swap during a specified period, in return for periodic payments based on a fixed or variable interest rate.

A total return swap is subject to market risk, liquidity risk and risk of imperfect correlation between the value of the total return swap and the debt obligations underlying the total return swap. In addition, we may incur certain costs in connection with a total return swap that could in the aggregate be significant.

A credit default swap is a contract in which one party buys or sells protection against a credit event with respect to an issuer, such as an issuer's failure to make timely payments of interest or principal on its debt obligations, bankruptcy or restructuring during a specified period. Generally, if we sell credit protection using a credit default swap, we will receive fixed payments from the swap counterparty and if a credit event occurs with respect to the applicable issuer, we will pay the swap counterparty par for the issuer's defaulted debt securities and the swap counterparty will deliver the defaulted debt securities to us. Generally, if we buy credit protection using a credit default swap, we will make fixed payments to the counterparty and if a credit event occurs with respect to the applicable issuer, we will deliver the issuer's defaulted securities underlying the swap to the swap counterparty and the counterparty will pay us par for the defaulted securities. Alternatively, a credit default swap may be cash settled and the buyer of protection would receive the difference between the par value and the market value of the issuer's defaulted debt securities from the seller of protection.

Credit default swaps are subject to the credit risk of the underlying issuer. If we are selling credit protection, there is a risk that we will not properly assess the risk of the underlying issuer, a credit event will occur and we will have to pay the counterparty. If we are buying credit protection, there is a risk that we will not properly assess the risk of the underlying issuer, no credit event will occur and we will receive no benefit for the premium paid.

A derivative transaction is also subject to the risk that a counterparty will default on its payment obligations thereunder or that we will not be able to meet our obligations to the counterparty. In some cases, we may post collateral to secure our obligations to the counterparty, and we may be required to post additional collateral upon the occurrence of certain events such as a decrease in the value of the reference security or other asset. In some cases, the counterparty may not collateralize any of its obligations to us.

Derivative investments effectively add leverage to a portfolio by providing investment exposure to a security or market without owning or taking physical custody of such security or investing directly in such market. In addition to the risks described above, such arrangements are subject to risks similar to those associated with the use of leverage.

We may invest through joint ventures, partnerships or other special purpose vehicles and our investments through these vehicles may entail greater risks, and investments in which we have a non-controlling interest may involve risks specific to third-party management of those investments.

We may co-invest with third parties through partnerships, joint ventures or other entities, such as COPJV, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. We may have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. Although we may not have full control over these investments and therefore, may have a limited ability to protect its position therein, we expect that we will negotiate appropriate rights to protect our interests. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with ours, or may be in a position to take (or block) action in a manner contrary to the our investment objectives or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Third-party partners or co-venturers may opt to liquidate an investment at a time during which such liquidation is not optimal for us. In addition, we may in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements

Risks Related to Debt Financing

We currently incur indebtedness to make investments, which magnifies the potential for gain or loss on amounts invested in our common stock and may increase the risk of investing in our common stock.

The use of borrowings and other types of financing, also known as leverage, magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our common stock. When we use leverage to partially finance our investments, through borrowing from banks and other lenders or issuing debt securities, we, and therefore our stockholders, will experience increased risks of investing in our common stock. Any lenders and debt holders would have fixed dollar claims on our assets that are senior to the claims of our stockholders. If the value of our assets increases, then leverage would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not utilized leverage. Conversely, if the value of our assets decreases, leverage would cause net asset value to decline more sharply than it otherwise would have had we not utilized leverage. Similarly, any increase in our income in excess of interest payable on our indebtedness would cause our net investment income to increase more than it would without leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not utilized leverage. Such a decline could negatively affect our ability to make distributions to stockholders. Leverage is generally considered a speculative investment technique.

In addition, the decision to utilize leverage will increase our assets and, as a result, will increase the amount of base management fees payable to the Advisor. See “Risks Related to the Advisor and its Affiliates—The Advisor and its affiliates, including our officers and some of our directors, face conflicts of interest as a result of compensation arrangements between us and the Advisor, which could result in actions that are not in the best interests of our stockholders.”

Illustration. The following table illustrates the effect of leverage on returns from an investment in shares of our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation assumes (i) \$19.3 billion in total assets, (ii) a weighted average cost of funds of 3.72%, (iii) \$11.3 billion in debt outstanding and (iv) \$7.0 billion in stockholders’ equity. In order to compute the “Corresponding return to stockholders,” the “Assumed Return on Our Portfolio (net of expenses)” is multiplied by the assumed total assets to obtain an assumed return to us. From this amount, the interest expense is calculated by multiplying the assumed weighted average cost of funds times the assumed debt outstanding, and the product is subtracted from the assumed return to us in order to determine the return

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available to stockholders. The return available to stockholders is then divided by our stockholders' equity to determine the "Corresponding return to stockholders." Actual interest payments may be different.

Assumed Return on Our Portfolio (net of expenses)	(10)%	(5)%	—%	5%	10%
Corresponding return to stockholders	(33.58) %	(19.79) %	(6.01) %	7.78 %	21.57 %

Similarly, assuming (i) \$19.3 billion in total assets, (ii) a weighted average cost of funds of 3.72% and (iii) \$11.3 billion in debt outstanding, our assets would need to yield an annual return (net of expenses) of approximately 2.18% in order to cover the annual interest payments on our outstanding debt.

The agreements governing our debt financing arrangements contain, and agreements governing future debt financing arrangements may contain, various covenants which, if not complied with, could have a material adverse effect on our ability to meet our investment obligations and to pay distributions to our stockholders.

The agreements governing certain of our debt financing arrangements contain, and agreements governing future debt financing arrangements may contain, certain financial and operational covenants. These covenants require us and our subsidiaries to, among other things, maintain certain financial ratios, including asset coverage and minimum stockholders' equity. Compliance with these covenants depends on many factors, some of which are beyond our and their control. In the event of deterioration in the capital markets and pricing levels subsequent to this period, net unrealized depreciation in our and our subsidiaries' portfolios may increase in the future and could result in non-compliance with certain covenants, or our taking actions which could disrupt our business and impact our ability to meet our investment objectives.

There can be no assurance that we and our subsidiaries will continue to comply with the covenants under our financing arrangements. Failure to comply with these covenants could result in a default which, if we and our subsidiaries were unable to obtain a waiver, consent or amendment from the debt holders, could accelerate repayment under any or all of our and their debt instruments and thereby force us to liquidate investments at a disadvantageous time and/or at a price which could result in losses, or allow our lenders to sell assets pledged as collateral under our financing arrangements in order to satisfy amounts due thereunder. These occurrences could have a material adverse impact on our liquidity, financial condition, results of operations and ability to pay distributions. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources" for a more detailed discussion of the terms of our debt financings.

Risks Related to an Investment in Our Common Stock

There is a risk that investors in our common stock may not receive distributions.

We cannot assure stockholders that we will achieve investment results that will allow us to make a specified level of cash distributions. All distributions will be paid at the discretion of our board of directors and will depend on our earnings, our net investment income, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations and such other factors as our board of directors may deem relevant from time to time. Furthermore, we are permitted to issue senior securities, including multiple classes of debt and one class of stock senior to our shares of common stock. If any such senior securities are outstanding, we are prohibited from paying distributions to holders of shares of our common stock unless we meet the applicable asset coverage ratios at the time of distribution. As a result, we may be limited in our ability to make distributions.

Our distribution proceeds may exceed our earnings. Therefore, portions of the distributions that we make may represent a return of capital to stockholders, which will lower their tax basis in their shares of common stock.

The tax treatment and characterization of our distributions may vary significantly from time to time due to the nature of our investments. The ultimate tax characterization of our distributions made during a tax year may not finally be determined until after the end of that tax year. We may make distributions during a tax year that exceed our investment company taxable income and net capital gains for that tax year. In such a situation, the amount by which our total distributions exceed investment company taxable income and net capital gains generally would be treated as a return of capital up to the amount of a stockholder's tax basis in the shares, with any amounts exceeding such tax basis treated as a gain from the sale or exchange of such shares. A return of capital generally is a return of a stockholder's investment rather than a return of earnings or gains derived from our investment activities. Moreover, we may pay all or a substantial portion of our distributions from the proceeds of the sale of shares of our common stock or from borrowings in anticipation of future cash flow, which could constitute a return of stockholders' capital and will lower such stockholders' tax basis in our shares, which may result in increased tax liability to stockholders when they sell such shares.

Our shares of common stock may trade at a discount to net asset value, and such discount may be significant.

Shares of closed-end investment companies, including BDCs, may trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. It is not possible to predict whether shares of our common stock will trade at, above, or

below net asset value. If our common stock is trading at a price below its net asset value per share, we will generally not be able to issue additional shares of our common stock at their market price without first obtaining approval for such issuance from our stockholders and our independent directors. In past years, we obtained the approval of our stockholders to issue shares of common stock at prices below the then-current net asset value of our common stock, subject to certain conditions, during the twelve-month periods beginning on the dates of such approvals. The current authorization expires on August 3, 2023. We may again seek the approval of our stockholders to issue shares of our common stock at prices below the then-current net asset value per share for a twelve-month period following stockholder approval. However, we may not obtain the necessary approvals to sell shares of common stock below net asset value after August 3, 2023.

We may pay distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flows from operations, net investment income or earnings are not sufficient to fund declared distributions.

We may fund distributions from the uninvested proceeds of a securities offering and borrowings, and we have not established limits on the amount of funds we may use from such proceeds or borrowings to make any such distributions. We have paid and may continue to pay distributions from the sale of assets to the extent distributions exceed our earnings or cash flows from operations. Distributions from offering proceeds or from borrowings could reduce the amount of capital we ultimately invest in our portfolio companies.

A stockholder's interest in us will be diluted if we issue additional shares, which could reduce the overall value of an investment in us.

Our investors do not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue 750,000,000 shares of common stock. Pursuant to our charter, a majority of our entire board of directors may amend our charter to increase the number of authorized shares of stock without stockholder approval. After an investor purchases shares, our board of directors may elect to sell additional shares in the future, issue equity interests in private offerings or issue share-based awards to our independent directors or employees of the Advisor. To the extent we issue additional equity interests after an investor purchases our shares, an investor's percentage ownership interest in us will be diluted. In addition, depending upon the terms and pricing of any additional offerings and the value of our investments, an investor may also experience dilution in the book value and fair value of his or her shares.

Stockholders may experience dilution in their ownership percentage if they do not participate in our distribution reinvestment plan.

Stockholders who do not participate in our distribution reinvestment plan may experience accretion to the net asset value of their shares if our shares are trading at a premium to net asset value and dilution if our shares are trading at a discount to net asset value. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Certain provisions of our charter and bylaws as well as provisions of the Maryland General Corporation Law could deter takeover attempts and have an adverse impact on the value of our common stock.

The Maryland General Corporation Law, or the MGCL, and our charter and bylaws contain certain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. Under the Business Combination Act of the MGCL, certain business combinations between us and an "interested stockholder" (defined generally to include any person who beneficially owns 10% or more of the voting power of our outstanding shares) or an affiliate thereof is prohibited for five years and thereafter is subject to special stockholder voting requirements, to the extent that such statute is not superseded by applicable requirements of the 1940 Act. However, our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any person to the extent that such business combination receives the prior approval of our board of directors, including a majority of our directors who are not "interested persons" as defined in the 1940 Act. Under the Control Share Acquisition Act of the MGCL, "control shares" acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by officers or by directors who are employees of the corporation. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions by any person of shares of our common stock, but such provision may be repealed at any time (before or after a control share acquisition). However, we will amend our bylaws to repeal such provision (so as to be subject to the Control Share Acquisition Act) only if our board of directors determines that it would be in our best interests and if the staff of the SEC does not object to our determination that our being subject to the Control Share Acquisition Act does not conflict with the 1940 Act. The Business Combination Act (if our board of directors should repeal the resolution) and the Control Share Acquisition Act (if we amend our bylaws to be subject to that Act) may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter: (a) classifying our board of directors into three classes serving staggered three-year terms, (b) providing that a director may be

removed only for cause and only by vote of at least two-thirds of the votes entitled to be cast, and (c) authorizing our board of directors to (i) classify or reclassify shares of our stock into one or more classes or series, (ii) cause the issuance of additional shares of our stock, and (iii) amend our charter from time to time, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may discourage, delay, defer, make more difficult or prevent a transaction or a change in control that might otherwise be in the best interest of our stockholders.

The net asset value of our common stock may fluctuate significantly.

The net asset value and liquidity, if any, of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: (i) changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs; (ii) loss of RIC or BDC status; (iii) changes in earnings or variations in operating results; (iv) changes in the value of our portfolio of investments; (v) changes in accounting guidelines governing valuation of our investments; (vi) any shortfall in revenue or net income or any increase in losses from levels expected by investors; (vii) departure of our investment adviser or certain of its key personnel; (viii) general economic trends and other external factors; and (ix) loss of a major funding source.

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of publicly traded RICs, BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs;
- loss of our BDC or RIC status;
- changes in our earnings or variations in our operating results;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of the Advisor's key personnel;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;
- uncertainty surrounding the strength of the economy;
- general economic trends and other external factors; and
- loss of a major funding source.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If the market price of our common stock fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business. See "Risks Related to Our Business and Structure—We and our Advisor could be the target of litigation."

Future sales of our common stock in the public market or the issuance of securities senior to our common stock could adversely affect the trading price of our common stock and our ability to raise funds in new stock offerings.

Future sales of substantial amounts of our common stock or equity-related securities in the public market, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and could impair our ability to raise capital through future offerings of equity or equity-related securities. No prediction can be made as to the effect, if any, that future

sales of shares of common stock or the availability of shares of common stock for future sale, will have on the trading price of our common stock.

If we issue preferred stock, debt securities or convertible debt securities, the net asset value and market value of our common stock may become more volatile.

We also cannot assure you that the issuance of preferred stock, debt securities or convertible debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock, debt securities or convertible debt securities would likely cause the net asset value and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the net asset value of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This decline in net asset value would also tend to cause a greater decline in the market price for our common stock.

There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios which may be required by the preferred stock, debt securities, convertible debt or units or of a downgrade in the ratings of the preferred stock, debt securities, convertible debt or units or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock, debt securities or convertible debt. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, debt securities, convertible debt or any combination of these securities. Holders of preferred stock, debt securities or convertible debt may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Holders of any preferred stock that we may issue will have the right to elect members of the board of directors and have class voting rights on certain matters.

The 1940 Act requires that holders of shares of preferred stock must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more, until such arrearage is eliminated. In addition, certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock, including changes in fundamental investment restrictions and conversion to open-end status and, accordingly, preferred stockholders could veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our qualification as a RIC for U.S. federal income tax purposes.

We have obtained the approval of our stockholders to issue shares of our common stock at prices below the then-current net asset value per share of our common stock, and any such issuance could materially dilute our stockholders' interest in our common stock and reduce our net asset value per share.

We have obtained the approval of our stockholders to issue shares of our common stock at prices below the then-current net asset value of our common stock, subject to certain conditions, during the twelve-month period concluding on August 3, 2023. Any sale or other issuance of shares of our common stock at a price below net asset value per share would result in an immediate dilution to our common stock and a reduction of our net asset value per share. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Such dilutive effects may be material.

Risks Related to U.S. Federal Income Tax

We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code or to satisfy the RIC annual distribution requirements.

Besides maintaining our election to be treated as a BDC under the 1940 Act, in order for us to qualify as a RIC under Subchapter M of the Code, we must meet the following annual distribution, income source and asset diversification requirements. See "Item 1. Business—Taxation as a RIC."

- The Annual Distribution Requirement will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and net short-term capital gain in excess of net long-term capital loss, if any. We will be subject to a 4% nondeductible U.S. federal excise tax, however, to the extent that we do not satisfy certain

additional minimum distribution requirements on a calendar year basis. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are currently, and may in the future become, subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.

- The 90% Income Test will be satisfied if we earn at least 90% of our gross income for each tax year from dividends, interest, gains from the sale of securities or similar sources.
- The Diversification Tests will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our tax year. To satisfy these requirements, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly-traded partnerships.” Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

We must satisfy these tests on an ongoing basis in order to maintain RIC tax treatment, and may be required to make distributions to stockholders at times when it would be more advantageous to invest cash in our existing or other investments, or when we do not have funds readily available for distribution. Compliance with the RIC tax requirements may hinder our ability to operate solely on the basis of maximizing profits and the value of our stockholders’ investments. Also, the rules applicable to our qualification as a RIC are complex, with many areas of uncertainty. If we fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure may have a material adverse effect on us and on any investment in us. The Code provides certain forms of relief from RIC disqualification due to failures of the 90% Income Test or any of the Diversification Tests, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail either the 90% Income Test or any of the Diversification Tests.

Some of our investments may be subject to corporate-level income tax.

We may invest in certain debt and equity investments through taxable subsidiaries and the taxable income of these taxable subsidiaries will be subject to federal and state corporate income taxes. We may invest in certain foreign debt and equity investments which could be subject to foreign taxes (such as income tax, withholding and value added taxes).

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, our investments may include debt instruments that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants). To the extent original issue discount or PIK interest constitutes a portion of our income, we must include in taxable income each tax year a portion of the original issue discount or PIK interest that accrues over the life of the instrument, regardless of whether cash representing such income is received by us in the same tax year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discount and include such amounts in our taxable income in the current tax year, instead of upon disposition, as not making the election would limit our ability to deduct interest expenses for tax purposes.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the tax year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the Annual Distribution Requirement necessary to qualify for and maintain RIC tax treatment under Subchapter M of the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for or maintain RIC tax treatment and thus become subject to corporate-level income tax.

Furthermore, we may invest in the equity securities of non-U.S. corporations (or other non-U.S. entities classified as corporations for U.S. federal income tax purposes) that could be treated under the Code and U.S. Treasury regulations as “passive foreign investment companies” and/or “controlled foreign corporations.” The rules relating to investment in these types of non-U.S. entities are designed to ensure that U.S. taxpayers are either, in effect, taxed currently (or on an accelerated basis with respect to corporate level events) or taxed at increased tax rates at distribution or disposition. In certain circumstances, these rules also could require us to recognize taxable income or gains where we do not receive a corresponding payment in cash and, unless the income and gains are related to our business of investing in stocks and securities, all or a portion of such taxable income and gains may not be considered qualifying income for purposes of the 90% Income Test.

Our portfolio investments may present special tax issues.

Investments in below-investment grade debt instruments and certain equity securities may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless debt in equity securities, how payments received on obligations in default should be allocated between principal and interest income, as well as whether exchanges of debt instruments in a bankruptcy or workout context are taxable. Such matters could cause us to recognize taxable income for U.S. federal income tax purposes, even in the absence of cash or economic gain, and require us to make taxable distributions to our stockholders to maintain our RIC status or preclude the imposition of either U.S. federal corporate income or excise taxation. Additionally, because such taxable income may not be matched by corresponding cash received by us, we may be required to borrow money or dispose of other investments to be able to make distributions to our stockholders. These and other issues will be considered by us, to the extent determined necessary, in order that we minimize the level of any U.S. federal income or excise tax that we would otherwise incur. See “Item 1. Business—Taxation as a RIC.”

If we do not qualify as a “publicly offered regulated investment company,” as defined in the Code, you will be taxed as though you received a distribution of some of our expenses.

A “publicly offered regulated investment company” is a RIC whose shares are either (i) continuously offered pursuant to a public offering, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the tax year. If we do not qualify as a publicly offered regulated investment company for any tax year, a noncorporate stockholder’s allocable portion of our affected expenses, including our management fees, will be treated as an additional distribution to the stockholder and will be deductible by such stockholder only to the extent permitted under the limitations described below. For noncorporate stockholders, including individuals, trusts, and estates, significant limitations generally apply to the deductibility of certain expenses of a non-publicly offered regulated investment company, including management fees. In particular, these expenses, referred to as miscellaneous itemized deductions, are deductible to an individual only to the extent they exceed 2% of such a stockholder’s adjusted gross income for the taxable years after 2025 and are entirely not deductible against gross income before 2026, are not deductible for alternative minimum tax purposes and are subject to the overall limitation on itemized deductions imposed by the Code. Although we believe that we are currently considered a publicly offered regulated investment company, as defined in the Code, there can be no assurance, however, that we will be considered a publicly offered regulated investment company in the future.

Legislative or regulatory tax changes could adversely affect investors.

At any time, the federal income tax laws governing RICs or the administrative interpretations of those laws or regulations may be amended. Any of those new laws, regulations or interpretations may take effect retroactively and could adversely affect the taxation of us or our stockholders. Therefore, changes in tax laws, regulations or administrative interpretations or any amendments thereto could diminish the value of an investment in our shares or the value or the resale potential of our investments.

General Risks

Future disruptions or instability in capital markets could negatively impact the valuation of our investments and our ability to raise capital.

From time to time, the global capital markets may experience periods of disruption and instability, which could be prolonged and which could materially and adversely impact the broader financial and credit markets, have a negative impact on the valuations of our investments and reduce the availability to us of debt and equity capital. For example, between 2008 and 2009, instability in the global capital markets resulted in disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major domestic and international financial institutions. In particular, the financial services sector was negatively impacted by significant write-offs as the value of the assets held by financial firms declined, impairing their capital positions and abilities to lend and invest. While market conditions have recovered from the events of 2008 and 2009, there have been continuing periods of volatility. For example, continued uncertainty surrounding the negotiation of trade deals between Britain and the European Union (the “EU”) following the United Kingdom’s (the “U.K.”) exit from the EU and uncertainty between the United States and other countries with respect to trade policies, treaties, and tariffs, among

other factors, have caused disruption in the global markets. There can be no assurance that market conditions will not worsen in the future.

While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity) and impairments of the market values or fair market values of our investments, even if unrealized, must be reflected in our financial statements for the applicable period, which could result in significant reductions to our net asset value for the period. With certain limited exceptions, we are only allowed to borrow amounts or issue debt securities if our asset coverage, as calculated pursuant to the 1940 Act, equals at least 150% immediately after such borrowing. Equity capital may also be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. If we are unable to raise capital or refinance existing debt on acceptable terms, then we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. Significant changes in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes.

Future economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans or meet other obligations during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may also decrease the value of any collateral securing our debt investments and the value of our equity investments. Economic slowdowns or recessions could lead to losses of value in our portfolio and a decrease in our revenues, net income, net worth and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us on terms we deem acceptable. These events could prevent us from increasing investments and harm our operating results. Economic downturns or recessions may also result in a portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders, which could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt that we hold and the value of any equity securities we own. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt or preferred equity, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might recharacterize our debt or equity holding and subordinate all or a portion of our claim to those of other creditors.

Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of operations.

Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control. We, the Advisor, and the portfolio companies in which we invest in could be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, such as acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events could adversely affect the ability of a party (including us, the Advisor, a portfolio company or a counterparty to us, the Advisor, or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, force majeure events, such as the cessation of the operation of equipment for repair or upgrade, could similarly lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, including to a senior manager of the Advisor or its affiliates, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or us of repairing or replacing damaged assets resulting from such force majeure event could be considerable. It will not be possible to insure against all such events, and insurance proceeds received, if any, could be inadequate to completely or even partially cover any loss of revenues or investments, any increases in operating and maintenance expenses, or any replacements or rehabilitation of property. Certain events causing catastrophic loss could be either uninsurable, or insurable at such high rates as to adversely impact us, the Advisor, or portfolio companies, as applicable. Force majeure events that are incapable of or are too costly to cure could have permanent adverse effects. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which we invest or our portfolio companies operate specifically. Such force majeure events could result in or coincide with: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social,

economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

The COVID-19 pandemic has resulted in adverse consequences for us and our portfolio companies. While many countries, including the United States, have relaxed or eliminated the early public health restrictions adopted in response to the COVID-19 pandemic, the outbreak of new, worsening strains of COVID-19 may result in a resurgence in the number of reported cases and hospitalizations. Such increases in cases could lead to the re-introduction of restrictions and business shutdowns in certain states, counties and cities in the United States and globally. In addition to these developments having adverse consequences for us and our portfolio companies, the operations of the Advisor have been, and could continue to be, adversely impacted, including through quarantine measures and travel restrictions imposed on its personnel or service providers based or temporarily located in affected countries, or any related health issues of such personnel or service providers. Any potential impact to our results of operations will depend to a large extent on future developments and new information that could emerge regarding the duration and severity of the COVID-19 pandemic and the actions taken by authorities and other entities to contain the spread of COVID-19 and its variants or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results.

We are currently operating in a period of capital markets disruption and economic uncertainty.

The success of our activities is affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and trade barriers. These factors could affect the level and volatility of securities prices and the liquidity of our investments. Volatility or illiquidity could impair our profitability or result in losses. These factors also could adversely affect the availability or cost of our leverage, which would result in lower returns. In addition, the U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 and its variants. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a prolonged period of world-wide economic downturn. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets.

These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments.

If a period of capital market disruption and instability continues for an extended period of time, there is a risk that investors in our equity securities may not receive distributions consistent with historical levels or at all or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

Our ability to pay distributions consistent with our historical range or to continue to pay our distribution fully in cash rather than shares of common stock might be adversely affected by the impact of one or more of the risk factors described in this annual report on Form 10-K, including the COVID-19 pandemic. If we are unable to satisfy the asset coverage test applicable to us under the 1940 Act as a business development company or if we violate certain covenants under our existing or future credit facilities or other leverage, we may also be limited in our ability to make distributions. If we declare a distribution and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash distribution payments. To the extent we make distributions to stockholders that include a return of capital, such portion of the distribution essentially constitutes a return of the stockholder's investment. Although such return of capital may not be taxable, such distributions would generally decrease a stockholder's basis in our common stock and may therefore increase such stockholder's tax liability for capital gains upon the future sale of such stock. A return of capital distribution may cause a stockholder to recognize a capital gain from the sale of our common stock even if the stockholder sells its shares for less than the original purchase price.

Global economic, political and market conditions, including downgrades of the U.S. credit rating, may adversely affect our business, results of operations and financial condition.

The current global financial market situation, as well as various social and political tensions in the United States and around the world (including the current conflict in Ukraine) may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets and may cause economic uncertainties or deterioration in the U.S. and worldwide. The

impact of downgrades by rating agencies to the U.S. government's sovereign credit rating or its perceived creditworthiness as well as potential government shutdowns and uncertainty surrounding transfers of power could adversely affect the U.S. and global financial markets and economic conditions. Since 2010, several EU countries have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. In addition, the fiscal policy of foreign nations, such as Russia and China, may have a severe impact on the worldwide and U.S. financial markets. The U.K.'s decision to leave the EU (the so-called "Brexit") led to volatility in global financial markets. On December 24, 2020, a trade agreement was concluded between the EU and the U.K. (the "TCA"), which was provisionally applied as of January 1, 2021 and entered into force on May 1, 2021 following ratification by the EU. Although the TCA covers many issues, it leaves decisions on equivalence and adequacy to be determined by each of the U.K. and E.U. unilaterally in due course. As such, there remains uncertainty as to the scope, nature and terms of the relationship between the U.K. and the EU and the effect and implications of the TCA, and the actual and potential consequences of Brexit. Additionally, trade wars and volatility in the U.S. repo market, the U.S. high yield bond markets, the Chinese stock markets and global markets for commodities may affect other financial markets worldwide. In addition, while recent government stimulus measures worldwide have reduced volatility in the financial markets, volatility may return as such measures are phased out, and the long-term impacts of such stimulus on fiscal policy and inflation remain unknown. We cannot predict the effects of these or similar events in the future on the U.S. and global economies and securities markets or on our investments. We monitor developments in economic, political and market conditions and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

The Russian invasion of Ukraine may have a material adverse impact on us and our portfolio companies.

The conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets, economies and industries that could negatively impact our business, results of operations and financial condition. The conflict has already resulted in significant volatility in certain equity, debt and currency markets, material increases in certain commodity prices, and economic uncertainty. The conflict may escalate and its resolution is unclear. The U.S. government and other governments have imposed severe sanctions against Russia and Russian interests and threatened additional sanctions and controls. Sanctions and export control laws and regulations are complex, frequently changing, and increasing in number, and they may impose additional legal compliance costs or business risks associated with our operations.

Changes to United States tariff and import/export regulations may have a negative effect on our portfolio companies.

There have been significant changes to United States trade policies, treaties and tariffs, and in the future there may be additional significant changes. These and any future developments, and continued uncertainty surrounding trade policies, treaties and tariffs, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and could have material adverse effects on our business, financial condition and results of operations.

Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.

Economic sanction laws in the United States and other jurisdictions may prohibit us or our affiliates from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if we, our portfolio companies or other issuers in which we invest were to violate any such laws or regulations, we may face significant legal and monetary penalties.

The Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict our activities, our portfolio companies and other issuers of our investments. If an issuer or we were to violate any such laws or regulations, such issuer or we may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that an issuer or we become the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by us or an issuer of our portfolio investments could have a material adverse effect on us. We are committed to complying with the FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, we may be adversely affected because of its unwillingness to enter into transactions that violate any such laws or regulations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 201 Rouse Boulevard, Philadelphia, Pennsylvania, 19112. We believe that our office facilities are suitable and adequate for our business as it is presently conducted.

Item 3. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of any current legal proceedings cannot be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Many of the amounts and percentages presented in Part II have been rounded for convenience of presentation, and all dollar amounts, excluding share and per share amounts, are presented in millions unless otherwise noted.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock has been listed on the NYSE since April 16, 2014. Our common stock traded under the ticker symbol "FSIC" until December 19, 2018 and has traded under the ticker symbol "FSK" since December 20, 2018. Prior to April 16, 2014, there was no public market for our common stock. Our shares of common stock have historically traded at prices both above and below our net asset value per share. It is not possible to predict whether shares of our common stock will trade at, above or below our net asset value in the future. See "Risk Factors—Risks Related to an Investment in Our Common Stock—Our shares of common stock may trade at a discount to net asset value."

As of January 31, 2023, we had 12,111 record holders of our common stock which does not include beneficial owners of shares of common stock held in "street name" by brokers and other institutions on behalf of stockholders.

Distributions

Subject to applicable legal restrictions and the sole discretion of our board of directors, we intend to declare and pay regular cash distributions on a quarterly basis. From time to time, we may also pay special interim distributions in the form of cash or shares of our common stock at the discretion of our board of directors. The timing and amount of any future distributions to stockholders are subject to applicable legal restrictions and the sole discretion of our board of directors.

The following table reflects the cash distributions per share that we have declared on our common stock during the years ended December 31, 2022, 2021 and 2020:

For the Year Ended December 31,	Distribution	
	Per Share	Amount
2020 ⁽¹⁾	\$ 2.56	\$ 318
2021	\$ 2.47	\$ 511
2022	\$ 2.66	\$ 754

(1) The amount of per share distributions has been retroactively adjusted to reflect the Reverse Stock Split as discussed in Note 3 to our consolidated financial statements.

See "Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—RIC Status and Distributions" and Note 5 to our consolidated financial statements contained in this annual report on Form 10-K for additional information regarding our distributions and our distribution reinvestment plan.

Stock Repurchase Programs

September 2021 Share Repurchase Program

In November 2020, the Company’s board of directors authorized a stock repurchase program, which went into effect in September 2021 following the consummation of the 2021 Merger, or the September 2021 Share Repurchase Program. Under the September 2021 Share Repurchase Program originally approved by the Company’s board of directors, the Company was permitted to repurchase up to \$100 in the aggregate of its outstanding common stock in the open market at prices below the then-current net asset value per share. On September 15, 2022, the program expired and was terminated pursuant to the terms of the program. On October 31, 2022, the board of directors approved a renewal of the September 2021 Share Repurchase Program. The program will provide for the aggregate purchases of the Company’s common stock in amounts up to \$54, which is the aggregate amount remaining of the \$100 amount originally approved by the board of directors. The timing, manner, price and amount of any share repurchases is determined by the Company based upon the evaluation of economic and market conditions, the Company’s stock price, applicable legal and regulatory requirements and other factors. The September 2021 Share Repurchase Program does not require the Company to repurchase any specific number of shares and the Company cannot assure stockholders that any shares will be repurchased under the program. The September 2021 Share Repurchase Program may be suspended, extended, modified or discontinued at any time.

During the year ended December 31, 2022, the Company repurchased 2,811,341 shares of common stock pursuant to the September 2021 Share Repurchase Program at an average price per share (inclusive of commissions paid) of \$19.91 (totaling \$56).

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During the period from January 1, 2023 to January 31, 2023, the Company repurchased 556,814 shares of common stock pursuant to the September 2021 Share Repurchase Program at an average price per share (inclusive of commissions paid) of \$18.75 (totaling \$10).

Affiliated Purchaser Programs

As previously disclosed, certain affiliates of the owners of the Advisor committed \$100 to a \$350 investment vehicle that may invest from time to time in shares of the Company. In September 2021, that investment vehicle entered into a written trading plan with a third party broker in accordance with Rule 10b5-1 and Rule 10b-18 promulgated under the Exchange Act, or the September 2021 Affiliated Purchaser Program, to facilitate the purchase of shares of our common stock pursuant to the terms and conditions of such plan. The September 2021 Affiliated Purchaser Program provided for the purchase of up to \$100 worth of shares of our common stock, subject to the limitations provided therein. The September 2021 Affiliated Purchaser Program has concluded since the aggregate repurchase amount that was approved by the Company's board of directors has been expended.

In December 2021, that investment vehicle entered into a written trading plan with a third party broker in accordance with Rule 10b5-1 and Rule 10b-18 promulgated under the Exchange Act, or the December 2021 Affiliated Purchaser Program and, together with the September 2021 Affiliated Purchaser Program, the Affiliated Purchaser Program, to facilitate the purchase of shares of our common stock pursuant to the terms and conditions of such plan. The December 2021 Affiliated Purchaser Program provided for the purchase of up to \$70 worth of shares of our common stock, subject to the limitations provided therein. The December 2021 Affiliated Purchaser Program has concluded since the aggregate repurchase amount under the plan has been expended.

During the year ended December 31, 2022, the Affiliated Purchaser Program purchased 3,100,501 shares of common stock at an average price per share (inclusive of commissions paid) of \$21.93 (totaling \$68).

The table below provides information concerning purchases of our shares of common stock by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) promulgated under the Exchange Act during the quarterly period ended December 31, 2022. Dollar amounts in the table below and the related notes are presented in millions, except for share and per share amounts.

Period	Total Number of Shares Purchased	Average Price Paid per Share⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2022 through October 31, 2022	—	\$ —	—	\$ 54
November 1, 2022 through November 30, 2022	358,873	19.49	358,873	47
December 1, 2022 through December 31, 2022	887,385	17.93	887,385	31
	<u>1,246,258</u>	<u>\$ 18.38</u>	<u>1,246,258</u>	

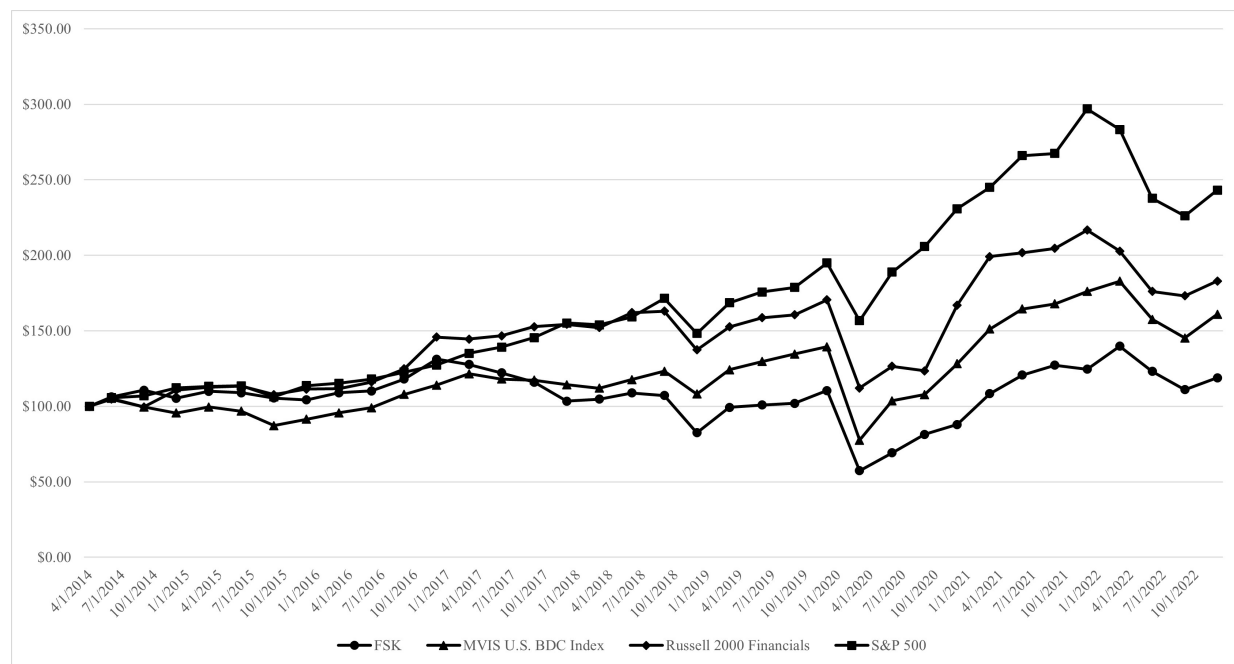
(1) Amount includes commissions paid.

(2) Includes amounts pursuant to the Share Repurchase Program and the Affiliated Purchaser Program.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of FS KKR Capital Corp. under the Securities Act.

The following graph shows a comparison from April 16, 2014 (the date our shares of common stock commenced trading on the NYSE) through December 31, 2022 of the cumulative total return for our common stock, the S&P 500 Index, the Russell 2000 Financial Services Index and the MVIS US Business Development Companies Index. The graph assumes that \$100 was invested at the market close on April 16, 2014 in our common stock, the S&P 500 Index, the Russell 2000 Financial Services Index and the MVIS US Business Development Companies Index, is based on historical stock prices and assumes all dividends or distributions are reinvested on the respective dividend or distribution payment dates without commissions. The stock price performance reflected by the following graph is not necessarily indicative of future stock price performance.



Item 6. Reserved

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The information contained in this section should be read in conjunction with our consolidated financial statements and related notes thereto appearing elsewhere in this annual report on Form 10-K.

Forward-Looking Statements

Some of the statements in this annual report on Form 10-K constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this annual report on Form 10-K may include statements as to:

- our future operating results;
- our business prospects and the prospects of the companies in which we may invest, including our and their ability to achieve our respective objectives as a result of the current COVID-19 pandemic;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our current and expected financings and investments;
- receiving and maintaining corporate credit ratings and changes in the general interest rate environment;

- the adequacy of our cash resources, financing sources and working capital;
- the timing and amount of cash flows, distributions and dividends, if any, from our portfolio companies;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with the other funds managed by the Advisor, FS Investments, KKR Credit or any of their respective affiliates;
- the dependence of our future success on the general economy and its effect on the industries in which we may invest;
- general economic and political trends and other external factors, including the current COVID-19 pandemic and related disruptions caused thereby;
- our use of financial leverage;
- the ability of the Advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Advisor or its affiliates to attract and retain highly talented professionals;
- our ability to maintain our qualification as a RIC and as a BDC;
- the impact on our business of the Dodd-Frank Act, and the rules and regulations issued thereunder;
- the effect of changes to tax legislation on us and the portfolio companies in which we may invest and our and their tax position; and
- the tax status of the enterprises in which we may invest.

In addition, words such as “anticipate,” “believe,” “expect” and “intend” indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this annual report on Form 10-K involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including those factors set forth in “Item 1A. Risk Factors.” Factors that could cause actual results to differ materially include:

- changes in the economy;
- geo-political risks;
- risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or pandemics;
- future changes in laws or regulations and conditions in our operating areas; and
- the price at which shares of our common stock may trade on the NYSE.

We have based the forward-looking statements included in this annual report on Form 10-K on information available to us on the date of this annual report on Form 10-K. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. Stockholders are advised to consult any additional disclosures that we may make directly to stockholders or through reports that we may file in the future with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements and projections contained in this annual report on Form 10-K are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act.

Overview

We were incorporated under the general corporation laws of the State of Maryland on December 21, 2007 and formally commenced investment operations on January 2, 2009. We are an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act and has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a RIC under Subchapter M of the Code.

We are externally managed by the Advisor pursuant to the investment advisory agreement and supervised by our board of directors, a majority of whom are independent.

Our investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. We seek to meet our investment objectives by:

- utilizing the experience and expertise of the management team of the Advisor;
- employing a defensive investment approach focused on long-term credit performance and principal protection;
- focusing primarily on debt investments in a broad array of private U.S. companies, including middle-market companies, which we define as companies with annual EBITDA of \$25 million to \$100 million at the time of investment;
- investing primarily in established, stable enterprises with positive cash flows; and
- maintaining rigorous portfolio monitoring in an attempt to anticipate and pre-empt negative credit events within our portfolio, such as an event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company.

We pursue our investment objective by investing primarily in the debt of middle market U.S. companies with a focus on originated transactions sourced through the network of the Advisor and its affiliates. We define direct originations as any investment where the Company's investment adviser, sub-adviser or their affiliates had negotiated the terms of the transaction beyond just the price, which, for example, may include negotiating financial covenants, maturity dates or interest rate terms. These directly originated transactions include participation in other originated transactions where there may be third parties involved, or a bank acting as an intermediary, for a closely held club, or similar transactions.

Our portfolio is comprised primarily of investments in senior secured loans and second lien secured loans of private middle market U.S. companies and, to a lesser extent, subordinated loans and certain asset-based financing loans of private U.S. companies. Although we do not expect a significant portion of our portfolio to be comprised of subordinated loans, there is no limit on the amount of such loans in which we may invest. We may purchase interests in loans or make other debt investments, including investments in senior secured bonds, through secondary market transactions in the OTC market or directly from our target companies as primary market or directly originated investments. In connection with our debt investments, we may on occasion receive equity interests such as warrants or options as additional consideration. We may also purchase or otherwise acquire interests in the form of common or preferred equity or equity-related securities, such as rights and warrants that may be converted into or exchanged for common stock or other equity or the cash value of common stock or other equity, including through a co-investment with a financial sponsor or possibly the restructuring of an investment. In addition, a portion of our portfolio may be comprised of corporate bonds, structured products, other debt securities and derivatives, including total return swaps and credit default swaps. The Advisor will seek to tailor our investment focus as market conditions evolve. Depending on market conditions, we may increase or decrease our exposure to less senior portions of the capital structures of our portfolio companies or otherwise make opportunistic investments, such as where the market price of loans, bonds or other securities reflects a lower value than deemed warranted by the Advisor's fundamental analysis. Such investment opportunities may occur due to general dislocations in the markets, a misunderstanding by the market of a particular company or an industry being out of favor with the broader investment community and may include event driven investments, anchor orders and structured products.

The senior secured loans, second lien secured loans and senior secured bonds in which we invest generally have stated terms of three to seven years and subordinated debt investments that we make generally have stated terms of up to ten years, but the expected average life of such securities is generally three to four years. However, we may invest in loans and securities with any maturity or duration. Our debt investments may be rated by a NRSRO and, in such case, generally will carry a rating below investment grade (rated lower than "Baa3" by Moody's or lower than "BBB-" by S&P). We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by a NRSRO.

Acquisition of FSKR

On June 16, 2021, we completed the 2021 Merger. Pursuant to the 2020 Merger Agreement, Merger Sub merged with and into FSKR, with FSKR continuing as the surviving company and as a wholly-owned subsidiary of the Company, or the First Merger, and, immediately thereafter, FSKR merged with and into the Company, with the Company continuing as the surviving company. In accordance with the terms of the 2020 Merger Agreement, (i) each outstanding share of FSKR common stock was converted into the right to receive 0.9498 shares of the Company's common stock. This exchange ratio was determined based on the closing net asset value, or NAV, per share of \$26.77 and \$25.42 for the Company and FSKR, respectively, as of June 14, 2021, to ensure that the NAV of shares investors will own in FSK is equal to the NAV of the shares they held in FSKR. As a result, the Company issued an aggregate of approximately 161,374,028 shares of its common stock to former FSKR stockholders. Following the consummation of the 2021 Merger, we entered into the investment advisory agreement.

Revenues

The principal measure of our financial performance is net increase in net assets resulting from operations, which includes net investment income, net realized gain or loss on investments, net realized gain or loss on foreign currency, net unrealized appreciation or depreciation on investments and net unrealized gain or loss on foreign currency. Net investment income is the difference between our income from interest, dividends, fees and other investment income and our operating and other expenses. Net realized gain or loss on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost, including the respective realized gain or loss on foreign currency for those foreign denominated investment transactions. Net realized gain or loss on foreign currency is the portion of realized gain or loss attributable to foreign currency fluctuations. Net unrealized appreciation or depreciation on investments is the net change in the fair value of our investment portfolio, including the respective unrealized gain or loss on foreign currency for those foreign denominated investments. Net unrealized gain or loss on foreign currency is the net change in the value of receivables or accruals due to the impact of foreign currency fluctuations.

We principally generate revenues in the form of interest income on the debt investments we hold. In addition, we generate revenues in the form of non-recurring commitment, closing, origination, structuring or diligence fees, monitoring fees, fees for providing managerial assistance, consulting fees, prepayment fees and performance-based fees. We may also generate revenues in the form of dividends and other distributions on the equity or other securities we hold.

Expenses

Our primary operating expenses include the payment of management and incentive fees and other expenses under the investment advisory agreement and the administration agreement, interest expense from financing arrangements and other indebtedness, and other expenses necessary for our operations. The management and incentive fees compensate the Advisor for its work in identifying, evaluating, negotiating, executing, monitoring and servicing our investments.

The Advisor oversees our day-to-day operations, including the provision of general ledger accounting, fund accounting, legal services, investor relations, certain government and regulatory affairs activities, and other administrative services. The Advisor also performs, or oversees the performance of, our corporate operations and required administrative services, which includes being responsible for the financial records that we are required to maintain and preparing reports for our stockholders and reports filed with the SEC. In addition, the Advisor assists us in calculating our net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports to our stockholders, and generally overseeing the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Pursuant to the administration agreement, we reimburse the Advisor for expenses necessary to perform services related to our administration and operations, including the Advisor's allocable portion of the compensation and related expenses of certain personnel of FS Investments and KKR Credit providing administrative services to us on behalf of the Advisor. We reimburse the Advisor no less than quarterly for all costs and expenses incurred by the Advisor in performing its obligations and providing personnel and facilities under the administration agreement. The Advisor allocates the cost of such services to us based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. Our board of directors reviews the methodology employed in determining how the expenses are allocated to us and the proposed allocation of administrative expenses among us and certain affiliates of the Advisor. Our board of directors then assesses the reasonableness of such reimbursements for expenses allocated to us based on the breadth, depth and quality of such services as compared to the estimated cost to us of obtaining similar services from third-party service providers known to be available. In addition, our board of directors considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, our board of directors compares the total amount paid to the Advisor for such services as a percentage of our net assets to the same ratio as reported by other comparable BDCs.

We bear all other expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- corporate and organization expenses relating to offerings of our securities, subject to limitations included in the investment advisory agreement;
- the cost of calculating our net asset value, including the cost of any third-party pricing or valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- investment advisory fees;
- fees payable to third parties relating to, or associated with, making investments and valuing investments, including fees and expenses associated with performing due diligence reviews of prospective investments;
- interest payments on our debt or related obligations;
- transfer agent and custodial fees;
- research and market data (including news and quotation equipment and services, and any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data);
- fees and expenses associated with marketing efforts;
- federal and state registration fees;
- federal, state and local taxes;
- fees and expenses of directors not also serving in an executive officer capacity for us or the Advisor;
- costs of proxy statements, stockholders' reports, notices and other filings;
- fidelity bond, directors and officers/errors and omissions liability insurance and other insurance premiums;
- direct costs such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with accounting, corporate governance, government and regulatory affairs activities, independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws, including compliance with the Sarbanes-Oxley Act;
- brokerage commissions for our investments; and
- all other expenses incurred by the Advisor or us in connection with administering our business, including expenses incurred by the Advisor in performing administrative services for us and administrative personnel paid by the Advisor, to the extent they are not controlling persons of the Advisor or any of its affiliates, subject to the limitations included in the investment advisory agreement and the administration agreement.

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In addition, we have contracted with State Street Bank and Trust Company to provide various accounting and administrative services, including, but not limited to, preparing preliminary financial information for review by the Advisor, preparing and monitoring expense budgets, maintaining accounting and corporate books and records, processing trade information provided by us and performing testing with respect to RIC compliance.

Portfolio Investment Activity for the Years Ended December 31, 2022 and 2021

Total Portfolio Activity

The following tables present certain selected information regarding our portfolio investment activity for the years ended December 31, 2022 and 2021:

Net Investment Activity	For the Year Ended	
	December 31, 2022	December 31, 2021
Purchases ⁽¹⁾	\$ 4,642	\$ 13,826
Sales and Repayments	(4,741)	(5,575)
Net Portfolio Activity	\$ (99)	\$ 8,251

New Investment Activity by Asset Class	For the Year Ended							
	December 31, 2022				December 31, 2021			
	Purchases	Percentage	Sales and Repayments	Percentage	Purchases ⁽¹⁾	Percentage	Sales and Repayments	Percentage
Senior Secured Loans—First Lien	\$ 2,778	60 %	\$ 2,926	62 %	\$ 9,713	71 %	\$ 3,704	66 %
Senior Secured Loans—Second Lien	121	3 %	278	6 %	1,400	10 %	833	15 %
Other Senior Secured Debt	1	0 %	—	—	95	1 %	52	1 %
Subordinated Debt	187	4 %	38	1 %	46	0 %	99	2 %
Asset Based Finance	848	18 %	1,102	23 %	1,541	11 %	462	8 %
Credit Opportunities Partners JV, LLC	175	4 %	—	—	587	4 %	—	—
Equity/Other ⁽²⁾	532	11 %	397	8 %	444	3 %	425	8 %
Total	\$ 4,642	100 %	\$ 4,741	100 %	\$ 13,826	100 %	\$ 5,575	100 %

(1) Purchases and new investments for the year ended December 31, 2021 include investments acquired at a cost of \$7,227 in connection with the 2021 Merger.

(2) Equity/Other includes investments in preferred equity investments. During the year ended December 31, 2022, purchases of preferred equity investments were \$451 and sales and repayments of preferred equity investments were \$109.

The following table summarizes the composition of our investment portfolio at cost and fair value as of December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021		
	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio
Senior Secured Loans—First Lien	\$ 9,607	\$ 9,278	60.3 %	\$ 9,695	\$ 9,765	60.7 %
Senior Secured Loans—Second Lien	1,299	1,194	7.8 %	1,564	1,557	9.7 %
Other Senior Secured Debt	152	110	0.7 %	149	120	0.7 %
Subordinated Debt	384	265	1.7 %	188	111	0.7 %
Asset Based Finance	2,024	1,903	12.4 %	2,132	2,245	13.9 %
Credit Opportunities Partners JV, LLC	1,572	1,428	9.3 %	1,397	1,396	8.7 %
Equity/Other ⁽²⁾	1,276	1,199	7.8 %	932	907	5.6 %
Total	\$ 16,314	\$ 15,377	100.0 %	\$ 16,057	\$ 16,101	100.0 %

(1) Amortized costs represent the original cost adjusted for the amortization of premiums and/or accretion of discounts, as applicable, on investments.

(2) As of December 31, 2022, Equity/Other included \$810 of preferred equity investments at fair value.

The following table presents certain selected information regarding the composition of our investment portfolio as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
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Number of Portfolio Companies	197	189
% Variable Rate Debt Investments (based on fair value) ⁽¹⁾⁽²⁾	69.6%	69.7%
% Fixed Rate Debt Investments (based on fair value) ⁽¹⁾⁽²⁾	8.6%	10.2%
% Other Income Producing Investments (based on fair value) ⁽³⁾	15.0%	13.1%
% Non-Income Producing Investments (based on fair value) ⁽²⁾	4.4%	5.1%
% of Investments on Non-Accrual (based on fair value)	2.4%	1.9%
Weighted Average Annual Yield on Accruing Debt Investments ⁽²⁾⁽⁴⁾	12.0%	9.2%
Weighted Average Annual Yield on All Debt Investments ⁽⁵⁾	11.2%	8.7%

- (1) "Debt Investments" means investments that pay or are expected to pay a stated interest rate, stated dividend rate or other similar stated return.
- (2) Does not include investments on non-accrual status.
- (3) "Other Income Producing Investments" means investments that pay or are expected to pay interest, dividends or other income to the Company on an ongoing basis but do not have a stated interest rate, stated dividend rate or other similar stated return.
- (4) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Stated annual interest rate for floating rate Debt Investments assumes the greater of (a) the respective base rate in effect as of December 31, 2022, and (b) the stated base rate floor. The base rate utilized in this calculation may not be indicative of the base rates for specific contracts as of December 31, 2022.
- (5) The Weighted Average Annual Yield on All Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Stated annual interest rate for floating rate Debt Investments assumes the greater of (a) the respective base rate in effect as of December 31, 2022, and (b) the stated base rate floor. The base rate utilized in this calculation may not be indicative of the base rates for specific contracts as of December 31, 2022.

For the year ended December 31, 2022, our total return based on net asset value was 1.40% and our total return based on market value was (4.61)%. For the year ended December 31, 2021, our total return based on net asset value was 18.47% and our total return based on market value was 41.45%. See footnotes 8 and 9 to the table included in Note 12 to our audited consolidated financial statements included herein for information regarding the calculation of our total return based on net asset value and total return based on market value, respectively.

Direct Originations

We define Direct Originations as any investment where the Advisor or its affiliates negotiates the terms of the transaction beyond just the price, which, for example, may include negotiating financial covenants, maturity dates or interest rate terms. These Direct Originations include participation in other originated transactions where there may be third parties involved, or a bank acting as an intermediary, for a closely held club, or similar transactions. The following table presents certain selected information regarding our Direct Originations as of December 31, 2022 and 2021:

Characteristics of All Direct Originations held in Portfolio	December 31, 2022	December 31, 2021
Number of Portfolio Companies	183	167
% of Investments on Non-Accrual	2.4%	1.9%
Total Cost of Direct Originations	\$15,654.2	\$15,341.3
Total Fair Value of Direct Originations	\$14,885.5	\$15,433.3
% of Total Investments, at Fair Value	96.8%	95.9%
Weighted Average Annual Yield on Accruing Debt Investments ⁽¹⁾	12.0%	8.9%
Weighted Average Annual Yield on All Debt Investments ⁽²⁾	11.2%	8.5%

- (1) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Does not include Debt Investments on non-accrual status.

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Stated annual interest rate for floating rate Debt Investments assumes the greater of (a) the respective base rate in effect as of December 31, 2022, and (b) the stated base rate floor. The base rate utilized in this calculation may not be indicative of the base rates for specific contracts as of December 31, 2022.

- (2) The Weighted Average Annual Yield on All Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Stated annual interest rate for floating rate Debt Investments assumes the greater of (a) the respective base rate in effect as of December 31, 2022, and (b) the stated base rate floor. The base rate utilized in this calculation may not be indicative of the base rates for specific contracts as of December 31, 2022.

Portfolio Composition by Industry Classification

The table below describes investments by industry classification and enumerates the percentage, by fair value, of the total portfolio assets in such industries as of December 31, 2022 and 2021:

Industry Classification	December 31, 2022		December 31, 2021	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Automobiles & Components	\$ 25	0.2 %	\$ 89	0.5 %
Banks	—	— %	15	0.1 %
Capital Goods	2,366	15.4 %	2,281	14.2 %
Commercial & Professional Services	1,670	10.9 %	1,615	10.0 %
Consumer Durables & Apparel	235	1.5 %	551	3.4 %
Consumer Services	189	1.2 %	393	2.4 %
Credit Opportunities Partners JV, LLC	1,428	9.3 %	1,396	8.7 %
Diversified Financials	583	3.8 %	672	4.2 %
Energy	272	1.8 %	241	1.5 %
Food & Staples Retailing	103	0.7 %	296	1.8 %
Food, Beverage & Tobacco	226	1.5 %	256	1.6 %
Health Care Equipment & Services	1,963	12.8 %	1,613	10.0 %
Household & Personal Products	242	1.6 %	227	1.4 %
Insurance	974	6.3 %	898	5.6 %
Materials	197	1.3 %	211	1.3 %
Media & Entertainment	695	4.5 %	720	4.5 %
Pharmaceuticals, Biotechnology & Life Sciences	231	1.4 %	235	1.5 %
Real Estate	753	4.9 %	876	5.4 %
Retailing	282	1.8 %	288	1.8 %
Software & Services	2,591	16.8 %	2,698	16.8 %
Technology Hardware & Equipment	1	0.0 %	42	0.3 %
Telecommunication Services	76	0.5 %	128	0.8 %
Transportation	275	1.8 %	360	2.2 %
Total	\$ 15,377	100.0 %	\$ 16,101	100.0 %

Portfolio Asset Quality

In addition to various risk management and monitoring tools, the Advisor uses an investment rating system to characterize and monitor the expected level of returns on each investment in our portfolio. The Advisor uses an investment rating scale of 1 to 4. The following is a description of the conditions associated with each investment rating:

Investment Rating	Summary Description
1	Performing Investment—generally executing in accordance with plan and there are no concerns about the portfolio company’s performance or ability to meet covenant requirements.
2	Performing investment—no concern about repayment of both interest and our cost basis but company’s recent performance or trends in the industry require closer monitoring.
3	Underperforming investment—some loss of interest or dividend possible, but still expecting a positive return on investment.
4	Underperforming investment—concerns about the recoverability of principal or interest.

The following table shows the distribution of our investments on the 1 to 4 investment rating scale at fair value as of December 31, 2022 and 2021:

Investment Rating	December 31, 2022		December 31, 2021	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
1	\$ 11,565	75 %	\$ 12,602	78 %
2	2,899	19 %	2,468	15 %
3	452	3 %	748	5 %
4	461	3 %	283	2 %
Total	\$ 15,377	100 %	\$ 16,101	100 %

The amount of the portfolio in each grading category may vary substantially from period to period resulting primarily from changes in the composition of the portfolio as a result of new investment, repayment and exit activities. In addition, changes in the grade of investments may be made to reflect our expectation of performance and changes in investment values.

Results of Operations

Comparison of the Years Ended December 31, 2022, 2021 and 2020

Revenues

Our investment income for the years ended December 31, 2022, 2021 and 2020 was as follows:

	Year Ended December 31,					
	2022		2021		2020	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
Interest income	\$ 1,106	67.6 %	\$ 687	63.6 %	\$ 444	69.5 %
Paid-in-kind interest income	163	10.0 %	107	9.9 %	66	10.3 %
Fee income	80	4.9 %	91	8.4 %	33	5.2 %
Dividend income	286	17.5 %	196	18.1 %	96	15.0 %
Total investment income ⁽¹⁾	\$ 1,635	100.0 %	\$ 1,081	100.0 %	\$ 639	100.0 %

(1) Such revenues represent \$1,398, \$915 and \$563 of cash income earned as well as \$237, \$166 and \$76 in non-cash portions relating to accretion of discount and PIK interest for the years ended December 31, 2022, 2021 and 2020, respectively. Cash flows related to such non-cash revenues may not occur for a number of reporting periods or years after such revenues are recognized.

The level of interest income we receive is generally related to the balance of income-producing investments, multiplied by the weighted average yield of our investments. Fee income is transaction based, and typically consists of repayment fees and structuring

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fees. As such, fee income is generally dependent on new Direct Origination investments and the occurrence of events at existing portfolio companies resulting in such fees.

The increase in interest and PIK income during the year ended December 31, 2022 compared to the year ended December 31, 2021 can primarily be attributed to the rising rate environment, along with the increase in assets resulting from the 2021 Merger. The increase in interest and PIK income during the year ended December 31, 2021 compared to the year ended December 31, 2020 can primarily be attributed to the increase in assets resulting from the 2021 Merger.

The decrease in fee income during the year ended December 31, 2022 compared to the year ended December 31, 2021 can primarily be attributed to structuring fees and prepayment fees received in connection with a decrease in investment and repayment activity during the current period. The increase in fee income during the year ended December 31, 2021 compared to the year ended December 31, 2020 can primarily be attributed to structuring fees and prepayment fees received in connection with increased investment and repayment activity.

The increase in dividend income during the year ended December 31, 2022 compared to the year ended December 31, 2021 can be primarily attributed to the increase in dividends paid in respect to our investment in Credit Opportunities Partners JV, LLC. The increase in dividend income during the year ended December 31, 2021 compared to the year ended December 31, 2020 can be primarily attributed to the increase in dividends paid in respect to our investment in Credit Opportunities Partners JV, LLC, and a one-time dividend of \$20 from one of our equity investments during the year ended December 31, 2021.

Expenses

Our operating expenses, together with excise taxes, for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,		
	2022	2021	2020
Management fees	\$ 245	\$ 173	\$ 106
Subordinated income incentive fees	159	77	—
Administrative services expenses	15	12	7
Accounting and administrative fees	5	3	2
Interest expense	365	231	170
Other expenses	22	19	13
Total operating expenses	\$ 811	\$ 515	\$ 298
Incentive fee waiver	(60)	(30)	—
Net operating expenses before taxes	751	485	298
Excise taxes	19	12	10
Total net expenses, including excise taxes	\$ 770	\$ 497	\$ 308

The following table reflects selected expense ratios as a percent of average net assets for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
Ratio of operating expenses and excise taxes to average net assets	10.96 %	9.35 %	9.71 %
Ratio of incentive fee waiver to average net assets ⁽¹⁾	(0.79)%	(0.53)%	—
Ratio of net operating expenses to average net assets	10.17 %	8.82 %	9.71 %
Ratio of incentive fees, interest expense and excise taxes to average net assets ⁽¹⁾	6.38 %	5.15 %	5.67 %
Ratio of net operating expenses, excluding certain expenses, to average net assets	3.79 %	3.67 %	4.04 %

(1) Ratio data may be rounded in order to recompute the ending ratio of net operating expenses, excluding certain expenses, to average net assets.

The increase in expenses during the year ended December 31, 2022 compared to the year ended December 31, 2021 can primarily be attributed to an increase in subordinated income incentive fees and interest expense as a result of the rising rate environment along with the increase in assets resulting from the 2021 Merger.

Incentive fees and interest expense, among other things, may increase or decrease our expense ratios relative to comparative periods depending on portfolio performance and changes in amounts outstanding under our financing arrangements and benchmark interest rates such as LIBOR, among other factors.

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Net Investment Income

Our net investment income totaled \$865 (\$3.05 per share), \$584 (\$2.76 per share) and \$331 (\$2.66 per share) for the years ended December 31, 2022, 2021 and 2020, respectively.

The increase in net investment income during the year ended December 31, 2022 compared to the year ended December 31, 2021 and during the year ended December 31, 2021 compared to the year ended December 31, 2020 can primarily be attributed to higher investment income during the respective years ended December 31, 2022 and December 31, 2021 as discussed above.

Net Realized Gains or Losses

Our net realized gains (losses) on investments, financial instruments and foreign currency for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,		
	2022	2021	2020
Net realized gain (loss) on investments ⁽¹⁾	\$ 149	\$ 171	\$ (490)
Net realized gain (loss) on foreign currency forward contracts	10	0	—
Net realized gain (loss) on foreign currency	23	(7)	(6)
Total net realized gain (loss)	\$ 182	\$ 164	\$ (496)

(1) We sold investments and received principal repayments, respectively, of \$2,076 and \$2,665 during the year ended December 31, 2022, \$2,258 and \$3,317 during the year ended December 31, 2021 and \$1,232 and \$1,069 during the year ended December 31, 2020.

Provision for Taxes on Realized and Unrealized Gains on Investments

We recorded a provision for taxes on realized and unrealized gains with respect to two of our equity investments of \$5 and \$0 and \$0 during the years ended December 31, 2022, 2021 and 2020, respectively.

Realized Losses from Extinguishment of Debt

During the years ended December 31, 2022, 2021 and 2020, we recorded a net realized loss from the extinguishment of debt of \$0, \$(3) and \$0, respectively.

Net Change in Unrealized Appreciation (Depreciation)

Our net change in unrealized appreciation (depreciation) on investments, financial instruments and unrealized gain (loss) on foreign currency for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,		
	2022	2021	2020
Net change in unrealized appreciation (depreciation) on investments	\$ (981)	\$ 728	\$ (221)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	16	12	(3)
Net change in unrealized gain (loss) on foreign currency	15	30	(16)
Total net change in unrealized appreciation (depreciation)	\$ (950)	\$ 770	\$ (240)

During the year ended December 31, 2022, the net change in unrealized appreciation (depreciation) was driven primarily by a general widening of credit spreads. During the year ended December 31, 2021, the net change in unrealized appreciation (depreciation) on our investments was driven primarily by \$628 of appreciation resulting from the merger accounting associated with the 2021 Merger. During the year ended December 31, 2020, the net change in unrealized appreciation (depreciation) on our investments was driven primarily by mark to market declines across the portfolio resulting from uncertainty related to the COVID-19 pandemic.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the years ended December 31, 2022, 2021 and 2020, the net increase (decrease) in net assets resulting from operations was \$92 (\$0.32 per share), \$1,515 (\$7.16 per share) and \$(405) (\$3.26 per share), respectively.

Financial Condition, Liquidity and Capital Resources

Overview

As of December 31, 2022, we had \$251 in cash and foreign currency, which we or our wholly-owned financing subsidiaries held in custodial accounts, and \$2,559 in borrowings available under our financing arrangements, subject to borrowing base and other limitations. As of December 31, 2022, we also had broadly syndicated investments and opportunistic investments that could be sold to create additional liquidity. As of December 31, 2022, we had unfunded debt investments with aggregate unfunded commitments of \$952.4, unfunded equity/other commitments of \$475.3 and unfunded commitments of \$560.2 of COPJV. We maintain sufficient cash on hand, available borrowings and liquid securities to fund such unfunded commitments should the need arise.

We currently generate cash primarily from cash flows from fees, interest and dividends earned from our investments, as well as principal repayments and proceeds from sales of our investments. To seek to enhance our returns, we also employ leverage as market conditions permit and at the discretion of the Advisor, but in no event will leverage employed exceed the maximum amount permitted by the 1940 Act. Prior to June 14, 2019, in accordance with the 1940 Act, we were allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, was at least 200% after such borrowing. Effective June 15, 2019, our asset coverage requirement applicable to senior securities was reduced from 200% to 150%. As of December 31, 2022, the aggregate amount outstanding of the senior securities issued by us was \$8.7 billion. As of December 31, 2022, our asset coverage was 180%. See “—Financing Arrangements.”

Prior to investing in securities of portfolio companies, we invest the cash received from fees, interest and dividends earned from our investments and principal repayments and proceeds from sales of our investments primarily in cash, cash equivalents, including money market funds, U.S. government securities, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, consistent with our BDC election and our election to be taxed as a RIC.

Financing Arrangements

The following table presents summary information with respect to our outstanding financing arrangements as of December 31, 2022:

As of December 31, 2022					
Arrangement	Type of Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
Ambler Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.15% ⁽¹⁾	\$ 131	\$ 69	November 22, 2025
Burholme Prime Brokerage Facility ⁽²⁾⁽⁹⁾	Prime Brokerage Facility	L+1.25% ⁽¹⁾	—	—	June 28, 2023
CCT Tokyo Funding Credit Facility ⁽²⁾	Revolving Credit Facility	SOFR+1.90% - 2.05% ⁽¹⁾⁽³⁾	285	15	June 2, 2026
Darby Creek Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	242	8	February 26, 2025
Dunlap Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	472	28	February 26, 2025
Meadowbrook Run Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.05% ⁽¹⁾	244	56	November 22, 2024
Senior Secured Revolving Credit Facility ⁽²⁾	Revolving Credit Facility	SOFR+1.75% - 1.88% ⁽¹⁾⁽⁴⁾	2,260 ⁽⁵⁾	2,383 ⁽⁶⁾	May 17, 2027
4.625% Notes due 2024 ⁽⁷⁾	Unsecured Notes	4.63%	400	—	July 15, 2024
1.650% Notes due 2024 ⁽⁷⁾	Unsecured Notes	1.65%	500	—	October 12, 2024
4.125% Notes due 2025 ⁽⁷⁾	Unsecured Notes	4.13%	470	—	February 1, 2025
4.250% Notes due 2025 ⁽⁷⁾⁽⁹⁾	Unsecured Notes	4.25%	475	—	February 14, 2025
8.625% Notes due 2025 ⁽⁷⁾	Unsecured Notes	8.63%	250	—	May 15, 2025
3.400% Notes due 2026 ⁽⁷⁾	Unsecured Notes	3.40%	1,000	—	January 15, 2026
2.625% Notes due 2027 ⁽⁷⁾	Unsecured Notes	2.63%	400	—	January 15, 2027
3.250% Notes due 2027 ⁽⁷⁾	Unsecured Notes	3.25%	500	—	July 15, 2027
3.125% Notes due 2028 ⁽⁷⁾	Unsecured Notes	3.13%	750	—	October 12, 2028
CLO-1 Notes ⁽²⁾⁽⁸⁾	Collateralized Loan Obligation	L+1.85% - 3.01% ⁽¹⁾	352	—	January 15, 2031
Total			\$ 8,731	\$ 2,559	

(1) The benchmark rate is subject to a 0% floor.

(2) The carrying amount outstanding under the facility approximates its fair value.

(3) The spread over the benchmark rate is determined by reference to the amount outstanding under the facility.

(4) The spread over the benchmark rate is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company. In addition to the spread over the benchmark rate, a credit spread adjustment of 0.10% and 0.0326% is applicable to borrowings in U.S. dollars and pounds sterling, respectively.

(5) Amount includes borrowing in Euros, Canadian dollars, pounds sterling and Australian dollars. Euro balance outstanding of €260 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.07 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance

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- outstanding of CAD32 has been converted to U.S. dollars at an exchange rate of CAD1.00 to \$0.74 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Pounds sterling balance outstanding of £39 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.21 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of AUD112 has been converted to U.S. dollars at an exchange rate of AUD1.00 to \$0.68 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars.
- (6) The amount available for borrowing under the Senior Secured Revolving Credit Facility is reduced by any standby letters of credit issued under the Senior Secured Revolving Credit Facility. As of December 31, 2022, \$12 of such Letters of Credit have been issued.
- (7) As of December 31, 2022, the fair value of the 4.625% notes, the 1.650% notes, the 4.125% notes, the 4.250% notes, the 8.625% notes, the 3.400% notes, the 2.625% notes, the 3.250% notes and the 3.125% notes was approximately \$388, \$452, \$442, \$446, \$255, \$888, \$334, \$421 and \$606, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.
- (8) As of December 31, 2022, there were \$281.4 of Class A-1R notes outstanding at L+1.85%, \$20.5 of Class A-2R notes outstanding at L+2.25%, \$32.4 of Class B-1R notes outstanding at L+2.60% and \$17.4 of Class B-2R notes outstanding at 3.011%.
- (9) As of June 16, 2021, the Company assumed all of FSKR's obligations under its notes and credit facilities, and FSKR's wholly-owned special purpose financing subsidiaries became wholly-owned special purpose financing subsidiaries of the Company, in each case, as a result of the consummation of the 2021 Merger.

See Note 9 to our consolidated financial statements included herein for additional information regarding our financing arrangements.

RIC Status and Distributions

We have elected to be subject to tax as a RIC under Subchapter M of the Code. In order to qualify for RIC tax treatment, we must, among other things, make distributions of an amount at least equal to 90% of our investment company taxable income, determined without regard to any deduction for distributions paid, each tax year. As long as the distributions are declared by the later of the fifteenth day of the ninth month following the close of a tax year or the due date of the tax return for such tax year, including extensions, distributions paid up to twelve months after the current tax year can be carried back to the prior tax year for determining the distributions paid in such tax year. We intend to make sufficient distributions to our stockholders to qualify for and maintain our RIC tax status each tax year. We are also subject to a 4% nondeductible federal excise tax on certain undistributed income unless we make distributions in a timely manner to our stockholders generally of an amount at least equal to the sum of (1) 98% of our net ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gain net income, which is the excess of capital gains in excess of capital losses, or "capital gain net income" (adjusted for certain ordinary losses), for the one-year period ending October 31 of that calendar year and (3) any net ordinary income and capital gain net income for the preceding years that were not distributed during such years and on which we paid no U.S. federal income tax. Any distribution declared by us during October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following calendar year, will be treated as if it had been paid by us, as well as received by our stockholders, on December 31 of the calendar year in which the distribution was declared. We can offer no assurance that we will achieve results that will permit us to pay any cash distributions. If we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

Subject to applicable legal restrictions and the sole discretion of our board of directors, we intend to authorize, declare and pay regular cash distributions on a quarterly basis. We will calculate each stockholder's specific distribution amount for the period using record and declaration dates and each stockholder's distributions will begin to accrue on the date that shares of our common stock are issued to such stockholder. From time to time, we may also pay special interim distributions in the form of cash or shares of our common stock at the discretion of our board of directors.

During certain periods, our distributions may exceed our earnings. As a result, it is possible that a portion of the distributions we make may represent a return of capital. A return of capital generally is a return of a stockholder's investment rather than a return of earnings or gains derived from our investment activities. Each year a statement on Form 1099-DIV identifying the sources of the distributions will be mailed to our stockholders. No portion of the distributions paid during the tax years ended December 31, 2022, 2021 or 2020 represented a return of capital.

We intend to continue to make our regular distributions in the form of cash, out of assets legally available for distribution, except for those stockholders who receive their distributions in the form of shares of our common stock under our distribution reinvestment plan. Any distributions reinvested under the plan will nevertheless remain taxable to a U.S. stockholder.

The following table reflects the cash distributions per share that we have declared on our common stock during the years ended December 31, 2022, 2021 and 2020:

For the Year Ended December 31,	Distribution	
	Per Share	Amount
2020 ⁽¹⁾	\$ 2.56	\$ 318
2021	\$ 2.47	\$ 511
2022	\$ 2.66	\$ 754

- (1) The amount of per share distributions has been retroactively adjusted to reflect the Reverse Stock Split as discussed in Note 3 to our unaudited consolidated financial statements included herein.

See Note 5 to our consolidated financial statements contained in this annual report on Form 10-K for additional information regarding our distributions, including a reconciliation of our GAAP-basis net investment income to our tax-basis net investment income for the years ended December 31, 2022, 2021 and 2020.

Recent Developments

Subsequent to December 31, 2022, Burholme Funding LLC, Darby Creek LLC and Dunlap Funding LLC, each a wholly-owned financing subsidiary of the Company, entered into amendments to their respective borrowing facilities. For additional discussion of the respective amendments, see Note 14 to our consolidated financial statements included herein.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management has utilized available information, including our past history, industry standards and the current economic environment, among other factors, in forming the estimates and judgments, giving due consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to those of companies in similar businesses. Understanding our accounting policies and the extent to which we use management judgment and estimates in applying these policies is integral to understanding our financial statements. We describe our most significant accounting policies in "Note 2. Summary of Significant Accounting Policies" in our consolidated financial statements. Critical accounting policies are those that require the application of management's most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. We evaluate our critical accounting estimates and judgments required by our policies on an ongoing basis and update them as necessary based on changing conditions. We have identified one of our accounting policies, valuation of portfolio investments, specifically the valuation of Level 3 investments, as critical because it involves significant judgments and assumptions about highly complex and inherently uncertain matters, and the use of reasonably different estimates and assumptions could have a material impact on our reported results of operations or financial condition. As we execute our operating plans, we will describe additional critical accounting policies in the notes to our future financial statements in addition to those discussed below.

Valuation of Portfolio Investments

Our board of directors is responsible for overseeing the valuation of our portfolio investments at fair value as determined in good faith pursuant to the Advisor's valuation policy. As permitted by Rule 2a-5 of the 1940 Act, our board of directors has designated the Advisor as our valuation designee with day-to-day responsibility for implementing the portfolio valuation process set forth in the Advisor's valuation policy.

The Advisor determines the fair value of our investment portfolio each quarter. Securities that are publicly-traded with readily available market prices will be valued at the reported closing price on the valuation date. Securities that are not publicly-traded with readily available market prices will be valued at fair value as determined in good faith by the Advisor. In connection with that determination, the Advisor will prepare portfolio company valuations which are based on relevant inputs, including, but not limited to, indicative dealer quotes, values of like securities, recent portfolio company financial statements and forecasts, and valuations prepared by independent third-party pricing and valuation services.

ASC Topic 820 issued by the FASB clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

With respect to investments for which market quotations are not readily available, we undertake a multi-step valuation process each quarter, as described below:

- our quarterly fair valuation process begins by the Advisor facilitating the delivery of updated quarterly financial and other information relating to each investment to an independent third-party pricing or valuation service;
- the independent third-party pricing or valuation service then reviews and analyzes the information, along with relevant market and economic data, and determines proposed valuations for each portfolio company or investment according to the valuation methodologies in the Advisor's valuation policy and communicates the information to the Advisor in the form of a valuation range for Level 3 assets;

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- the Advisor then reviews the preliminary valuation information for each portfolio company or investment and provides feedback about the accuracy, completeness and timeliness of the valuation-related inputs considered by the independent third-party pricing or valuation service and any suggested revisions thereto prior to the independent third-party pricing or valuation service finalizing its valuation range;
- the Advisor then provides the valuation committee with its valuation determinations and valuation-related information for each portfolio company or investment, along with any applicable supporting materials; and other information that is relevant to the fair valuation process as required by the Advisor's board reporting obligations;
- the valuation committee meets with the Advisor to receive the relevant quarterly reporting from the Advisor and to discuss any questions from the valuation committee in connection with the valuation committee's role in overseeing the fair valuation process; and
- following the completion of its fair value oversight activities, the valuation committee (with the assistance of the Advisor) provides our board of directors with a report regarding the quarterly valuation process.

In circumstances where the Advisor deems appropriate, the Advisor's internal valuation team values certain investments. When performing the internal valuations, the Advisor utilizes similar valuation techniques as an independent third-party pricing service would use. Such valuations are approved by an internal valuation committee of the Advisor, as well as the valuation committee of the Board, as described above.

Determination of fair value involves subjective judgments and estimates. Accordingly, 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. In making its determination of fair value, the Advisor may use any independent third-party pricing or valuation services for which it has performed the appropriate level of due diligence. However, the Advisor is not required to determine fair value in accordance with the valuation provided by any single source, and may use any relevant data, including information sourced by the Advisor or provided by any independent third-party valuation or pricing service that the Advisor deems to be reliable in determining fair value under the circumstances. Below is a description of factors that the Advisor and any independent third-party valuation services may consider when determining the fair value of our investments.

The valuation methods utilized for each portfolio company may vary depending on industry and company-specific considerations. Typically, the first step is to make an assessment as to the enterprise value of the portfolio company's business in order to establish whether the portfolio company's enterprise value is greater than the amount of its debt as of the valuation date. This analysis helps to determine a risk profile for the applicable portfolio company and its related investments, and the appropriate valuation methodology to utilize as part of the security valuation analysis. The enterprise valuation may be determined using a market or income approach.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, the Advisor may incorporate these factors into discounted cash flow models to arrive at fair value. Various methods may be used to determine the appropriate rate in a discounted cash flow model.

Other factors that may be considered include the borrower's ability to adequately service its debt, the fair market value of the borrower in relation to the face amount of its outstanding debt and the quality of collateral securing our debt investments.

For convertible debt securities, fair value generally approximates the fair value of the debt plus the fair value of an option to purchase the underlying security (i.e., the security into which the debt may convert) at the conversion price. To value such an option, a standard option pricing model may be used.

Our equity interests in portfolio companies for which there is no liquid public market are valued at fair value. Generally, the value of our equity interests in public companies for which market quotations are readily available is based upon the most recent closing public market price. Portfolio securities that carry certain restrictions on sale are typically valued at a discount from the public market value of the security.

When we receive warrants or other equity securities at nominal or no additional cost in connection with an investment in a debt security, the cost basis in the investment will be allocated between the debt securities and any such warrants or other equity securities received at the time of origination. The Advisor subsequently values these warrants or other equity securities received at their fair value.

See Note 8 to our consolidated financial statements included herein for additional information regarding the fair value of our financial instruments.

Contractual Obligations

We have entered into agreements with the Advisor to provide us with investment advisory and administrative services. Payments for investment advisory services under the investment advisory agreement are equal to (a) an annual base management fee based on the average weekly value of our gross assets (excluding cash and cash equivalents) and (b) an incentive fee based on our performance. The Advisor is reimbursed for administrative expenses incurred on our behalf. See Note 4 to our consolidated financial statements included herein for a discussion of these agreements and for the amount of fees and expenses accrued under these agreements during the years ended December 31, 2022, 2021 and 2020.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU No. 2020-04, “*Reference Rate Reform (Topic 848)*,” which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848)*, which expanded the scope of Topic 848 to include derivative instruments impacted by discounting transition. ASU 2020-04 and ASU 2021-01 are effective for all entities through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which deferred the sunset day of this guidance to December 31, 2024. We are currently evaluating the impact of adopting ASU 2020-04 on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. As of December 31, 2022, 69.6% of our portfolio investments (based on fair value) were debt investments paying variable interest rates and 8.6% were debt investments paying fixed interest rates while 15.0% were other income producing investments, 4.4% consisted of non-income producing investments, and the remaining 2.4% consisted of investments on non-accrual status. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to any variable rate investments we hold and to declines in the value of any fixed rate investments we hold. However, many of our variable rate investments provide for an interest rate floor, which may prevent our interest income from increasing until benchmark interest rates increase beyond a threshold amount. To the extent that a substantial portion of our investments may be in variable rate investments, an increase in interest rates beyond this threshold would make it easier for us to meet or exceed the hurdle rate applicable to the subordinated incentive fee on income, and may result in a substantial increase in our net investment income and to the amount of incentive fees payable to the Advisor with respect to our increased pre-incentive fee net investment income. Previously, the U.S. Federal Reserve and other central banks have reduced certain interest rates in response to the COVID-19 pandemic and market conditions. A prolonged reduction in interest rates may reduce our net investment income.

Pursuant to the terms of the Ambler Credit Facility, CCT Tokyo Funding Credit Facility, Darby Creek Credit Facility, Dunlap Credit Facility, Meadowbrook Run Credit Facility, Senior Secured Revolving Credit Facility and the CLO-1 Notes, we borrow at a floating rate based on a benchmark interest rate. Under the indentures governing the 4.625% notes, the 1.650% notes, the 4.125% notes, the 4.250% notes, the 8.625% notes, the 3.400% notes, the 2.625% notes, the 3.250% notes and the 3.125% notes, we pay interest to the holders of such notes at a fixed rate. To the extent that any present or future credit facilities or other financing arrangements that we or any of our subsidiaries enter into are based on a floating interest rate, we will be subject to risks relating to changes in market interest rates. In periods of rising interest rates when we or our subsidiaries have such debt outstanding, or financing arrangements in effect, our interest expense would increase, which could reduce our net investment income, especially to the extent we hold fixed rate investments.

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The following table shows the effect over a twelve month period of changes in interest rates on our interest income, interest expense and net interest income, assuming no changes in the composition of our investment portfolio, including the accrual status of our investments, and our financing arrangements in effect as of December 31, 2022 (dollar amounts are presented in millions):

Basis Point Change in Interest Rates	Increase (Decrease) in Interest Income ⁽¹⁾	Increase (Decrease) in Interest Expense	Increase (Decrease) in Net Interest Income	Percentage Change in Net Interest Income
Down 100 basis points	\$(112)	\$(40)	\$(72)	(6.6)%
Down 50 basis points	(56)	(20)	(36)	(3.3)%
Up 50 basis points	56	20	36	3.3%
Up 100 basis points	112	40	72	6.6%
Up 150 basis points	168	60	108	9.9%
Up 200 basis points	224	80	144	13.2%
Up 250 basis points	280	100	180	16.5%

(1) Assumes no defaults or prepayments by portfolio companies over the next twelve months.

We expect that our long-term investments will be financed primarily with equity and debt. If deemed prudent, we may use interest rate risk management techniques in an effort to minimize our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. During the years ended December 31, 2022, 2021 and 2020 we did not engage in interest rate hedging activities.

Foreign Currency Risk

From time to time, we may make investments that are denominated in a foreign currency that are subject to the effects of exchange rate movements between the foreign currency of each such investment and the U.S. dollar, which may affect future fair values and cash flows, as well as amounts translated into U.S. dollars for inclusion in our consolidated financial statements.

The table below presents the effect that a 10% immediate, unfavorable change in the foreign currency exchange rates (i.e. strengthening of the U.S. dollar) would have on the fair value of our investments denominated in foreign currencies as of December 31, 2022, by foreign currency, all other valuation assumptions remaining constant. In addition, the table below presents the par value of our investments denominated in foreign currencies and the notional amount of foreign currency forward contracts in local currency in place as of December 31, 2022 to hedge against foreign currency risks.

	Investments Denominated in Foreign Currencies As of December 31, 2022				Economically Hedged As of December 31, 2022	
	Cost in Local Currency	Cost in US\$	Fair Value	Reduction in Fair Value as of December 31, 2022 if 10% Adverse Change in Exchange Rate ⁽¹⁾	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
Australian Dollars	A\$ 99.2	\$ 67.5	\$ 63.2	\$ 6.3	A\$ 10.6	\$ 7.2
British Pounds Sterling	£ 36.7	44.3	40.1	4.0	£ 19.6	23.7
Canadian Dollars	\$ 41.0	30.3	31.5	3.2	\$ 13.9	10.2
Euros	€ 476.9	510.3	271.6	27.2	€ 64.7	69.1
Icelandic Krona	ISK 1,430.6	10.1	9.2	0.9	ISK —	—
Norwegian Krone	NOK 438.8	44.6	42.6	4.3	NOK 46.4	4.7
Swedish Krona	SEK 1,262.5	121.2	86.0	8.6	SEK 1,024.0	98.4
Total		\$ 828.3	\$ 544.2	\$ 54.5		\$ 213.3

(1) Excludes effect, if any, of any foreign currency hedges.

As illustrated in the table above, we use derivative instruments from time to time, including foreign currency forward contracts and cross currency swaps, to manage the impact of fluctuations in foreign currency exchange rates. In addition, we have the ability to borrow in foreign currencies under our Senior Secured Revolving Credit Facility, which provides a natural hedge with regard to changes in exchange rates between the foreign currencies and U.S. dollar and reduces our exposure to foreign exchange rate differences. We are typically a net receiver of these foreign currencies as related for our international investment positions, and, as a result, our investments denominated in foreign currencies, to the extent not hedged, benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar.

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As of December 31, 2022, the net contractual amount of our foreign currency forward contracts totaled \$213.3, \$213.3 of which related to hedging of our foreign currency denominated debt investments. As of December 31, 2022, we had outstanding borrowings denominated in foreign currencies of €260, CAD32, £39 and AUD112 under our Senior Secured Revolving Credit Facility.

In addition, we may have risk regarding portfolio valuation. See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Valuation of Portfolio Investments.”

Item 8. Financial Statements and Supplementary Data.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. In connection with the preparation of our annual financial statements, management has conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (“COSO”). Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls. Based on this evaluation, we have concluded that, as of December 31, 2022, our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting as of December 31, 2022 has been audited by our independent registered public accounting firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of FS KKR Capital Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of FS KKR Capital Corp. and subsidiaries (the “Company”) as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 27, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP

San Francisco, California

February 27, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of FS KKR Capital Corp.

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying consolidated balance sheets of FS KKR Capital Corp. and subsidiaries (the "Company"), including the consolidated schedules of investments, as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2022, the financial highlights for each of the four years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, changes in net assets, cash flows, for each of the three years in the period ended December 31, 2022, and the financial highlights for each of the four years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2023 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights.

Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of investments owned as of December 31, 2022 and 2021, by correspondence with the custodian, loan agents, and borrowers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value — Level 3 Investments — Refer to Notes 2, 6, and 8 to the financial statements

Critical Audit Matter Description

The Company held investments classified as Level 3 investments under accounting principles generally accepted in the United States of America. These investments included illiquid corporate bonds and loans, unlisted equity securities, and derivatives that lack observable market prices. The valuation techniques used in estimating the fair value of these investments vary and certain significant inputs used were unobservable. The fair value of the Company's Level 3 investments was \$13.4 billion as of December 31, 2022.

We identified the valuation of Level 3 investments as a critical audit matter because of the judgments necessary for management to select valuation techniques and to use significant unobservable inputs, such as selected discount rates, projected future cash flows, and

comparable company multiples, to estimate the fair value as of December 31, 2022. This required a high degree of auditor judgment and extensive audit effort, including the need to involve fair value specialists who possess significant valuation experience, to evaluate the appropriateness of the valuation techniques and the significant unobservable inputs, when performing audit procedures to audit management's estimate of fair value of Level 3 investments.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to valuation techniques and unobservable inputs used by management to estimate the fair value of Level 3 investments included the following, among others:

- We tested the effectiveness of controls over management's valuation of Level 3 investments, including those related to valuation techniques and significant unobservable inputs.
- We evaluated the appropriateness of the valuation techniques used for Level 3 investments and tested the related significant unobservable inputs by comparing these inputs to external sources. We evaluated the reasonableness of any significant changes in valuation techniques or significant unobservable inputs. For a selected sample of Level 3 investments, we performed these procedures with the assistance of our fair value specialists.
- In instances where the selection of valuation techniques or significant unobservable inputs were more subjective, with the assistance of our fair value specialists, we developed an independent estimate of the fair value and compared our estimates to management's estimates.
- We evaluated management's ability to reasonably estimate fair value by comparing management's historical estimates to subsequent transactions, taking into account changes in market or investment specific conditions, where applicable.

/s/ Deloitte & Touche LLP

San Francisco, California

February 27, 2023

We have served as the Company's auditor since 2019.

Part I—FINANCIAL INFORMATION

FS KKR Capital Corp.
Consolidated Balance Sheets
(in millions, except share and per share amounts)

	December 31,	
	2022	2021
Assets		
Investments, at fair value		
Non-controlled/unaffiliated investments (amortized cost—\$12,566 and 12,419, respectively)	\$ 12,026	\$ 12,558
Non-controlled/affiliated investments (amortized cost—\$575 and \$860, respectively)	443	859
Controlled/affiliated investments (amortized cost—\$3,173 and \$2,778, respectively)	2,908	2,684
Total investments, at fair value (amortized cost—\$16,314 and \$16,057, respectively)	15,377	16,101
Cash	248	258
Foreign currency, at fair value (cost—\$3 and \$119, respectively)	3	119
Receivable for investments sold and repaid	212	567
Income receivable	227	153
Unrealized appreciation on foreign currency forward contracts	25	9
Deferred financing costs	23	16
Prepaid expenses and other assets	9	5
Total assets	\$ 16,124	\$ 17,228
Liabilities		
Payable for investments purchased	\$ 14	\$ 2
Debt (net of deferred financing costs of \$34 and \$38, respectively) ⁽¹⁾	8,694	9,142
Unrealized depreciation on foreign currency forward contracts	1	1
Stockholder distributions payable	192	176
Management and investment adviser fees payable	59	60
Subordinated income incentive fees payable ⁽²⁾	27	19
Administrative services expense payable	6	5
Interest payable	90	70
Other accrued expenses and liabilities	29	23
Total liabilities	9,112	9,498
Commitments and contingencies ⁽³⁾		
Stockholders' equity		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 750,000,000 shares authorized, 281,731,750 and 284,543,091 shares issued and outstanding, respectively	0	0
Capital in excess of par value	9,610	9,658
Retained earnings (accumulated deficit) ⁽⁴⁾	(2,598)	(1,928)
Total stockholders' equity	7,012	7,730
Total liabilities and stockholders' equity	\$ 16,124	\$ 17,228
Net asset value per share of common stock at year end ⁽⁴⁾	\$ 24.89	\$ 27.17

(1) See Note 9 for a discussion of the Company's financing arrangements.

(2) See Note 2 and 4 for a discussion of the methodology employed by the Company in calculating the subordinated income incentive fees.

(3) See Note 10 for a discussion of the Company's commitments and contingencies.

(4) See Note 5 for a discussion of the sources of distributions paid by the Company.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Statements of Operations
(in millions, except share and per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Investment income			
From non-controlled/unaffiliated investments:			
Interest income	\$ 1,020	\$ 641	\$ 427
Paid-in-kind interest income	72	52	43
Fee income	74	88	33
Dividend and other income	50	30	16
From non-controlled/affiliated investments:			
Interest income	28	21	10
Paid-in-kind interest income	48	19	19
Fee income	6	2	—
Dividend and other income	7	0	—
From controlled/affiliated investments:			
Interest income	58	25	7
Paid-in-kind interest income	43	36	4
Fee income	—	1	—
Dividend and other income	229	166	80
Total investment income	1,635	1,081	639
Operating expenses			
Management fees	245	173	106
Subordinated income incentive fees ⁽¹⁾	159	77	—
Administrative services expenses	15	12	7
Accounting and administrative fees	5	3	2
Interest expense ⁽²⁾	365	231	170
Other general and administrative expenses	22	19	13
Total operating expenses	811	515	298
Incentive fee waiver ⁽¹⁾	(60)	(30)	—
Net expenses	751	485	298
Net investment income before taxes	884	596	341
Excise taxes	19	12	10
Net investment income	865	584	331
Realized and unrealized gain/loss			
Net realized gain (loss) on investments:			
Non-controlled/unaffiliated investments	136	28	(323)
Non-controlled/affiliated investments	84	192	(132)
Controlled/affiliated investments	(71)	(49)	(35)
Net realized gain (loss) on foreign currency forward contracts	10	0	0
Net realized gain (loss) on foreign currency	23	(7)	(6)
Net change in unrealized appreciation (depreciation) on investments:			
Non-controlled/unaffiliated investments	(679)	478	17
Non-controlled/affiliated investments	(131)	94	(126)
Controlled/affiliated investments	(171)	156	(112)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	16	12	(3)
Net change in unrealized gain (loss) on foreign currency	15	30	(16)
Total net realized and unrealized gain (loss)	(768)	934	(736)
Provision for taxes on realized and unrealized gains on investments	(5)	—	—
Realized loss on extinguishment of debt	—	(3)	—
Net increase (decrease) in net assets resulting from operations	\$ 92	\$ 1,515	\$ (405)

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Statements of Operations (continued)
(in millions, except share and per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Per share information—basic and diluted			
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.32	\$ 7.16	\$ (3.26)
Weighted average shares outstanding	283,508,494	211,670,361	124,290,607

(1) See Note 2 and 4 for a discussion of the methodology employed by the Company in calculating the subordinated income incentive fees.

(2) See Note 9 for a discussion of the Company's financing arrangements.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Statements of Changes in Net Assets
(in millions)

	Year Ended December 31,		
	2022	2021	2020
Operations			
Net investment income	\$ 865	\$ 584	\$ 331
Net realized gain (loss) on investments, foreign currency forward contracts, foreign currency, provision for taxes on realized gains on investments and extinguishment of debt	177	161	(496)
Net change in unrealized appreciation (depreciation) on investments and foreign currency forward contracts ⁽¹⁾	(965)	740	(224)
Net change in unrealized gain (loss) on foreign currency	15	30	(16)
Net increase (decrease) in net assets resulting from operations	92	1,515	(405)
Stockholder distributions⁽²⁾			
Distributions to stockholders	(754)	(511)	(318)
Net decrease in net assets resulting from stockholder distributions	(754)	(511)	(318)
Capital share transactions⁽³⁾			
Issuance of common stock	—	3,642	—
Reinvestment of stockholder distributions	—	—	—
Repurchases of common stock	(56)	(12)	(47)
Net increase (decrease) in net assets resulting from capital share transactions	(56)	3,630	(47)
Total increase (decrease) in net assets	(718)	4,634	(770)
Net assets at beginning of year	7,730	3,096	3,866
Net assets at end of year	\$ 7,012	\$ 7,730	\$ 3,096

(1) See Note 7 for a discussion of the Company's financial instruments.

(2) See Note 5 for a discussion of the sources of distributions paid by the Company.

(3) See Note 3 for a discussion of the Company's capital share transactions.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net increase (decrease) in net assets resulting from operations	\$ 92	\$ 1,515	\$ (405)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Purchases of investments ⁽¹⁾	(4,642)	(6,599)	(2,336)
Paid-in-kind interest	(120)	(111)	(84)
Proceeds from sales and repayments of investments	4,741	5,575	2,301
Net realized (gain) loss on investments	(149)	(171)	490
Net change in unrealized (appreciation) depreciation on investments ⁽²⁾	981	(717)	221
Net change in unrealized (appreciation) depreciation on foreign currency forward contracts	(16)	(10)	3
Realized loss on extinguishment of debt	—	3	—
Accretion of discount	(87)	(71)	(15)
Amortization of deferred financing costs and discount	14	9	12
Unrealized (gain)/loss on borrowings in foreign currency	(30)	(27)	10
(Increase) decrease in receivable for investments sold and repaid	355	(394)	484
(Increase) decrease in income receivable	(74)	(81)	10
(Increase) decrease in deferred merger costs	—	1	(1)
(Increase) decrease in prepaid expenses and other assets	(4)	(1)	(1)
Increase (decrease) in payable for investments purchased	12	2	(15)
Increase (decrease) in management fees payable	(1)	35	(5)
Increase (decrease) in subordinated income incentive fees payable	8	19	—
Increase (decrease) in administrative services expense payable	1	3	(1)
Increase (decrease) in interest payable	20	45	2
Increase (decrease) in other accrued expenses and liabilities	6	8	5
Cash acquired in merger	—	293	—
Other assets acquired from merger net of other assets	—	17	—
Merger costs capitalized into purchase price	—	(8)	—
Mark-to-market of merged debt	—	26	—
Net cash provided by (used in) operating activities	1,107	(639)	675
Cash flows from financing activities			
Repurchases of common stock	(56)	(12)	(47)
Stockholder distributions	(738)	(502)	(340)
Borrowings under financing arrangements ⁽³⁾	3,243	5,006	3,379
Repayments of financing arrangements ⁽³⁾	(3,661)	(3,639)	(3,542)
Deferred financing costs and discount paid	(21)	(28)	(40)
Net cash provided by (used in) financing activities	(1,233)	825	(590)
Total increase (decrease) in cash	(126)	186	85
Cash and foreign currency at beginning of year	377	191	106
Cash and foreign currency at end of year	\$ 251	\$ 377	\$ 191
Supplemental disclosure			
Non-cash purchases of investments	\$ (798)	\$ (999)	\$ (238)
Non-cash sales of investments	\$ 798	\$ 999	\$ 238
Local and excise taxes paid	\$ 15	\$ 9	\$ 7

(1) For the year ended December 31, 2021, amount excludes \$7,227 of cost of investments acquired from the 2021 Merger.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Statements of Cash Flows (continued)
(in millions)

- (2) For the year ended December 31, 2021, amount excludes \$11 of unrealized depreciation on unfunded commitments acquired from the 2021 Merger.
- (3) For the year ended December 31, 2021, amount excludes \$3,794 of debt assumed from the 2021 Merger. See Note 9 for a discussion of the Company's financing arrangements. During the years ended December 31, 2022, 2021 and 2020, the Company paid \$331, \$194 and \$156, respectively, in interest expense on the credit facilities and unsecured notes.

Supplemental disclosure of non-cash operating and financing activities:

In connection with the 2021 Merger, the Company issued common stock of \$3,650 and acquired investments at cost of \$7,227 and other assets of \$221 and assumed debt of \$3,794 and other liabilities of \$297 during the year ended December 31, 2021.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—132.3%								
3Pillar Global Inc	(i)(k)(l)(v)	Software & Services	L+600	0.8%	11/23/27	\$ 101.0	\$ 100.2	\$ 96.7
3Pillar Global Inc	(x)	Software & Services	L+600	0.8%	11/23/26	9.2	9.2	8.8
3Pillar Global Inc	(x)	Software & Services	L+600	0.8%	11/23/27	24.9	24.9	23.8
48Forty Solutions LLC	(f)(k)(l)(t)(v)	Commercial & Professional Services	SF+550	1.0%	11/30/26	182.7	181.2	177.8
48Forty Solutions LLC	(x)	Commercial & Professional Services	SF+550	1.0%	11/30/26	10.6	10.6	10.3
5 Arch Income Fund 2 LLC	(q)(r)(w)(y)(z)	Diversified Financials	9.0%		11/18/23	95.5	69.9	52.5
Accuride Corp	(aa)(l)	Capital Goods	L+525	1.0%	11/17/23	8.9	8.4	7.6
Advanced Dermatology & Cosmetic Surgery	(m)(t)(v)	Health Care Equipment & Services	L+650	1.0%	5/7/27	46.3	44.7	45.6
Advanced Dermatology & Cosmetic Surgery	(x)	Health Care Equipment & Services	L+650	1.0%	5/7/27	2.2	2.2	2.2
Advanced Dermatology & Cosmetic Surgery	(x)	Health Care Equipment & Services	L+650	1.0%	5/7/26	3.6	3.6	3.5
Advania Sverige AB	(v)(w)	Software & Services	SR+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	SEK 933.6	106.1	86.0
Advania Sverige AB	(v)(w)	Software & Services	R+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	ISK 1,345.8	10.1	9.2
Affordable Care Inc	(ac)(m)(v)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	\$ 53.6	53.3	52.5
Affordable Care Inc	(ac)(v)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/27	1.4	1.4	1.4
Affordable Care Inc	(ac)(x)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	28.4	28.4	27.8
Affordable Care Inc	(ac)(x)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/27	11.4	11.4	11.2
Alacrity Solutions Group LLC	(v)	Insurance	L+525	0.8%	12/22/28	28.4	28.0	27.3
Alacrity Solutions Group LLC	(x)	Insurance	L+525	0.8%	12/22/27	10.8	10.6	10.4
Alera Group Intermediate Holdings Inc	(m)	Insurance	SF+600	0.8%	10/2/28	9.2	9.1	8.7
Alera Group Intermediate Holdings Inc	(m)(v)	Insurance	SF+600	0.8%	10/2/28	22.5	22.5	21.4
American Vision Partners	(i)(v)	Health Care Equipment & Services	L+575	0.8%	9/30/27	113.0	112.5	109.1
American Vision Partners	(x)	Health Care Equipment & Services	L+575	0.8%	9/30/26	7.8	7.8	7.5
Amerivet Partners Management Inc	(v)	Health Care Equipment & Services	SF+550	0.8%	2/25/28	95.4	94.5	91.8
Amerivet Partners Management Inc	(v)	Health Care Equipment & Services	SF+550	0.8%	2/25/28	17.2	17.2	16.6
Amerivet Partners Management Inc	(x)	Health Care Equipment & Services	SF+550	0.8%	2/25/28	8.4	8.4	8.1
Amerivet Partners Management Inc	(x)	Health Care Equipment & Services	SF+550	0.8%	2/25/28	50.1	50.1	48.2
Apex Group Limited	(aa)(v)(w)	Diversified Financials	L+375	0.5%	7/27/28	2.5	2.5	2.4
Apex Group Limited	(aa)(v)(w)	Diversified Financials	E+400	0.0%	7/27/28	€ 2.0	2.3	2.0
Arcfield Acquisition Corp	(i)(t)	Capital Goods	L+575	0.8%	3/10/28	\$ 40.3	39.9	39.4
Arcfield Acquisition Corp	(x)	Capital Goods	L+575	0.8%	3/10/27	7.1	7.1	6.9
Arcos LLC/VA	(m)	Software & Services	L+575	1.0%	3/31/28	12.3	12.2	11.4
Arcos LLC/VA	(x)	Software & Services	L+575	1.0%	4/20/27	4.5	4.5	4.2

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Ardonagh Group Ltd	(v)(w)	Insurance	SA+700	0.8%	7/14/26	£ 0.8	\$ 1.0	\$ 0.9
Ardonagh Group Ltd	(v)(w)	Insurance	E+700	1.0%	7/14/26	€ 19.0	19.3	20.2
Arrotex Australia Group Pty Ltd	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A\$ 42.6	31.1	29.0
Arrotex Australia Group Pty Ltd	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	3.1	2.2	2.1
ATX Networks Corp	(ad)(s)(v)(w)	Capital Goods	L+750	1.0%	9/1/26	\$ 40.6	40.6	40.6
AxiomSL Ltd	(f)(m)(t)(v)	Software & Services	L+600	1.0%	12/3/27	34.7	34.1	33.7
AxiomSL Ltd	(x)	Software & Services	L+600	1.0%	12/3/25	2.5	2.4	2.4
AxiomSL Ltd	(x)	Software & Services	L+600	1.0%	12/3/27	2.3	2.3	2.2
Barbri Inc	(f)(k)(l)(m)(t)	Consumer Services	L+575	0.8%	4/28/28	61.5	57.7	61.0
Barbri Inc	(k)(l)(v)	Consumer Services	L+575	0.8%	4/28/28	70.3	70.0	69.7
Barbri Inc	(x)	Consumer Services	L+575	0.8%	4/28/28	9.1	9.1	9.1
Belk Inc	(aa)(ac)(v)	Retailing	L+750	1.0%	7/31/25	21.9	21.8	19.4
Belk Inc	(aa)(ac)(v)(y)(z)	Retailing	5.0%, 8.0% PIK (8.0% Max PIK)		7/31/25	71.0	42.5	8.8
BGB Group LLC	(f)(i)(k)(l)(m)(t)	Media & Entertainment	L+575	1.0%	8/16/27	111.1	110.3	108.4
BGB Group LLC	(x)	Media & Entertainment	L+575	1.0%	8/16/27	19.9	19.9	19.5
Bowery Farming Inc	(v)	Food, Beverage & Tobacco	L+1,000	1.0%	4/30/26	75.0	74.4	70.3
Caldic BV	(aa)(v)(w)	Retailing	E+350	0.0%	2/4/29	€ 0.8	0.9	0.8
Caldic BV	(aa)(v)(w)	Retailing	SF+375	0.5%	2/26/29	\$ 1.4	1.4	1.4
CFC Underwriting Ltd	(w)(x)	Insurance	SA+550, 0.0% PIK (2.8% Max PIK)	0.0%	5/16/29	£ 4.7	5.7	5.7
Cimarron Energy Inc	(v)(y)(z)	Energy	L+900	1.0%	12/31/24	\$ 7.5	4.8	3.7
Clarience Technologies LLC	(f)(i)(k)(l)(m)(s)(v)	Capital Goods	SF+625	1.0%	12/14/26	294.0	284.6	287.9
Clarience Technologies LLC	(x)	Capital Goods	SF+625	1.0%	12/13/24	25.4	25.3	24.9
Community Brands Inc	(v)	Software & Services	SF+575	0.8%	2/24/28	32.7	32.1	31.6
Community Brands Inc	(x)	Software & Services	SF+575	0.8%	2/24/28	3.9	3.8	3.7
Community Brands Inc	(x)	Software & Services	SF+575	0.8%	2/24/28	1.9	1.9	1.9
Constellis Holdings LLC	(ac)(v)	Capital Goods	L+750	1.0%	3/27/24	15.0	14.4	15.0
Corsearch Intermediate Inc	(m)(v)	Software & Services	L+550	1.0%	4/19/28	30.1	28.5	29.8
Corsearch Intermediate Inc	(x)	Software & Services	L+550	1.0%	4/19/28	4.4	4.4	4.4
CSafe Global	(f)(i)(k)(l)(m)(t)(v)	Capital Goods	L+625	0.8%	12/23/27	186.8	181.5	186.8
CSafe Global	(v)	Capital Goods	L+625	0.8%	12/23/27	£ 27.2	35.9	32.8
CSafe Global	(v)	Capital Goods	L+625	0.8%	8/13/28	\$ 11.8	11.8	11.8
CSafe Global	(x)	Capital Goods	L+625	0.8%	12/23/26	34.9	34.9	34.7
Dental Care Alliance Inc	(f)(k)(m)(t)(v)	Health Care Equipment & Services	SF+641	0.8%	4/3/28	135.4	131.7	132.7

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Dental Care Alliance Inc	(x)	Health Care Equipment & Services	SF+641	0.8%	4/3/28	\$ 1.7	\$ 1.7	\$ 1.6
DOC Generici Srl	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	E+650	0.0%	10/27/28	€ 23.1	22.5	24.1
DOC Generici Srl	(w)(x)	Pharmaceuticals, Biotechnology & Life Sciences	E+650	0.0%	10/28/28	2.4	2.3	2.2
Element Materials Technology Group US Holdings Inc	(aa)(v)(w)	Commercial & Professional Services	E+425	0.0%	7/6/29	0.3	0.4	0.4
Element Materials Technology Group US Holdings Inc	(aa)(v)(w)	Commercial & Professional Services	SF+425	0.5%	6/22/29	\$ 1.4	1.4	1.4
Encora Digital Inc	(v)	Software & Services	L+550, 0.0% PIK (2.4% Max PIK)	0.8%	12/20/28	65.1	63.9	61.7
Encora Digital Inc	(x)	Software & Services	L+550	0.8%	12/20/28	19.6	19.4	18.6
Envirotainer Ltd	(w)(x)	Transportation	E+600, 0.0% PIK (3.0% Max PIK)	0.0%	7/30/29	€ 2.7	2.7	2.6
Excelitas Technologies Corp	(v)	Technology Hardware & Equipment	SF+575	0.8%	8/12/28	\$ 1.3	1.3	1.3
Excelitas Technologies Corp	(x)	Technology Hardware & Equipment	SF+575	0.8%	8/12/28	1.0	1.0	1.0
Excelitas Technologies Corp	(x)	Technology Hardware & Equipment	SF+575	0.8%	8/12/29	4.7	4.7	4.6
Follett Software Co	(f)(k)(l)(t)	Software & Services	L+575	0.8%	8/31/28	73.7	73.1	72.1
Follett Software Co	(x)	Software & Services	L+575	0.8%	8/31/27	9.9	9.9	9.7
Foundation Consumer Brands LLC	(f)(m)(v)	Pharmaceuticals, Biotechnology & Life Sciences	L+550	1.0%	2/12/27	83.9	80.5	84.7
Foundation Consumer Brands LLC	(x)	Pharmaceuticals, Biotechnology & Life Sciences	L+550	1.0%	2/12/27	6.6	6.6	6.6
Foundation Risk Partners Corp	(v)	Insurance	SF+625	0.8%	10/29/27	2.9	2.8	2.8
Foundation Risk Partners Corp	(m)(v)	Insurance	SF+600	0.8%	10/29/28	79.9	78.8	78.1
Foundation Risk Partners Corp	(x)	Insurance	SF+625	0.8%	10/29/27	4.1	4.1	4.0
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	SF+575	1.0%	6/24/23	7.5	7.5	7.5
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	SF+575	1.0%	11/12/26	88.0	88.0	85.3
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	SF+500	1.0%	11/12/26	21.5	21.4	21.2
Galway Partners Holdings LLC	(k)(l)(m)(t)(v)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	111.1	109.4	109.7
Galway Partners Holdings LLC	(x)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/30/27	12.0	11.8	11.8
Galway Partners Holdings LLC	(x)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	1.3	1.3	1.3
General Datatech LP	(f)(k)(l)(m)(t)(v)	Software & Services	L+625	1.0%	6/18/27	156.4	155.1	146.5
Gigamon Inc	(v)	Software & Services	SF+575	0.8%	3/9/29	170.4	168.9	163.2
Gigamon Inc	(x)	Software & Services	SF+575	0.8%	3/10/28	9.3	9.3	8.9
Gracent LLC	(v)	Health Care Equipment & Services	SF+550	1.0%	2/28/27	25.9	26.6	22.1
Gracent LLC	(v)(y)(z)	Health Care Equipment & Services	12.0% PIK (12.0% Max PIK)		2/28/27	22.9	22.6	11.4
Greystone Equity Member Corp	(v)(w)	Diversified Financials	L+725	3.8%	4/1/26	194.8	185.0	188.7

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Heniff Transportation Systems LLC	(f)(i)(k)(l)(m)(v)	Transportation	SF+575	1.0%	12/3/26	\$ 135.7	\$ 129.8	\$ 131.3
Heniff Transportation Systems LLC	(v)	Transportation	SF+625	1.0%	12/3/26	19.1	18.4	18.5
Heniff Transportation Systems LLC	(x)	Transportation	SF+575	1.0%	12/3/24	17.8	17.6	17.2
Hibu Inc	(f)(k)(l)(m)(t)(v)	Commercial & Professional Services	SF+625	1.0%	5/4/27	99.0	94.8	99.8
Higginbotham Insurance Agency Inc	(v)	Insurance	L+550	0.8%	11/25/26	4.4	4.4	4.4
Higginbotham Insurance Agency Inc	(v)	Insurance	L+525	0.8%	11/25/26	7.0	6.6	7.0
Higginbotham Insurance Agency Inc	(x)	Insurance	L+550	0.8%	11/25/26	6.0	6.0	6.0
HKA	(v)(w)	Commercial & Professional Services	SF+575, 0.0% PIK (1.8% Max PIK)	0.5%	8/9/29	4.4	4.3	4.2
HKA	(w)(x)	Commercial & Professional Services	SF+575, 0.0% PIK (1.8% Max PIK)	0.5%	8/9/29	0.2	0.2	0.2
HM Dunn Co Inc	(ad)(v)	Capital Goods	L+600, 0.0% PIK (6.0% Max PIK)	1.0%	6/30/26	35.6	35.6	35.6
HM Dunn Co Inc	(ad)(x)	Capital Goods	L+600, 0.0% PIK (6.0% Max PIK)	1.0%	6/30/26	2.0	2.0	2.0
Individual FoodService	(m)(s)	Capital Goods	SF+625	1.0%	11/22/25	69.4	66.1	68.7
Individual FoodService	(v)	Capital Goods	SF+625	1.0%	11/22/25	5.2	5.2	5.2
Individual FoodService	(m)(v)	Capital Goods	SF+625	1.0%	11/22/25	16.7	16.7	16.6
Individual FoodService	(v)	Capital Goods	SF+625	1.0%	11/22/25	5.4	5.4	5.4
Individual FoodService	(v)	Capital Goods	SF+625	1.0%	11/22/25	6.9	6.9	6.8
Individual FoodService	(x)	Capital Goods	SF+625	1.0%	11/22/24	4.8	4.7	4.7
Individual FoodService	(x)	Capital Goods	SF+625	1.0%	11/22/25	1.4	1.4	1.4
Industria Chimica Emiliana Srl	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	E+725	0.0%	9/27/26	€ 88.8	102.1	91.3
Industry City TI Lessor LP	(s)(v)	Consumer Services	10.8%, 1.0% PIK (1.0% Max PIK)		6/30/26	\$ 25.6	25.7	26.0
iNova Pharmaceuticals (Australia) Pty Limited	(w)(x)	Pharmaceuticals, Biotechnology & Life Sciences	B+650	0.8%	10/30/28	A\$ 3.5	2.2	2.2
Insight Global LLC	(v)	Commercial & Professional Services	L+600	0.8%	9/22/27	\$ 8.4	8.4	8.2
Insight Global LLC	(i)(v)	Commercial & Professional Services	L+600	0.8%	9/22/28	203.3	201.5	197.0
Insight Global LLC	(x)	Commercial & Professional Services	L+600	0.8%	9/22/27	12.6	12.6	12.2
Insight Global LLC	(x)	Commercial & Professional Services	L+600	0.8%	9/22/28	26.8	26.8	26.0
Integrity Marketing Group LLC	(v)	Insurance	L+602	0.8%	8/27/25	124.4	124.4	122.4
J S Held LLC	(f)(i)(m)(s)(v)	Insurance	L+550	1.0%	7/1/25	103.0	101.0	101.8
J S Held LLC	(v)	Insurance	L+550	1.0%	7/1/25	8.9	8.7	8.8
J S Held LLC	(v)	Insurance	L+550	1.0%	7/1/25	22.2	22.2	22.0
J S Held LLC	(f)(v)	Insurance	SF+550	1.0%	7/1/25	24.8	24.8	24.6
J S Held LLC	(x)	Insurance	L+550	1.0%	7/1/25	5.2	5.2	5.2
J S Held LLC	(x)	Insurance	SF+550	1.0%	7/1/25	19.2	19.2	19.0

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Jarrow Formulas Inc	(f)(i)(k)(l)(m) (s)(t)(v)	Household & Personal Products	L+625	1.0%	11/30/26	\$ 181.8	\$ 174.1	\$ 181.3
Karman Space Inc	(m)(v)	Capital Goods	L+700	1.0%	12/21/25	51.1	48.9	49.7
Karman Space Inc	(v)	Capital Goods	L+700	1.0%	12/21/25	4.5	4.3	4.4
Karman Space Inc	(v)	Capital Goods	L+700	1.0%	12/21/25	37.1	36.6	36.1
Karman Space Inc	(x)	Capital Goods	L+700	1.0%	12/21/25	1.0	1.0	0.9
Kellermeyer Bergensons Services LLC	(f)(i)(k)(l)(m) (s)(t)(v)	Commercial & Professional Services	L+600	1.0%	11/7/26	268.9	259.5	244.6
Kellermeyer Bergensons Services LLC	(v)	Commercial & Professional Services	L+600	1.0%	11/7/26	84.6	84.1	77.0
Kellermeyer Bergensons Services LLC	(v)	Commercial & Professional Services	L+600	1.0%	11/7/26	15.4	15.3	14.0
Lakefield Veterinary Group	(f)(i)(v)	Health Care Equipment & Services	L+550	0.8%	11/23/28	108.3	107.6	103.8
Lakefield Veterinary Group	(x)	Health Care Equipment & Services	L+550	0.8%	11/23/28	35.2	35.2	33.7
Lakeview Farms Inc	(l)(m)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	31.2	29.6	30.2
Lakeview Farms Inc	(v)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	4.5	4.5	4.3
Lakeview Farms Inc	(m)(v)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	45.0	45.0	43.6
Lakeview Farms Inc	(x)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	10.8	10.8	10.5
Lakeview Farms Inc	(x)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	2.3	2.3	2.2
Lexitas Inc	(i)(k)(l)(m)(v)	Commercial & Professional Services	SF+675	1.0%	5/18/29	133.1	130.2	131.1
Lexitas Inc	(x)	Commercial & Professional Services	SF+675	1.0%	5/18/29	8.4	8.4	8.3
Lionbridge Technologies Inc	(f)(k)(m)(s)(t) (v)	Media & Entertainment	SF+700	1.0%	12/29/25	122.7	119.0	123.4
Lipari Foods LLC	(f)(i)(v)	Food & Staples Retailing	SF+650	1.0%	10/31/28	96.0	94.6	94.9
Lipari Foods LLC	(x)	Food & Staples Retailing	SF+650	1.0%	10/31/28	27.3	27.3	27.0
Lloyd's Register Quality Assurance Ltd	(v)(w)	Consumer Services	SA+575, 0.0% PIK (2.9% Max PIK)	0.0%	12/2/28	£ 5.7	7.4	6.7
Lloyd's Register Quality Assurance Ltd	(w)(x)	Consumer Services	SA+575, 0.0% PIK (2.9% Max PIK)	0.0%	12/2/28	9.3	12.6	12.3
Magna Legal Services LLC	(v)	Commercial & Professional Services	SF+650	0.8%	11/22/29	\$ 18.5	18.2	18.2
Magna Legal Services LLC	(x)	Commercial & Professional Services	SF+650	0.8%	11/22/28	2.2	2.2	2.1
Magna Legal Services LLC	(x)	Commercial & Professional Services	SF+650	0.8%	11/22/29	5.2	5.2	5.1
Matchesfashion Ltd	(v)(w)(y)(z)	Consumer Durables & Apparel	L+463, 3.0% PIK (3.0% Max PIK)	0.0%	10/11/24	13.3	12.2	4.8
MB2 Dental Solutions LLC	(k)(l)(m)(t)(v)	Health Care Equipment & Services	SF+600	1.0%	1/29/27	268.0	259.2	263.6
Medallia Inc	(v)	Software & Services	L+325, 3.3% PIK (3.3% Max PIK)	0.8%	10/29/28	207.8	205.8	203.0
Med-Matrix	(i)(t)(v)	Software & Services	L+600	1.0%	9/15/27	56.1	56.1	56.6
Med-Matrix	(x)	Software & Services	L+600	1.0%	9/15/27	25.0	25.0	25.3
Med-Matrix	(x)	Software & Services	L+600	1.0%	9/15/27	7.8	7.8	7.8

See notes to consolidated financial statements.

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Miami Beach Medical Group LLC	(m)(v)	Health Care Equipment & Services	SF+650, 1.5% PIK (1.5% Max PIK)	1.0%	12/14/26	\$ 164.4	\$ 157.1	\$ 139.8
Monitronics International Inc	(aa)(f)(v)	Commercial & Professional Services	L+750	1.3%	3/29/24	18.6	17.7	12.5
Monitronics International Inc	(v)	Commercial & Professional Services	L+600	1.5%	7/3/24	46.1	44.3	42.3
Monitronics International Inc	(x)	Commercial & Professional Services	L+600	1.5%	7/3/24	23.9	23.9	21.9
Motion Recruitment Partners LLC	(f)(i)(v)	Commercial & Professional Services	SF+650	1.0%	12/20/25	64.0	64.0	63.6
Motion Recruitment Partners LLC	(m)(l)(v)	Commercial & Professional Services	SF+650	1.0%	12/22/25	59.4	55.8	59.0
Motion Recruitment Partners LLC	(x)	Commercial & Professional Services	SF+650	1.0%	12/22/25	59.6	59.6	59.2
NBG Home	(v)(y)(z)	Consumer Durables & Apparel	L+550	1.0%	4/26/24	75.9	69.9	21.2
NCI Inc	(ad)(v)	Software & Services	L+750 PIK (L+750 Max PIK)	1.0%	8/15/28	28.1	28.7	28.1
Net Documents	(v)	Software & Services	SF+625	1.0%	6/30/27	33.0	32.8	32.0
Net Documents	(x)	Software & Services	L+625	1.0%	6/30/27	3.0	2.9	2.9
New Era Technology Inc	(i)(l)(m)(t)	Software & Services	L+625	1.0%	10/31/26	51.1	49.4	50.2
New Era Technology Inc	(v)	Software & Services	L+625	1.0%	10/31/26	2.6	2.5	2.5
New Era Technology Inc	(x)	Software & Services	L+625	1.0%	10/31/26	2.1	2.1	2.1
Novotech Pty Ltd	(w)(x)	Health Care Equipment & Services	SF+525	0.5%	1/13/28	5.7	5.6	5.5
NPD Group Inc/The	(v)	Consumer Services	SF+575	0.8%	12/1/27	0.1	0.1	0.1
NPD Group Inc/The	(v)	Consumer Services	SF+350, 2.8% PIK (2.8% Max PIK)	0.8%	12/1/28	19.2	19.2	19.2
NPD Group Inc/The	(x)	Consumer Services	SF+575	0.8%	12/1/27	0.9	0.9	0.9
Omnimax International Inc	(f)(i)(k)(l)(m) (v)	Capital Goods	SF+850	1.0%	10/8/26	183.6	176.6	175.0
One Call Care Management Inc	(aa)(v)	Health Care Equipment & Services	L+550	0.8%	4/22/27	4.9	4.7	4.1
Oxford Global Resources LLC	(f)(k)(l)(m)(t) (v)	Commercial & Professional Services	SF+600	1.0%	8/17/27	94.5	93.7	94.1
Oxford Global Resources LLC	(v)	Commercial & Professional Services	SF+600	1.0%	8/17/27	3.5	3.5	3.5
Oxford Global Resources LLC	(x)	Commercial & Professional Services	SF+600	1.0%	8/17/27	8.3	8.3	8.3
Oxford Global Resources LLC	(x)	Commercial & Professional Services	SF+600	1.0%	8/17/27	4.1	4.1	4.1
Parts Town LLC	(t)(v)	Retailing	L+550	0.8%	11/1/28	37.1	36.8	35.9
Parts Town LLC	(v)	Retailing	L+550	0.8%	11/1/28	63.2	62.7	61.1
PartsSource Inc	(v)	Health Care Equipment & Services	L+575	0.8%	8/23/28	65.1	64.5	62.9
PartsSource Inc	(x)	Health Care Equipment & Services	L+575	0.8%	8/21/26	4.3	4.3	4.1
PartsSource Inc	(x)	Health Care Equipment & Services	L+575	0.8%	8/23/28	22.9	22.7	22.1
Performance Health Holdings Inc	(f)(i)(m)(v)	Health Care Equipment & Services	L+600	1.0%	7/12/27	108.3	107.4	105.4
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+500, 3.1% PIK (3.1% Max PIK)	1.0%	8/21/24	62.7	59.9	64.6
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+300, 5.5% PIK (5.5% Max PIK)	0.3%	8/21/24	149.6	143.9	152.5

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+550 PIK (L+550 Max PIK)	1.0%	8/21/24	\$ 0.1	\$ 0.1	\$ 0.1
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+500, 3.1% PIK (3.1% Max PIK)	1.0%	8/21/24	34.4	34.3	34.8
PSKW LLC (dba ConnectiveRx)	(i)(l)(s)(t)(v)	Health Care Equipment & Services	L+625	1.0%	3/9/26	291.8	282.8	291.8
Pure Fishing Inc	(aa)(v)	Consumer Durables & Apparel	L+450	0.0%	12/22/25	33.7	33.2	22.6
Radwell International LLC/PA	(v)	Capital Goods	SF+653	0.8%	4/1/29	1.0	1.0	1.0
Radwell International LLC/PA	(i)(k)(l)(t)	Capital Goods	SF+675	0.8%	4/1/29	92.1	92.1	92.1
Radwell International LLC/PA	(x)	Capital Goods	SF+675	0.8%	4/1/28	6.9	6.9	6.9
Reliant Rehab Hospital Cincinnati LLC	(f)(i)(l)(m)(s)(v)	Health Care Equipment & Services	L+625	0.0%	2/28/26	106.1	101.1	84.2
Revere Superior Holdings Inc	(m)(v)	Software & Services	L+575	1.0%	9/30/26	33.5	32.9	33.5
Revere Superior Holdings Inc	(v)	Software & Services	L+575	1.0%	9/30/26	1.5	1.5	1.5
Revere Superior Holdings Inc	(x)	Software & Services	L+575	1.0%	9/30/26	1.7	1.7	1.7
Rise Baking Company	(v)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	1.4	1.3	1.3
Rise Baking Company	(l)(m)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	28.5	28.0	27.4
Rise Baking Company	(x)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	3.9	3.9	3.7
RSC Insurance Brokerage Inc	(i)(k)(l)(m)(s)(v)	Insurance	SF+550	0.8%	10/30/26	240.0	234.3	236.0
RSC Insurance Brokerage Inc	(x)	Insurance	SF+550	0.8%	10/30/26	7.7	7.6	7.6
Safe-Guard Products International LLC	(f)	Diversified Financials	L+500	0.5%	1/27/27	0.1	0.1	0.1
SAMBA Safety Inc	(m)	Software & Services	L+525	1.0%	9/1/27	6.1	6.0	6.0
SAMBA Safety Inc	(x)	Software & Services	L+525	1.0%	9/1/27	2.4	2.4	2.4
SavATree LLC	(v)	Consumer Services	L+525	0.8%	10/12/28	5.5	5.5	5.4
SavATree LLC	(x)	Consumer Services	L+525	0.8%	10/12/28	4.0	4.0	3.9
SavATree LLC	(x)	Consumer Services	L+525	0.8%	10/12/28	6.3	6.3	6.2
Sequel Youth & Family Services LLC	(v)(y)(z)	Health Care Equipment & Services	3.0%		2/28/25	57.2	8.9	0.3
SitusAMC Holdings Corp	(k)(l)(t)	Real Estate	L+550	0.8%	12/22/27	55.2	54.7	53.2
Solina France SASU	(m)(v)(w)	Food, Beverage & Tobacco	SF+650	0.0%	7/31/28	40.0	38.8	39.1
Sorenson Communications LLC	(aa)(f)(k)(t)	Telecommunication Services	L+550	0.8%	3/17/26	33.6	31.9	32.2
Source Code LLC	(k)(l)(t)	Software & Services	SF+650	1.0%	6/30/27	52.8	51.9	51.3
Source Code LLC	(x)	Software & Services	SF+650	1.0%	6/30/27	15.3	15.0	14.8
Spins LLC	(m)(s)(t)(v)	Software & Services	L+550	1.0%	1/20/27	68.2	65.4	68.2
Spins LLC	(x)	Software & Services	L+550	1.0%	1/20/27	16.5	16.5	16.5
Spins LLC	(x)	Software & Services	L+550	1.0%	1/20/27	7.9	7.9	7.9
Staples Canada	(v)(w)	Retailing	C+700	1.0%	9/12/24	C\$ 30.5	23.9	22.9
Summit Interconnect Inc	(f)(k)(l)(m)(t)(v)	Capital Goods	SF+600	1.0%	9/22/28	\$ 136.5	135.4	128.7
Summit Interconnect Inc	(x)	Capital Goods	SF+600	1.0%	9/22/28	9.4	9.4	8.9

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Sungard Availability Services Capital Inc	(ac)(v)	Software & Services	L+100, 8.5% PIK (8.5% Max PIK)	0.0%	11/30/23	\$ 2.0	\$ 2.0	\$ 2.0
Sungard Availability Services Capital Inc	(ac)(v)(y)(z)	Software & Services	SF+375, 3.8% PIK (3.8% Max PIK)	1.0%	7/1/24	6.1	5.8	0.5
Sungard Availability Services Capital Inc	(ac)(x)	Software & Services	L+100, 8.5% PIK (8.5% Max PIK)	0.0%	11/30/23	1.2	1.2	1.2
Sweeping Corp of America Inc	(m)(v)	Commercial & Professional Services	L+575	1.0%	11/30/26	72.2	70.2	72.2
Sweeping Corp of America Inc	(v)	Commercial & Professional Services	L+575	1.0%	11/30/26	1.0	1.0	1.0
Sweeping Corp of America Inc	(x)	Commercial & Professional Services	L+575	1.0%	11/30/26	4.7	4.7	4.7
Tangoe LLC	(m)(s)(v)	Software & Services	L+650	1.0%	11/28/25	179.5	165.3	147.2
Tangoe LLC	(m)(s)(v)	Software & Services	12.5% PIK (12.5% Max PIK)		11/28/25	3.3	3.3	2.6
TeamSystem SpA	(v)(w)	Software & Services	E+625	0.0%	2/15/28	€ 19.8	18.9	21.4
Tekfor HoldCo (formerly Amtek Global Technology Pte Ltd)	(ad)(v)(w)(y)	Automobiles & Components				36.7	40.1	3.9
ThermaSys Corp	(ac)(v)(y)(z)	Capital Goods	L+1,100 PIK (L+1,100 Max PIK)	1.0%	1/1/24	\$ 9.7	8.3	8.6
ThreeSixty Group	(f)(m)(v)	Retailing	SF+500, 2.5% PIK (2.5% Max PIK)	1.5%	3/1/24	46.1	46.1	45.1
ThreeSixty Group	(m)(v)	Retailing	SF+500, 2.5% PIK (2.5% Max PIK)	1.5%	3/1/24	45.9	45.9	44.8
TIBCO Software Inc	(aa)(v)	Software & Services	SF+450	0.5%	3/30/29	39.9	36.4	35.7
Time Manufacturing Co	(v)	Capital Goods	L+650	0.8%	12/1/27	45.4	44.5	42.7
Time Manufacturing Co	(v)	Capital Goods	L+650	0.8%	12/1/27	7.3	7.3	6.9
Time Manufacturing Co	(v)	Capital Goods	E+650	0.8%	12/1/27	€ 13.7	14.4	13.8
Time Manufacturing Co	(x)	Capital Goods	L+650	0.8%	12/1/27	\$ 14.8	14.8	13.9
Transaction Services Group Ltd	(v)(w)	Software & Services	B+550	0.0%	10/14/26	A\$ 48.3	34.2	32.1
Transaction Services Group Ltd	(f)(v)(w)	Software & Services	L+550	0.0%	10/14/26	\$ 126.2	122.9	123.5
Ultra Electronics Holdings PLC	(aa)(v)(w)	Capital Goods	L+375	0.5%	8/6/29	1.8	1.8	1.7
Ultra Electronics Holdings PLC	(aa)(v)(w)	Capital Goods	E+375	0.0%	8/6/29	€ 1.4	1.6	1.4
Version1 Software Ltd	(w)(x)	Software & Services	E+575, 0.0% PIK (1.7% Max PIK)	0.0%	7/11/29	2.4	2.4	2.3
VetCor Professional Practices LLC	(v)	Health Care Equipment & Services	SF+575	0.8%	8/31/29	\$ 82.3	81.5	80.9
VetCor Professional Practices LLC	(v)	Health Care Equipment & Services	SF+575	0.8%	8/31/29	1.8	1.7	1.8
VetCor Professional Practices LLC	(x)	Health Care Equipment & Services	SF+575	0.8%	8/31/29	11.0	10.9	10.8
VetCor Professional Practices LLC	(x)	Health Care Equipment & Services	SF+575	0.8%	8/31/29	4.9	4.9	4.8
Warren Resources Inc	(ad)(v)	Energy	SF+900, 1.0% PIK (1.0% Max PIK)	1.0%	5/22/24	18.6	17.8	18.6
Wealth Enhancement Group LLC	(v)(w)	Diversified Financials	SF+600	1.0%	10/4/27	31.1	31.0	30.7
Wealth Enhancement Group LLC	(w)(x)	Diversified Financials	SF+600	1.0%	10/4/27	3.3	3.3	3.2

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)	
Wealth Enhancement Group LLC	(w)(x)	Diversified Financials	SF+600	1.0%	10/29/27	\$ 2.1	\$ 2.1	\$ 2.0	
Woolpert Inc	(f)(k)(l)(m)(t)	Capital Goods	L+600	1.0%	4/5/28	91.0	85.1	88.6	
Woolpert Inc	(v)	Capital Goods	L+600	1.0%	4/5/28	68.5	68.5	66.7	
Woolpert Inc	(x)	Capital Goods	L+600	1.0%	4/5/28	3.7	3.7	3.6	
Worldwise Inc	(v)	Household & Personal Products	SF+625	1.0%	3/29/28	26.3	26.3	24.4	
Worldwise Inc	(v)	Household & Personal Products	SF+625	1.0%	3/29/28	20.0	19.8	18.5	
Worldwise Inc	(v)	Household & Personal Products	SF+625	1.0%	3/29/28	7.4	7.4	6.8	
Worldwise Inc	(x)	Household & Personal Products	SF+625	1.0%	3/29/28	15.5	15.5	14.4	
Worldwise Inc	(x)	Household & Personal Products	SF+625	1.0%	3/29/28	6.8	6.8	6.3	
Zendesk Inc	(v)	Software & Services	SF+650, 0.0% PIK (3.5% Max PIK)	0.8%	11/22/28	58.1	57.5	57.5	
Zendesk Inc	(x)	Software & Services	SF+650, 0.0% PIK (3.5% Max PIK)	0.8%	11/22/28	14.5	14.4	14.4	
Zendesk Inc	(x)	Software & Services	SF+650, 0.0% PIK (3.5% Max PIK)	0.8%	11/22/28	6.0	6.0	5.9	
Total Senior Secured Loans—First Lien								10,515.6	10,186.5
Unfunded Loan Commitments								(908.1)	(908.1)
Net Senior Secured Loans—First Lien								9,607.5	9,278.4
Senior Secured Loans—Second Lien—17.0%									
Advanced Lighting Technologies Inc	(v)(y)(z)	Materials	L+1,600 PIK (L+1,600 Max PIK)	1.0%	3/16/27	13.5	10.5	3.4	
Ammeraal Beltech Holding BV	(f)(s)(v)(w)	Capital Goods	L+775	0.0%	9/12/26	23.6	21.8	23.0	
Apex Group Limited	(v)(w)	Diversified Financials	L+675	0.5%	7/27/29	55.0	54.0	51.7	
Belk Inc	(ac)(v)(y)(z)	Retailing	10.0% PIK (10.0% Max PIK)		7/31/25	28.2	4.2	3.3	
Caldic BV	(v)(w)	Retailing	SF+725	0.5%	2/25/30	40.0	39.0	38.2	
Constellis Holdings LLC	(ac)(v)	Capital Goods	L+1,100, 0.0% PIK (5.0% Max PIK)	1.0%	3/27/25	13.5	12.8	13.5	
Cubic Corp	(v)	Software & Services	L+763	0.8%	5/25/29	44.8	42.2	40.6	
Ellucian Inc	(v)	Software & Services	L+800	1.0%	10/9/28	179.2	170.9	177.5	
Misys Ltd	(aa)(v)(w)	Software & Services	L+725	1.0%	6/13/25	16.3	15.6	12.3	
NBG Home	(v)(y)(z)	Consumer Durables & Apparel	L+1,275 PIK (L+1,275 Max PIK)	1.0%	9/30/24	35.8	28.2	—	
OEConnection LLC	(f)(v)	Software & Services	SF+700	0.5%	9/25/27	76.1	75.7	73.6	
Peraton Corp	(s)(v)	Capital Goods	L+800	1.0%	2/1/29	175.0	166.2	174.7	
Peraton Corp	(v)	Capital Goods	L+775	0.8%	2/1/29	130.4	124.8	128.8	
Pure Fishing Inc	(m)(v)	Consumer Durables & Apparel	L+838	1.0%	12/21/26	100.0	95.3	56.1	
Solera LLC	(aa)(v)	Software & Services	L+800	1.0%	6/4/29	312.4	297.3	307.7	
Sungard Availability Services Capital Inc	(ac)(v)(y)(z)	Software & Services	SF+400, 2.8% PIK (2.8% Max PIK)	1.0%	8/1/24	15.1	13.5	—	

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)	
Valeo Foods Group Ltd	(v)(w)	Food, Beverage & Tobacco	E+750	0.0%	10/1/29	€ 3.8	\$ 4.0	\$ 3.6	
Valeo Foods Group Ltd	(w)(x)	Food, Beverage & Tobacco	E+750	0.0%	10/1/29	2.3	3.1	2.8	
Vantage Specialty Chemicals Inc	(aa)(v)	Materials	L+825	1.0%	10/27/25	\$ 0.8	0.7	0.7	
Wittur Holding GmbH	(v)(w)	Capital Goods	E+850, 1.0% PIK (1.0% Max PIK)	0.0%	9/23/27	€ 113.4	122.5	86.1	
Total Senior Secured Loans—Second Lien								1,302.3	1,197.6
Unfunded Loan Commitments								(3.1)	(3.1)
Net Senior Secured Loans—Second Lien								1,299.2	1,194.5
Other Senior Secured Debt—1.6%									
Angelica Corp	(h)(y)(z)	Health Care Equipment & Services	10.0% PIK (10.0% Max PIK)		12/29/23	\$ 59.0	42.3	0.9	
JW Aluminum Co	(aa)(ad)(s)(v)	Materials	10.3%		6/1/26	76.5	75.7	78.1	
One Call Care Management Inc	(v)	Health Care Equipment & Services	8.5% PIK (8.5% Max PIK)		11/1/28	25.6	23.9	20.9	
TIBCO Software Inc	(aa)(v)	Software & Services	6.5%		3/31/29	1.0	0.8	0.8	
TruckPro LLC	(aa)(v)	Capital Goods	11.0%		10/15/24	9.2	9.2	9.1	
Total Other Senior Secured Debt								151.9	109.8
Subordinated Debt—3.8%									
Ardonagh Group Ltd	(aa)(v)(w)	Insurance	11.5%, 0.0% PIK (12.8% Max PIK)		1/15/27	1.0	1.0	0.9	
ATX Networks Corp	(ab)(ad)(s)(v) (w)	Capital Goods	10.0% PIK (10.0% Max PIK)		9/1/28	21.9	8.4	21.9	
Element Materials Technology Group US Holdings Inc	(v)(w)	Commercial & Professional Services	SF+850 PIK (SF+850 Max PIK)	0.5%	7/9/31	67.9	66.5	64.6	
Encora Digital Inc	(v)	Software & Services	9.8% PIK (9.8% Max PIK)		12/13/29	23.8	23.2	22.6	
Hilding Anders	(ad)(v)(w)(y)	Consumer Durables & Apparel				€ 135.2	26.9	—	
Hilding Anders	(ad)(v)(w)(y) (z)	Consumer Durables & Apparel	13.0% PIK (13.0% Max PIK)		11/30/25	152.6	99.4	—	
Sorenson Communications LLC	(j)(u)(v)(y)	Telecommunication Services				\$ 9.9	8.9	9.3	
Sorenson Communications LLC	(j)(u)(v)(y)	Telecommunication Services				40.3	32.0	34.1	
Ultra Electronics Holdings PLC	(v)(w)	Capital Goods	L+725	0.5%	1/31/30	62.9	61.1	58.2	
Ultra Electronics Holdings PLC	(v)(w)	Capital Goods	L+900, 0.0% PIK (9.0% Max PIK)	0.5%	1/31/31	58.2	56.5	53.4	
Total Subordinated Debt								383.9	265.0

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Asset Based Finance—27.1%								
801 5th Ave, Seattle, Private Equity	(ad)(v)(w)(y)	Real Estate				8,516,891	\$ 14.0	\$ 6.3
801 5th Ave, Seattle, Structure Mezzanine	(ad)(v)(w)	Real Estate	8.0%, 3.0% PIK (3.0% Max PIK)		12/19/29	\$ 58.9	57.0	58.9
Abacus JV, Private Equity	(v)(w)	Insurance				49,223,047	48.2	53.3
Accelerator Investments Aggregator LP, Private Equity	(v)(w)(y)	Diversified Financials				3,869,291	4.5	3.4
Altavair AirFinance, Private Equity	(v)(w)	Capital Goods				140,212,883	141.1	162.1
Australis Maritime, Common Stock	(v)(w)	Transportation				48,936,056	47.6	49.3
Avenue One PropCo, Private Equity	(ad)(v)(w)(y)	Real Estate				30,064,353	30.1	31.0
Avida Holding AB, Common Stock	(ad)(v)(w)(y)	Diversified Financials				405,023,756	44.6	42.6
Bankers Healthcare Group LLC, Term Loan	(v)(w)	Diversified Financials	SF+393	0.0%	11/8/27	\$ 11.3	11.3	11.3
Byrider Finance LLC, Private Equity	(u)(v)(y)	Automobiles & Components				54,407	—	—
Byrider Finance LLC, Structured Mezzanine	(v)	Automobiles & Components	L+1,050	0.3%	6/3/28	\$ 16.2	16.2	16.1
Byrider Finance LLC, Structured Mezzanine	(x)	Automobiles & Components	L+1,050	0.3%	6/3/28	\$ 6.8	6.8	6.8
Byrider Finance LLC, Term Loan	(u)(v)(y)	Automobiles & Components			11/26/26	5,000,000	5.0	5.0
Callodine Commercial Finance LLC, 2L Term Loan A	(v)	Diversified Financials	L+900	1.0%	11/3/25	\$ 125.0	119.3	125.3
Callodine Commercial Finance LLC, 2L Term Loan B	(v)	Diversified Financials	L+900	1.0%	11/3/25	\$ 12.0	12.0	12.0
Callodine Commercial Finance LLC, 2L Term Loan B	(x)	Diversified Financials	L+900	1.0%	11/3/25	\$ 36.1	36.1	36.1
Capital Automotive LP, Private Equity	(v)(w)	Real Estate				21,640,936	23.7	27.0
Capital Automotive LP, Structured Mezzanine	(v)(w)	Real Estate	11.0%		12/22/28	42,400,000	41.7	42.4
Global Jet Capital LLC, Preferred Stock	(j)(u)(v)(y)	Commercial & Professional Services				149,494,590	69.4	—
Global Jet Capital LLC, Preferred Stock	(j)(u)(v)(y)(z)	Commercial & Professional Services	9.0% PIK (9.0% Max PIK)		10/1/28	\$ 453.1	309.4	232.2
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 28.0	21.2	28.0
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 20.5	15.1	20.5
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 2.4	1.7	2.4
Global Lending Services LLC, Private Equity	(v)(w)	Diversified Financials				7,391,109	8.6	8.2
Global Lending Services LLC, Private Equity	(v)(w)	Diversified Financials				10,356,657	10.4	10.9
Global Lending Services LLC, Private Equity	(v)(w)(y)	Diversified Financials				9,963,808	10.0	10.0
Home Partners JV 2, Private Equity	(ac)(v)(w)(y)	Real Estate				4,471,509	4.4	5.0
Home Partners JV 2, Private Equity	(ac)(v)(w)(y)	Real Estate				168,710	0.2	0.2
Home Partners JV 2, Structured Mezzanine	(ac)(v)(w)	Real Estate	11.0% PIK (11.0% Max PIK)		3/20/30	\$ 10.2	10.2	10.2
Jet Edge International LLC, Term Loan	(v)	Transportation	10.0%, 2.0% PIK (2.0% Max PIK)		4/2/26	\$ 74.5	74.5	76.7
Jet Edge International LLC, Term Loan	(x)	Transportation	10.0%, 2.0% PIK (2.0% Max PIK)		4/2/26	\$ 0.7	0.7	0.7

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Kilter Finance, Preferred Stock	(ad)(v)(w)	Insurance	12.0%			99,400,000	\$ 98.6	\$ 99.5
Kilter Finance, Private Equity	(ad)(v)(w)(y)	Insurance				536,709	0.5	0.5
KKR Altitude II Offshore Aggregator LP, Partnership Interest	(ad)(v)(w)(y)	Capital Goods				44,424,346	44.4	44.4
KKR Central Park Leasing Aggregator L.P., Partnership Interest	(v)(w)(y)(z)	Capital Goods	14.3%		5/31/23	\$ 39.1	39.1	16.3
KKR Chord IP Aggregator LP, Partnership Interest	(v)(w)	Media & Entertainment				89,453,083	89.5	96.3
KKR Residential Opportunities I LLC, Private Equity	(v)(y)	Real Estate				17,510,867	17.5	17.6
KKR Rocket Loans Aggregator LLC, Partnership Interest	(ad)(v)(w)	Diversified Financials				4,336,415	4.3	4.3
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(v)(w)(y)	Capital Goods				23,664,954	23.0	20.0
Luxembourg Life Fund - Absolute Return Fund II, Structured Mezzanine	(v)(w)	Insurance	SF+750	0.5%	2/10/27	\$ 24.9	24.9	24.6
My Community Homes PropCo 2, Private Equity	(ad)(v)(w)(y)	Real Estate				84,291,667	84.3	79.0
NewStar Clarendon 2014-1A Class D	(v)(w)	Diversified Financials	19.3%		1/25/27	\$ 8.3	2.5	3.5
Opendoor Labs Inc, Structured Mezzanine	(v)(w)	Real Estate	10.0%		4/1/26	\$ 71.1	71.1	66.4
Pretium Partners LLC P2, Term Loan	(v)(w)	Real Estate	11.0%		12/16/29	\$ 33.5	33.0	32.9
Prime ST LLC, Private Equity	(ad)(v)(w)(y)	Real Estate				5,666,079	7.4	—
Prime ST LLC, Structured Mezzanine	(ad)(v)(w)	Real Estate	5.0%, 6.0% PIK (6.0% Max PIK)		3/12/30	\$ 55.5	53.7	43.5
Roemanu LLC (FKA Toorak Capital Partners LLC), Private Equity	(ad)(v)	Real Estate				220,778,388	236.4	261.2
Saluda Grade Alternative Mortgage Trust 2022-BC2, Structured Mezzanine	(v)(w)	Real Estate	8.0%		7/25/30	\$ 5.7	5.7	5.7
Saluda Grade Alternative Mortgage Trust 2022-BC2, Structured Mezzanine	(v)(w)	Real Estate	18.0%		7/25/30	\$ 3.4	2.3	2.4
Saluda Grade Alternative Mortgage Trust 2022-BC2, Term Loan	(v)(w)	Real Estate	7.3%		7/25/30	\$ 10.5	10.5	10.3
Star Mountain Diversified Credit Income Fund III, LP, Private Equity	(o)(w)	Diversified Financials				23,500,000	23.5	23.8
Total Asset Based Finance							2,067.2	1,946.1
Unfunded Asset Based Finance Commitments							(43.6)	(43.6)
Net Asset Based Finance							2,023.6	1,902.5
Credit Opportunities Partners JV, LLC—20.4%								
Credit Opportunities Partners JV, LLC	(ad)(v)(w)	Diversified Financials				1,637.3	1,571.7	1,428.3
Total Credit Opportunities Partners JV, LLC							1,571.7	1,428.3

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Equity/Other—17.1%^(e)								
Abaco Energy Technologies LLC, Common Stock	(v)(y)	Energy				3,055,556	\$ 0.2	\$ 0.5
Abaco Energy Technologies LLC, Preferred Stock	(v)(y)	Energy				12,734,481	1.5	3.7
Affordable Care Inc, Preferred Stock	(ac)(v)	Health Care Equipment & Services	11.8% PIK (11.8% Max PIK)			49,073,000	48.1	49.9
American Vision Partners, Private Equity	(v)(y)	Health Care Equipment & Services				2,655,491	2.7	2.2
Amerivet Partners Management Inc, Preferred Stock	(v)	Health Care Equipment & Services	11.5% PIK (11.5% Max PIK)			12,702,290	12.3	11.8
Amtek Global Technology Pte Ltd, Common Stock	(ad)(g)(v)(w)(y)	Automobiles & Components				7,046,126	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	(ad)(v)(w)(y)	Automobiles & Components				5,735,804,056	30.7	—
Amtek Global Technology Pte Ltd, Private Equity	(ad)(v)(w)(y)	Automobiles & Components				4,097	—	—
Angelica Corp, Limited Partnership Interest	(h)(y)	Health Care Equipment & Services				877,044	47.6	—
Arcos LLC/VA, Preferred Stock	(v)	Software & Services	L+950 PIK (L+950 Max PIK)	1.0%	4/30/31	15,000,000	14.0	13.4
Arena Energy LP, Warrants	(v)	Energy				68,186,525	0.4	0.5
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(p)(y)	Energy				10,193	9.7	3.6
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(p)(y)	Energy				86,607,143	19.4	30.5
athenahealth Inc, Preferred Stock	(ac)(v)	Health Care Equipment & Services	10.8% PIK (10.8% Max PIK)			267,493	262.2	231.2
ATX Networks Corp, Class B-1 Common Stock	(ad)(v)(w)(y)	Capital Goods				500	5.0	5.0
ATX Networks Corp, Class B-2 Common Stock	(ad)(v)(w)(y)	Capital Goods				900	4.0	9.0
ATX Networks Corp, Common Stock	(ab)(ad)(s)(v)(w)(y)	Capital Goods				4,214	1.7	29.2
AVF Parent LLC, Trade Claim	(v)(y)	Retailing				44,507	—	—
Belk Inc, Common Stock	(ac)(v)(y)	Retailing				94,950	—	—
Borden (New Dairy Opco), Common Stock	(ac)(h)(n)(y)	Food, Beverage & Tobacco				11,167,000	9.1	4.8
Bowery Farming Inc, Warrants	(v)(y)	Food, Beverage & Tobacco			4/30/26	161,828	—	2.5
Catalina Marketing Corp, Common Stock	(v)(y)	Media & Entertainment				6,522	—	—
CDS US Intermediate Holdings Inc, Warrant	(v)(w)(y)	Media & Entertainment				2,023,714	—	4.0
Cengage Learning, Inc, Common Stock	(v)(y)	Media & Entertainment				227,802	7.6	3.6
Cimarron Energy Inc, Common Stock	(v)(y)	Energy				4,302,293	—	—
Cimarron Energy Inc, Participation Option	(v)(y)	Energy				25,000,000	—	—
Constellis Holdings LLC, Private Equity	(ac)(f)(v)(y)	Capital Goods				849,702	10.3	6.3
CTI Foods Holding Co LLC, Common Stock	(v)(y)	Food, Beverage & Tobacco				5,892	0.7	—
Cubic Corp, Preferred Stock	(v)	Software & Services	11.0% PIK (11.0% Max PIK)			42,141,600	39.8	34.7
Envigo Laboratories Inc, Series A Warrant	(s)(y)	Health Care Equipment & Services			4/29/24	10,924	—	—
Envigo Laboratories Inc, Series B Warrant	(s)(y)	Health Care Equipment & Services			4/29/24	17,515	—	—

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Fox Head Inc, Common Stock	(j)(v)	Consumer Durables & Apparel				10,000,000	2.9	—
Fronton BV, Common Stock	(ac)(o)(y)	Consumer Services				14,943	—	1.0
Galaxy Universal LLC, Common Stock	(n)(y)	Consumer Durables & Apparel				228,806	35.4	7.5
Galaxy Universal LLC, Trade Claim	(v)(y)	Consumer Durables & Apparel				7,701,195	4.6	1.7
Genesys Telecommunications Laboratories Inc, Class A Shares	(v)(y)	Technology Hardware & Equipment				40,529	—	—
Genesys Telecommunications Laboratories Inc, Ordinary Shares	(v)(y)	Technology Hardware & Equipment				41,339	—	—
Genesys Telecommunications Laboratories Inc, Preferred Stock	(v)(y)	Technology Hardware & Equipment				1,050,465	—	—
Gracient LLC, NP-1 Common Stock	(n)(y)	Health Care Equipment & Services				1,000,000	4.2	—
Harvey Industries Inc, Common Stock	(v)(y)	Capital Goods				5,000,000	2.2	5.2
Hilding Anders, Class A Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				4,503,411	0.1	—
Hilding Anders, Class B Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				574,791	—	—
Hilding Anders, Class C Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				213,201	—	—
Hilding Anders, Equity Options	(ad)(v)(w)(y)	Consumer Durables & Apparel			11/30/25	236,160,807	15.0	—
HM Dunn Co Inc, Preferred Stock, Series A	(ad)(s)(v)(y)	Capital Goods				85,385	7.1	16.9
HM Dunn Co Inc, Preferred Stock, Series B	(ad)(s)(v)(y)	Capital Goods				15,000	—	—
Imagine Communications Corp, Common Stock	(v)(y)	Media & Entertainment				33,034	3.8	2.0
Jones Apparel Holdings, Inc., Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	0.9	—
JW Aluminum Co, Common Stock	(ad)(j)(u)(v)(y)	Materials				2,105	—	2.4
JW Aluminum Co, Preferred Stock	(ad)(j)(u)(v)	Materials	6.3% PIK (12.5% Max PIK)		2/15/28	15,279	200.1	112.5
Lipari Foods LLC, Common Stock	(v)(y)	Food & Staples Retailing				7,936,123	8.0	8.0
Magna Legal Services LLC, Common Stock	(h)(y)	Commercial & Professional Services				4,938,192	4.9	4.9
Maverick Natural Resources LLC, Common Stock	(n)(o)	Energy				259,211	84.6	160.9
MB Precision Holdings LLC, Class A - 2 Units	(n)(o)(y)	Capital Goods				8,081,288	0.5	—
Med-Metrix, Common Stock	(h)(y)	Software & Services				29,403	1.5	2.9
Med-Metrix, Preferred Stock	(h)	Software & Services	8.0% PIK (8.0% Max PIK)			29,403	1.5	1.5
Miami Beach Medical Group LLC, Common Stock	(v)(y)	Health Care Equipment & Services				5,000,000	4.8	—
Misys Ltd, Preferred Stock	(v)(w)	Software & Services	L+1,025 PIK (L+1,025 Max PIK)	0.0%		65,200,765	61.1	61.1
NBG Home, Common Stock	(v)(y)	Consumer Durables & Apparel				1,903	2.4	—
NCI Inc, Class A-1 Common Stock	(ad)(v)(y)	Software & Services				42,923	—	—
NCI Inc, Class B-1 Common Stock	(ad)(v)(y)	Software & Services				30,121	—	—
NCI Inc, Class C Common Stock	(ad)(v)(y)	Software & Services				49,406	20.2	20.2
NCI Inc, Class I-1 Common Stock	(ad)(v)(y)	Software & Services				42,923	—	—
Nine West Holdings Inc, Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	6.4	—
One Call Care Management Inc, Common Stock	(v)(y)	Health Care Equipment & Services				34,872	2.1	1.9

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
One Call Care Management Inc, Preferred Stock A	(v)(y)	Health Care Equipment & Services				371,992	22.8	20.5
One Call Care Management Inc, Preferred Stock B	(v)	Health Care Equipment & Services	9.0% PIK (9.0% Max PIK)		10/25/29	7,672,347	8.0	7.7
Petroplex Acidizing Inc, Trade Claim	(v)(y)	Energy				646,309	0.6	0.6
Polyconcept North America Inc, Class A - 1 Units	(v)	Household & Personal Products				30,000	3.0	10.3
PRG III LLC, Preferred Stock, Series A PIK	(ad)(v)(y)	Media & Entertainment			8/21/24	434,250	18.1	105.7
PRG III LLC, Preferred Stock, Series B PIK	(ad)(v)(y)	Media & Entertainment			8/21/24	140	—	—
Proserv Acquisition LLC, Class A Common Units	(ac)(v)(w)(y)	Energy				2,635,005	33.5	1.1
Proserv Acquisition LLC, Class A Preferred Units	(ac)(v)(w)(y)	Energy				837,780	5.4	9.5
Quorum Health Corp, Trade Claim	(v)(y)	Health Care Equipment & Services				8,301,000	0.7	0.9
Quorum Health Corp, Trust Initial Funding Units	(v)(y)	Health Care Equipment & Services				143,400	0.2	0.2
Ridgeback Resources Inc, Common Stock	(j)(u)(v)(w)	Energy				1,969,418	6.4	8.6
Sequel Youth & Family Services LLC, Class R Common Stock	(n)(y)	Health Care Equipment & Services				900,000	—	—
Sorenson Communications LLC, Common Stock	(j)(u)(v)(y)	Telecommunication Services				42,731	7.1	—
Sound United LLC, Common Stock	(v)(y)	Consumer Durables & Apparel				532,768	0.7	7.0
Stuart Weitzman Inc, Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	—	—
Swift Worldwide Resources Holdco Ltd, Common Stock	(v)(y)	Energy				1,250,000	1.2	1.0
ThermaSys Corp, Common Stock	(ac)(u)(v)(y)	Capital Goods				17,383,026	10.2	—
ThermaSys Corp, Preferred Stock	(ac)(v)(y)	Capital Goods				1,529	1.7	—
TIBCO Software Inc, Preferred Stock	(v)	Software & Services	SF+1.200 PIK (SF+1,200 Max PIK)	0.5%		133,186,150	127.3	129.6
Ultra Electronics Holdings PLC, Private Equity	(v)(w)(y)	Capital Goods				683,240,044	7.2	6.7
Ultra Electronics Holdings PLC, Private Equity	(v)(w)(y)	Capital Goods				1,272,105	1.3	1.2
Versatile Processing Group Inc, Class A - 2 Units	(u)(y)	Materials				3,637,500	3.6	—
Warren Resources Inc, Common Stock	(ad)(v)(y)	Energy				3,483,788	12.8	29.2
Worldwise Inc, Class A Private Equity	(v)(y)	Household & Personal Products				32,109	1.6	1.6
Worldwise Inc, Class B Private Equity	(v)(y)	Household & Personal Products				32,109	1.6	0.4
Total Equity/Other							1,276.3	1,198.8
TOTAL INVESTMENTS—219.3%							<u>\$ 16,314.1</u>	<u>15,377.3</u>
LIABILITIES IN EXCESS OF OTHER ASSETS—(119.3%)								<u>(8,365.3)</u>
NET ASSETS—100%								<u>\$ 7,012.0</u>

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Foreign currency forward contracts

Foreign Currency	Settlement Date	Counterparty	Amount and Transaction		US\$ Value at Settlement Date	US\$ Value at December 31, 2022	Unrealized Appreciation (Depreciation)
AUD	2/14/2023	JP Morgan Chase Bank	A\$	2.2 Sold	\$ 1.6	\$ 1.5	\$ 0.1
AUD	10/21/2024	JP Morgan Chase Bank	A\$	8.3 Sold	5.2	5.7	(0.5)
CAD	1/11/2023	JP Morgan Chase Bank	C\$	1.5 Sold	1.2	1.1	0.1
CAD	1/11/2023	JP Morgan Chase Bank	C\$	1.5 Bought	1.1	1.1	—
CAD	7/5/2023	JP Morgan Chase Bank	C\$	1.9 Sold	1.5	1.4	0.1
CAD	7/5/2023	JP Morgan Chase Bank	C\$	1.4 Sold	1.1	1.0	0.1
CAD	9/13/2024	JP Morgan Chase Bank	C\$	2.1 Sold	1.6	1.6	—
CAD	11/15/2024	JP Morgan Chase Bank	C\$	4.0 Sold	3.2	2.9	0.3
CAD	11/18/2024	JP Morgan Chase Bank	C\$	1.5 Sold	1.1	1.1	—
EUR	7/17/2023	JP Morgan Chase Bank	€	1.3 Sold	1.7	1.4	0.3
EUR	12/15/2023	JP Morgan Chase Bank	€	13.0 Sold	13.4	14.2	(0.8)
EUR	2/23/2024	JP Morgan Chase Bank	€	42.3 Sold	49.1	46.1	3.0
EUR	8/8/2025	JP Morgan Chase Bank	€	4.8 Sold	5.7	5.3	0.4
EUR	8/8/2025	JP Morgan Chase Bank	€	1.9 Sold	2.3	2.1	0.2
GBP	1/11/2023	JP Morgan Chase Bank	£	1.9 Sold	2.9	2.3	0.6
GBP	1/11/2023	JP Morgan Chase Bank	£	1.7 Sold	2.6	2.1	0.5
GBP	1/11/2023	JP Morgan Chase Bank	£	3.4 Sold	4.8	4.1	0.7
GBP	1/11/2023	JP Morgan Chase Bank	£	5.0 Sold	6.6	6.0	0.6
GBP	1/11/2023	JP Morgan Chase Bank	£	1.4 Sold	1.9	1.7	0.2
GBP	10/13/2023	JP Morgan Chase Bank	£	6.2 Sold	8.5	7.5	1.0
NOK	8/8/2025	JP Morgan Chase Bank	NOK	45.0 Sold	4.8	4.7	0.1
SEK	5/10/2024	JP Morgan Chase Bank	SEK	503.0 Sold	60.1	49.3	10.8
SEK	5/10/2024	JP Morgan Chase Bank	SEK	34.5 Sold	4.1	3.4	0.7
SEK	5/10/2024	JP Morgan Chase Bank	SEK	68.0 Sold	8.1	6.7	1.4
SEK	5/10/2024	JP Morgan Chase Bank	SEK	250.0 Sold	26.3	24.5	1.8
SEK	8/8/2025	JP Morgan Chase Bank	SEK	119.3 Sold	13.3	11.8	1.5
SEK	8/8/2025	JP Morgan Chase Bank	SEK	27.8 Sold	3.1	2.7	0.4
Total					\$ 236.9	\$ 213.3	\$ 23.6

(a) Security may be an obligation of one or more entities affiliated with the named company.

(b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2022, the three-month London Interbank Offered Rate, or LIBOR or "L", was 4.77%, the Euro Interbank Offered Rate, or EURIBOR, was 2.13%, Canadian Dollar Offer Rate, or CDOR was 4.94%, the Bank Bill Swap Bid Rate, or BBSY was 3.32%, the Reykjavik Interbank Offered Rate, or REIBOR, was 6.55%, the Stockholm Interbank Offered Rate, or STIBOR, was 2.70%, the Sterling Overnight Index Average, or SONIA, was 3.43%, the Secured Overnight Financing Rate, or SOFR, was 4.59%, and the U.S. Prime Lending Rate, or Prime, was 7.50%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.

(c) Denominated in U.S. dollars unless otherwise noted.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
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- (d) Fair value determined by the Company’s board of directors (see Note 8).
- (e) Listed investments may be treated as debt for GAAP or tax purposes.
- (f) Security or portion thereof held within Ambler Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Ally Bank (see Note 9).
- (g) Security or portion thereof was held within CCT Dublin Funding Limited
- (h) Security held within CCT Holdings II, LLC, a wholly-owned subsidiary of the Company.
- (i) Security or portion thereof was held within CCT Tokyo Funding LLC and was pledged as collateral supporting the amounts outstanding under the revolving credit facility with Sumitomo Mitsui Banking Corporation (see Note 9).
- (j) Security or portion thereof held within Cobbs Creek LLC and is pledged as collateral supporting the amounts outstanding under the senior secured revolving credit facility (see Note 9).
- (k) Security or portion thereof held within Darby Creek LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Deutsche Bank AG, New York Branch (see Note 9).
- (l) Security or portion thereof held within Dunlap Funding LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Deutsche Bank AG, New York Branch (see Note 9).
- (m) Security or portion thereof was held within FSK CLO as of December 31, 2022.
- (n) Security held within FSIC II Investments, Inc., a wholly-owned subsidiary of the Company.
- (o) Security held within FSIC Investments, Inc., a wholly-owned subsidiary of the Company.
- (p) Security held within IC American Energy Investments, Inc., a wholly-owned subsidiary of the Company.
- (q) Security held within IC Arches Investments LLC, a wholly-owned subsidiary of the Company.
- (r) Security held within IC II Arches Investments, LLC, a wholly-owned subsidiary of the Company.
- (s) Security or portion thereof held within Juniata River LLC and is pledged as collateral supporting the amounts outstanding under a term loan credit facility with JPMorgan Chase Bank, N.A. (see Note 9).
- (t) Security or portion thereof held within Meadowbrook Run LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Morgan Stanley Senior Funding, Inc. (see Note 9).
- (u) Security or portion thereof held within Race Street Funding LLC. Security is available as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (v) Security or portion thereof is pledged as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (w) The investment is not a qualifying asset under the Investment Company Act of 1940, as amended. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company’s total assets. As of December 31, 2022, 75.3% of the Company’s total assets represented qualifying assets.
- (x) Security is an unfunded commitment. Reflects the stated spread at the time of commitment, but may not be the actual rate received upon funding.
- (y) Security is non-income producing.
- (z) Asset is on non-accrual status.
- (aa) Security is classified as Level 1 or 2 in the Company’s fair value hierarchy (see Note 8).
- (ab) Position or portion thereof unsettled as of December 31, 2022.
- (ac) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to be an “affiliated person” of a portfolio company if it owns 5% or more of the portfolio company’s voting securities and generally is deemed to “control” a portfolio company if it owns more than 25% of the portfolio company’s voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2022, the Company held investments in portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control”. The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person for the year ended December 31, 2022:

Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Senior Secured Loans—First Lien										
Affordable Care Inc	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Affordable Care Inc	59.9	16.2	(21.4)	—	(1.6)	53.1	4.1	—	0.2	—
athenahealth Inc	—	6.8	(6.1)	(0.7)	—	—	0.2	—	0.2	—
Belk Inc	49.2	4.7	(2.2)	(0.2)	(42.7)	8.8	3.7	2.7	—	—
Belk Inc	21.9	0.1	—	—	(2.6)	19.4	2.2	—	—	—

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2022
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Borden (New Dairy Opco)	9.0	—	(9.0)	0.6	(0.6)	—	0.1	—	0.3	—
Borden (New Dairy Opco)	42.0	0.1	(42.0)	1.7	(1.8)	—	0.9	—	1.3	—
Borden Dairy Co	—	—	—	(25.4)	25.4	—	—	—	—	—
Constellis Holdings LLC	15.0	0.4	—	—	(0.4)	15.0	1.8	—	—	—
Fairway Group Holdings Corp	0.7	—	—	(1.0)	0.3	—	—	—	—	—
Fairway Group Holdings Corp	—	—	—	—	—	—	—	—	—	—
Micronics Filtration Holdings Inc	51.0	5.7	(51.7)	—	(5.0)	—	0.2	0.3	—	—
Petroplex Acidizing Inc	9.7	—	(16.7)	(5.3)	12.3	—	—	—	—	—
Sorenson Communications LLC ⁽⁴⁾	60.1	—	(56.9)	—	(3.2)	—	—	—	—	—
Sungard Availability Services Capital Inc ⁽⁴⁾	6.0	0.1	—	—	(5.6)	0.5	—	—	—	—
Sungard Availability Services Capital Inc ⁽⁴⁾	—	4.5	(2.5)	—	—	2.0	0.3	0.2	0.3	—
ThermaSys Corp	3.5	—	—	—	5.1	8.6	—	—	—	—
Senior Secured Loans—Second Lien										
Belk Inc	6.7	—	—	—	(3.4)	3.3	—	—	—	—
Constellis Holdings LLC	12.0	0.3	—	—	1.2	13.5	2.0	—	—	—
Fairway Group Holdings Corp	—	—	—	—	—	—	—	—	—	—
Sungard Availability Services Capital Inc ⁽⁴⁾	8.3	—	(0.2)	—	(8.1)	—	—	—	—	—
Subordinated Debt										
athenahealth Inc	—	5.5	(4.7)	(0.8)	—	—	0.1	—	—	—
Asset Based Finance										
Home Partners JV, Structured Mezzanine	90.4	7.9	(98.1)	4.6	(4.8)	—	0.3	7.5	—	—
Home Partners JV, Private Equity	9.4	—	(11.8)	6.4	(4.0)	—	—	—	—	0.7
Home Partners JV, Common Stock	80.6	—	(101.0)	53.4	(33.0)	—	—	—	—	4.3
Home Partners JV 2, Structured Mezzanine	3.5	6.7	—	0.1	(0.1)	10.2	—	0.7	—	—
Home Partners JV 2, Private Equity	0.1	0.1	—	—	—	0.2	—	—	—	—
Home Partners JV 2, Private Equity	1.6	2.9	—	—	0.5	5.0	—	—	—	—
Jet Edge International LLC, Preferred Stock	16.8	—	(30.1)	9.2	4.1	—	0.7	—	—	—
Jet Edge International LLC, Warrant	4.5	—	(13.5)	13.5	(4.5)	—	—	—	—	1.5
Jet Edge International LLC, Term Loan	75.6	—	(75.9)	—	0.3	—	11.6	2.3	3.3	—
Orchard Marine Limited, Class B Common Stock	—	—	—	(3.1)	3.1	—	—	—	—	—
Orchard Marine Limited, Series A Preferred Stock	64.6	0.1	(66.0)	3.9	(2.6)	—	—	—	—	—
Equity/Other										
Affordable Care Inc, Common Stock	52.1	—	—	—	(2.2)	49.9	—	5.5	—	—
athenahealth Inc, Preferred Stock	—	311.3	(47.5)	(1.6)	(31.0)	231.2	—	29.0	—	—
Belk Inc, Common Stock	—	—	—	—	—	—	—	—	—	—

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FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
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(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Borden (New Dairy Opco), Common Stock	7.7	—	—	—	(2.9)	4.8	—	—	—	—
Constellis Holdings LLC, Private Equity	0.2	—	—	—	6.1	6.3	—	—	—	—
Fairway Group Holdings Corp, Common Stock	—	—	—	—	—	—	—	—	—	—
Fronton BV, Common Stock	1.4	—	—	—	(0.4)	1.0	—	—	—	—
Micronics Filtration Holdings Inc, Common Stock	—	—	(0.1)	(0.5)	0.6	—	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series A	0.1	—	—	(0.6)	0.5	—	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series B	0.4	—	(0.4)	0.2	(0.2)	—	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series B PIK	11.9	—	(11.9)	11.9	(11.9)	—	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series C PIK	6.2	—	(6.2)	6.2	(6.2)	—	—	—	—	—
Petroplex Acidizing Inc, Preferred Stock A	—	—	—	(4.9)	4.9	—	—	—	—	—
Petroplex Acidizing Inc, Warrant	—	—	—	—	—	—	—	—	—	—
Proserv Acquisition LLC, Class A Common Units	0.1	0.1	—	—	0.9	1.1	—	—	—	—
Proserv Acquisition LLC, Class A Preferred Units	9.3	—	—	—	0.2	9.5	—	—	—	—
Sorenson Communications LLC, Common Stock ⁽⁴⁾	67.5	—	(65.4)	22.9	(25.0)	—	—	—	—	—
Sungard Availability Services Capital Inc, Common Stock ⁽⁴⁾	—	—	—	(6.9)	6.9	—	—	—	—	—
ThermaSys Corp, Common Stock	—	—	—	—	—	—	—	—	—	—
ThermaSys Corp, Preferred Stock	—	—	—	—	—	—	—	—	—	—
Total	\$ 859.0	\$ 373.5	\$ (741.3)	\$ 83.6	\$ (131.4)	\$ 443.4	\$ 28.2	\$ 48.2	\$ 5.6	\$ 6.5

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest, PIK, fee and dividend and other income presented for the full year ended December 31, 2022.
- (4) The Company held this investment as of December 31, 2021 but it was not deemed to be an "affiliated person" of the portfolio company as of December 31, 2021. Transfers in or out have been presented at amortized cost.

(ad) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to "control" a portfolio company if it owns more than 25% of the portfolio company's voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2022, the Company held investments in one portfolio company of which it is deemed to be an "affiliated person" and deemed to "control". During the year ended December 31, 2022, the Company disposed of investments in one portfolio of which it was deemed to be an "affiliated person" and deemed to "control". The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person and deemed to control for the year ended December 31, 2022:

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As of December 31, 2022
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Senior Secured Loans—First Lien										
Amtek Global Technology Pte Ltd	\$ 34.8	\$ —	\$ (24.3)	\$ (4.3)	\$ (2.3)	\$ 3.9	\$ —	\$ —	\$ —	\$ —
ATX Networks Corp	46.8	0.4	(6.6)	—	—	40.6	3.2	1.0	—	—
HM Dunn Co Inc	33.6	2.0	—	—	—	35.6	0.8	2.1	—	—
HM Dunn Co Inc	2.0	—	(2.0)	—	—	—	—	—	—	—
NCI Inc	—	79.1	(21.9)	(28.5)	(0.6)	28.1	6.5	0.4	—	—
One Call Care Management Inc ⁽⁵⁾	5.0	—	(4.7)	—	(0.3)	—	—	—	—	—
Production Resource Group LLC	133.3	19.3	(0.3)	—	0.2	152.5	12.9	8.0	—	—
Production Resource Group LLC	0.1	—	—	—	—	0.1	—	—	—	—
Production Resource Group LLC	64.4	3.7	(0.6)	—	0.6	68.1	6.4	2.0	—	—
Production Resource Group LLC	20.2	11.1	(0.3)	—	0.3	31.3	—	0.9	—	—
Warren Resources Inc	18.7	0.6	(0.2)	—	(0.5)	18.6	2.5	0.2	—	—
Senior Secured Loans—Second Lien										
Amtek Global Technology Pte Ltd	—	—	—	(39.1)	39.1	—	—	—	—	—
Other Senior Secured Debt										
JW Aluminum Co	81.0	0.2	—	—	(3.1)	78.1	8.0	—	—	—
One Call Care Management Inc ⁽⁵⁾	23.5	—	(21.6)	—	(1.9)	—	—	—	—	—
Subordinated Debt										
ATX Networks Corp	7.1	3.6	—	—	11.2	21.9	1.6	1.5	—	—
Hilding Anders	46.6	—	—	—	(46.6)	—	—	—	—	—
Hilding Anders	—	—	—	—	—	—	0.3	—	—	—
Hilding Anders	—	—	—	—	—	—	0.1	—	—	—
Asset Based Finance										
801 5th Ave, Seattle, Structure Mezzanine	57.2	1.9	—	—	(0.2)	58.9	4.7	1.7	—	—
801 5th Ave, Seattle, Private Equity	23.1	—	(0.1)	—	(16.7)	6.3	—	—	—	—
Avenue One PropCo, Private Equity	—	46.3	(16.2)	—	0.9	31.0	—	—	—	—
Avida Holding AB, Common Stock	52.3	—	—	—	(9.7)	42.6	—	—	—	—
Kilter Finance, Preferred Stock	36.1	87.3	(24.0)	0.7	(0.6)	99.5	7.4	1.9	—	—
Kilter Finance, Private Equity	0.5	—	—	—	—	0.5	—	—	—	—
KKR Altitude II Offshore Aggregator LP, Partnership Interest	—	44.4	—	—	—	44.4	—	—	—	—
KKR Rocket Loans Aggregator LLC, Partnership Interest	1.4	2.9	—	—	—	4.3	—	—	—	1.3
My Community Homes SFR PropCo 2, Private Equity	33.0	157.0	(105.7)	—	(5.3)	79.0	—	—	—	—
Prime St LLC, Private Equity	9.1	—	(0.3)	—	(8.8)	—	—	—	—	—
Prime St LLC, Structured Mezzanine	52.4	3.3	—	—	(12.2)	43.5	3.2	3.1	—	—

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Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Toorak Capital Funding LLC, Membership Interest	1.7	—	(1.7)	(0.2)	0.2	—	—	—	—	0.3
Roemanu LLC (FKA Toorak Capital Partners LLC), Private Equity	199.3	78.3	—	—	(16.4)	261.2	—	—	—	18.8
Roemanu LLC (FKA Toorak Capital Partners LLC), Structured Mezzanine	22.0	32.0	(54.0)	—	—	—	—	0.6	—	—
Credit Opportunities Partners JV, LLC										
Credit Opportunities Partners JV, LLC	1,396.2	175.0	—	—	(142.9)	1,428.3	—	—	—	208.3
Equity/Other										
Amtek Global Technology Pte Ltd, Common Stock	—	—	—	—	—	—	—	—	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	—	—	—	—	—	—	—	—	—	—
Amtek Global Technology Pte Ltd, Private Equity	—	—	—	—	—	—	—	—	—	—
ATX Networks Corp, Common Stock	—	1.7	—	—	27.5	29.2	—	—	—	—
ATX Networks Corp, Class B-1 Common Stock	—	5.0	—	—	—	5.0	—	—	—	—
ATX Networks Corp, Class B-2 Common Stock	—	4.0	—	—	5.0	9.0	—	—	—	—
Hilding Anders, Class A Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Class B Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Class C Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Equity Options	—	—	—	—	—	—	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series A	7.1	—	—	—	9.8	16.9	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series B	—	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Common Stock	—	—	—	—	2.4	2.4	—	—	—	—
JW Aluminum Co, Preferred Stock	122.6	22.2	—	—	(32.3)	112.5	0.6	19.7	—	—
NCI Inc, Class A-1 Common Stock ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
NCI Inc, Class B-1 Common Stock ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
NCI Inc, Class C Common Stock ⁽⁴⁾	—	20.2	—	—	—	20.2	—	—	—	—
NCI Inc, Class I-1 Common Stock ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
One Call Care Management Inc, Common Stock ⁽⁵⁾	2.4	—	(2.1)	—	(0.3)	—	—	—	—	—
One Call Care Management Inc, Preferred Stock A ⁽⁵⁾	26.1	—	(22.8)	—	(3.3)	—	—	—	—	—
One Call Care Management Inc, Preferred Stock B ⁽⁵⁾	9.2	—	(8.0)	—	(1.2)	—	—	—	—	—
PRG III LLC, Preferred Stock, Series A PIK	17.4	—	—	—	88.3	105.7	—	—	—	—
PRG III LLC, Preferred Stock, Series B PIK	—	—	—	—	—	—	—	—	—	—
Sound United LLC, Common Stock	77.5	—	(17.3)	—	(60.2)	—	—	—	—	—

See notes to consolidated financial statements.

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Consolidated Schedule of Investments (continued)
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Portfolio Company	Fair Value at December 31, 2021	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2022	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend and Other Income ⁽³⁾
Warren Resources Inc, Common Stock	20.4	—	—	—	8.8	29.2	—	—	—	—
Total	<u>\$ 2,684.1</u>	<u>\$ 801.5</u>	<u>\$ (334.7)</u>	<u>\$ (71.4)</u>	<u>\$ (171.1)</u>	<u>\$ 2,908.4</u>	<u>\$ 58.2</u>	<u>\$ 43.1</u>	<u>\$ —</u>	<u>\$ 228.7</u>

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest, PIK, fee and dividend and other income presented for the full year ended December 31, 2022.
- (4) The Company held this investment as of December 31, 2021 but it was not deemed to be an “control” of the portfolio company as of December 31, 2021. Transfers in or out have been presented at amortized cost.
- (5) The Company held this investment as of December 31, 2022 but it was not deemed to be an “control” of the portfolio company as of December 31, 2022. Transfers in or out have been presented at amortized cost.

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Consolidated Schedule of Investments (continued)
As of December 31, 2021
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—126.3%								
3Pillar Global Inc	(i)(k)(l)	Software & Services	L+600	0.8%	11/23/27	\$ 96.3	\$ 95.3	\$ 95.3
3Pillar Global Inc	(x)	Software & Services	L+600	0.8%	11/23/26	9.2	9.2	9.1
3Pillar Global Inc	(x)	Software & Services	L+600	0.8%	11/23/27	30.6	30.6	30.2
5 Arch Income Fund 2 LLC	(q)(r)(w)(y)(z)	Diversified Financials	9.0%		11/18/23	111.1	81.3	78.3
Accuride Corp	(aa)(l)	Capital Goods	L+525	1.0%	11/17/23	9.0	8.1	8.7
Advanced Dermatology & Cosmetic Surgery	(m)(t)(v)	Health Care Equipment & Services	L+625	1.0%	5/7/27	44.8	42.9	45.0
Advanced Dermatology & Cosmetic Surgery	(x)	Health Care Equipment & Services	L+625	1.0%	5/7/26	3.6	3.6	3.6
Advanced Dermatology & Cosmetic Surgery	(x)	Health Care Equipment & Services	L+625	1.0%	5/7/27	4.2	4.2	4.2
Advania Sverige AB	(v)(w)	Software & Services	SR+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	SEK 629.4	67.9	68.9
Advania Sverige AB	(v)(w)	Software & Services	R+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	ISK 1,345.8	10.0	10.3
Advania Sverige AB	(w)(x)	Software & Services	SR+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	SEK 304.1	37.5	37.2
Affordable Care Inc	(ac)(v)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	\$ 60.4	59.9	60.1
Affordable Care Inc	(ac)(x)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/27	12.8	12.8	12.8
Affordable Care Inc	(ac)(x)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	43.1	43.1	42.9
Alacrity Solutions Group LLC	(v)	Insurance	L+525	0.8%	12/22/27	1.1	0.9	1.1
Alacrity Solutions Group LLC	(v)	Insurance	L+525	0.8%	12/22/28	69.2	68.2	68.2
Alacrity Solutions Group LLC	(x)	Insurance	L+525	0.8%	12/22/27	9.7	9.7	9.5
Alera Group Intermediate Holdings Inc	(v)	Insurance	L+550	0.8%	10/2/28	21.4	21.2	21.2
Alera Group Intermediate Holdings Inc	(x)	Insurance	L+550	0.8%	10/2/28	22.9	22.9	22.7
American Vision Partners	(i)(v)	Health Care Equipment & Services	L+575	0.8%	9/30/27	94.7	93.8	94.3
American Vision Partners	(x)	Health Care Equipment & Services	L+575	0.8%	9/30/26	7.8	7.8	7.7
American Vision Partners	(x)	Health Care Equipment & Services	L+575	0.8%	9/30/27	38.9	38.9	38.7
Amtek Global Technology Pte Ltd	(ad)(v)(w)(y)(z)	Automobiles & Components	E+500 PIK (E+500 Max PIK)	0.0%	4/4/24	€ 57.2	68.7	34.8
Arcos LLC/VA	(m)	Software & Services	L+575	1.0%	3/31/28	\$ 12.5	12.3	12.4
Arcos LLC/VA	(x)	Software & Services	L+575	1.0%	4/20/27	4.5	4.5	4.5
Ardonagh Group Ltd	(v)(w)	Insurance	SA+675	0.8%	7/14/26	£ 0.8	1.0	1.1
Ardonagh Group Ltd	(v)(w)	Insurance	L+550	0.8%	7/14/26	\$ 14.1	13.8	13.9
Ardonagh Group Ltd	(w)(x)	Insurance	L+550	1.0%	7/14/26	£ 16.7	22.8	22.1
Arrotex Australia Group Pty Ltd	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A\$ 42.6	30.4	30.9
Arrotex Australia Group Pty Ltd	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	3.1	2.2	2.3
Aspect Software Inc	(v)	Software & Services	8.0% PIK (8.0% Max PIK)		7/14/22	\$ 0.3	0.2	0.3
ATX Networks Corp	(ad)(s)(v)(w)	Capital Goods	L+750	1.0%	8/9/26	46.8	46.8	46.8
AxiomSL Ltd	(f)(m)(t)(v)	Software & Services	L+600	1.0%	12/3/27	35.1	34.4	34.4
AxiomSL Ltd	(x)	Software & Services	L+600	1.0%	12/3/25	2.5	2.4	2.4
AxiomSL Ltd	(x)	Software & Services	L+600	1.0%	12/3/27	2.3	2.3	2.2
Barbri Inc	(f)(k)(l)(m)(t)(v)	Consumer Services	L+575	0.8%	4/28/28	92.4	88.1	92.4

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Barbri Inc	(k)(l)	Consumer Services	L+575	0.8%	4/30/28	\$ 35.1	\$ 34.8	\$ 34.8
Barbri Inc	(x)	Consumer Services	L+575	0.8%	4/30/28	14.8	14.8	14.6
Belk Inc	(aa)(ac)(v)	Retailing	L+750	1.0%	7/31/25	21.9	21.7	21.9
Belk Inc	(aa)(ac)(v)	Retailing	5.00%, 8.0% PIK (8.0% Max PIK)		7/31/25	66.7	40.2	49.2
BGB Group LLC	(f)(i)(k)(l)(m)(t)(v)	Media & Entertainment	L+575	1.0%	8/16/27	118.6	117.5	118.0
BGB Group LLC	(x)	Media & Entertainment	L+575	1.0%	8/16/27	19.9	19.9	19.8
Borden (New Dairy Opco)	(ac)(v)	Food, Beverage & Tobacco	L+700, 0.0% PIK (1.0% Max PIK)	1.0%	7/20/25	42.0	40.2	42.0
Borden (New Dairy Opco)	(ac)(v)	Food, Beverage & Tobacco	L+250	1.0%	7/20/25	9.0	8.4	9.0
Borden Dairy Co	(ac)(v)(y)(z)	Food, Beverage & Tobacco	L+825	1.0%	7/6/23	65.0	25.4	—
Bowery Farming Inc	(v)	Food, Beverage & Tobacco	L+1,000	1.0%	4/30/26	75.0	74.3	69.3
Cimarron Energy Inc	(v)(y)(z)	Energy	L+900	1.0%	12/31/24	7.5	5.5	3.6
Clariance Technologies LLC	(f)(i)(k)(l)(m)(s)(v)	Capital Goods	L+625	1.0%	12/14/26	268.0	257.2	270.7
Clariance Technologies LLC	(v)	Capital Goods	L+625	1.0%	12/31/26	18.1	17.6	18.4
Clariance Technologies LLC	(x)	Capital Goods	L+625	1.0%	12/31/26	10.8	10.8	11.1
Clariance Technologies LLC	(x)	Capital Goods	L+625	1.0%	12/13/24	25.4	25.2	25.4
Constellis Holdings LLC	(ac)(v)	Capital Goods	L+750	1.0%	3/27/24	15.0	14.0	15.0
Corsearch Intermediate Inc	(m)(v)	Software & Services	L+550	1.0%	4/19/28	30.1	28.3	30.1
Corsearch Intermediate Inc	(x)	Software & Services	L+550	1.0%	4/19/28	4.4	4.4	4.4
CSafe Global	(f)(i)(k)(l)(m)(t)(v)	Capital Goods	L+625	0.8%	12/23/27	188.7	182.5	188.7
CSafe Global	(v)	Capital Goods	L+625	0.8%	12/23/27	£ 27.4	36.3	37.1
CSafe Global	(v)	Capital Goods	L+625	0.8%	8/13/28	\$ 11.9	11.9	11.9
CSafe Global	(x)	Capital Goods	L+625	0.8%	12/23/26	34.9	34.9	34.6
Dental Care Alliance Inc	(f)(k)(m)(t)(v)	Health Care Equipment & Services	L+625	0.8%	3/12/27	90.3	86.1	90.4
Dental Care Alliance Inc	(v)	Health Care Equipment & Services	L+625	0.8%	3/12/27	8.7	8.7	8.7
Dental Care Alliance Inc	(x)	Health Care Equipment & Services	L+625	0.8%	3/12/27	13.6	13.6	13.7
Element Materials Technology Group US Holdings Inc	(aa)(v)(w)	Capital Goods	L+350	1.0%	6/28/24	1.9	1.9	1.9
Encora Digital Inc	(v)	Software & Services	L+550, 0.0% PIK (2.4% Max PIK)	0.5%	12/13/28	81.3	79.7	79.7
Encora Digital Inc	(x)	Software & Services	L+550	0.5%	12/13/28	19.6	19.4	19.2
Entertainment Benefits Group LLC	(v)	Media & Entertainment	L+575, 2.5% PIK (2.5% Max PIK)	1.0%	9/30/24	0.4	0.4	0.4
Entertainment Benefits Group LLC	(f)(k)(l)(m)(v)	Media & Entertainment	L+575, 2.5% PIK (2.5% Max PIK)	1.0%	9/30/25	64.0	59.1	61.7
Entertainment Benefits Group LLC	(x)	Media & Entertainment	L+575, 2.5% PIK (2.5% Max PIK)	1.0%	9/30/24	10.2	9.6	9.9
Fairway Group Holdings Corp	(ac)(v)(y)(z)	Food & Staples Retailing	12.0% PIK (12.0% Max PIK)		11/27/23	11.7	1.0	0.7
Fairway Group Holdings Corp	(ac)(v)(y)(z)	Food & Staples Retailing	10.0% PIK (10.0% Max PIK)		11/28/23	7.6	—	—
Follett Software Co	(f)(k)(l)(t)	Software & Services	L+575	0.8%	8/31/28	74.4	73.7	74.1
Follett Software Co	(x)	Software & Services	L+575	0.8%	8/31/27	9.9	9.9	9.8

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Foundation Consumer Brands LLC	(m)(v)	Pharmaceuticals, Biotechnology & Life Sciences	L+638	1.0%	2/12/27	\$ 97.1	\$ 93.0	\$ 98.0
Foundation Consumer Brands LLC	(x)	Pharmaceuticals, Biotechnology & Life Sciences	L+638	1.0%	2/12/27	6.6	6.6	6.6
Foundation Risk Partners Corp	(v)	Insurance	L+575	0.8%	10/29/28	74.3	73.2	73.3
Foundation Risk Partners Corp	(x)	Insurance	L+575	0.8%	10/29/27	7.0	6.9	6.9
Foundation Risk Partners Corp	(x)	Insurance	L+575	0.8%	10/29/28	6.2	6.2	6.1
Frontline Technologies Group LLC	(i)(m)(v)	Software & Services	L+525	1.0%	9/18/23	78.7	78.1	78.7
Frontline Technologies Group LLC	(s)(v)	Software & Services	L+525	1.0%	9/18/23	75.6	71.7	76.2
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	5.0%		2/4/22	0.9	0.9	0.9
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	L+575	1.0%	11/1/26	88.9	88.9	88.9
Galaxy Universal LLC	(x)	Consumer Durables & Apparel	5.0%		2/4/22	7.7	7.7	7.7
Galway Partners Holdings LLC	(k)(l)(t)(v)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	128.1	125.5	126.0
Galway Partners Holdings LLC	(x)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/30/27	12.0	11.7	11.8
Galway Partners Holdings LLC	(x)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	22.4	22.4	22.0
General Datatech LP	(f)(k)(l)(m)(t)(v)	Software & Services	L+625	1.0%	6/18/27	169.1	167.5	166.5
Greystone Equity Member Corp	(v)(w)	Diversified Financials	L+725	3.8%	4/1/26	194.8	182.7	192.6
Heniff Transportation Systems LLC	(v)	Transportation	L+575	1.0%	12/3/24	5.9	5.6	5.6
Heniff Transportation Systems LLC	(f)(i)(k)(l)(m)(v)	Transportation	L+575	1.0%	12/3/26	137.7	130.5	128.7
Heniff Transportation Systems LLC	(v)	Transportation	L+625	1.0%	12/3/26	19.4	18.6	18.5
Heniff Transportation Systems LLC	(x)	Transportation	L+575	1.0%	12/3/24	11.9	11.9	11.1
hibu Inc	(f)(k)(l)(m)(t)(v)	Commercial & Professional Services	L+625	1.0%	5/4/27	101.6	96.6	104.6
Higginbotham Insurance Agency Inc	(v)	Insurance	L+550	0.8%	11/25/26	25.3	24.6	25.8
Higginbotham Insurance Agency Inc	(v)	Insurance	L+525	0.8%	11/25/26	4.5	4.3	4.6
Higginbotham Insurance Agency Inc	(x)	Insurance	L+525	0.8%	11/25/26	32.6	32.6	33.3
HM Dunn Co Inc	(ad)(v)	Capital Goods	L+600	1.0%	6/30/26	33.6	33.6	33.6
HM Dunn Co Inc	(ad)(v)	Capital Goods	L+600	1.0%	6/30/26	2.0	2.0	2.0
Hudson Technologies Co	(v)(w)	Commercial & Professional Services	L+1,025	1.0%	10/10/23	79.9	72.3	82.1
Individual FoodService	(v)	Capital Goods	L+625	1.0%	11/22/24	0.2	0.2	0.2
Individual FoodService	(m)(s)(v)	Capital Goods	L+625	1.0%	11/22/25	90.8	86.5	91.7
Individual FoodService	(x)	Capital Goods	L+625	1.0%	11/22/24	4.5	4.5	4.5
Individual FoodService	(x)	Capital Goods	L+625	1.0%	11/22/25	5.6	5.6	5.7
Industria Chimica Emiliana Srl	(v)(w)	Pharmaceuticals, Biotechnology & Life Sciences	E+725	0.0%	9/27/26	€ 88.8	101.3	103.9
Industry City TI Lessor LP	(s)(v)	Consumer Services	10.8%, 1.0% PIK (1.0% Max PIK)		6/30/26	\$ 29.9	30.0	32.5
Insight Global LLC	(v)	Commercial & Professional Services	L+600	0.8%	9/22/27	10.5	10.5	10.4
Insight Global LLC	(i)(v)	Commercial & Professional Services	L+600	0.8%	9/22/28	230.0	227.8	227.2
Insight Global LLC	(x)	Commercial & Professional Services	L+600	0.8%	9/22/27	10.5	10.5	10.4
Insight Global LLC	(x)	Commercial & Professional Services	L+600	0.8%	11/15/28	20.0	20.0	19.8

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Integrity Marketing Group LLC	(x)	Insurance	L+550	0.8%	8/27/25	\$ 145.3	\$ 145.3	\$ 143.2
J S Held LLC	(f)(i)(m)(s)(v)	Insurance	L+550	1.0%	7/1/25	165.4	159.8	167.1
J S Held LLC	(v)	Insurance	L+550	1.0%	7/1/25	2.8	2.6	2.8
J S Held LLC	(x)	Insurance	L+550	1.0%	7/1/25	16.7	16.7	16.9
J S Held LLC	(x)	Insurance	L+550	1.0%	7/1/25	11.3	11.3	11.3
Jarrow Formulas Inc	(f)(i)(k)(l)(m)(s)(t)(v)	Household & Personal Products	L+625	1.0%	11/30/26	186.6	177.1	190.3
Karman Space Inc	(m)(v)	Capital Goods	L+675	1.0%	12/21/25	92.4	88.8	94.2
Karman Space Inc	(v)	Capital Goods	L+675	1.0%	12/21/25	4.4	4.2	4.4
Karman Space Inc	(x)	Capital Goods	L+675	1.0%	12/21/25	1.1	1.1	1.1
KBP Investments LLC	(v)	Food & Staples Retailing	L+500	0.8%	5/26/27	23.6	22.9	23.3
KBP Investments LLC	(x)	Food & Staples Retailing	L+500	0.8%	5/26/27	3.9	3.9	3.8
Kellermeyer Bergensons Services LLC	(f)(i)(k)(l)(m)(s)(t)(v)	Commercial & Professional Services	L+575	1.0%	11/7/26	341.7	329.6	342.8
Kellermeyer Bergensons Services LLC	(x)	Commercial & Professional Services	L+575	1.0%	11/7/26	31.0	31.0	31.1
Lakefield Veterinary Group	(f)(i)(v)	Consumer Services	L+550	0.8%	11/23/28	115.6	114.5	114.6
Lakefield Veterinary Group	(x)	Consumer Services	L+550	0.8%	11/23/28	56.3	56.3	55.7
Lakeview Farms Inc	(l)(m)(v)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	77.0	75.1	76.5
Lakeview Farms Inc	(v)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	3.4	3.4	3.4
Lakeview Farms Inc	(x)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	10.8	10.8	10.8
Lakeview Farms Inc	(x)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	3.4	3.4	3.4
Lexitas Inc	(i)(k)(l)(m)(v)	Commercial & Professional Services	L+600	1.0%	11/14/25	106.8	103.3	107.8
Lexitas Inc	(x)	Commercial & Professional Services	L+600	1.0%	11/14/25	10.3	10.3	10.4
Lexitas Inc	(x)	Commercial & Professional Services	L+600	1.0%	11/14/25	5.4	5.4	5.4
Lionbridge Technologies Inc	(f)(k)(s)(t)	Consumer Services	L+700	1.0%	12/29/25	68.9	64.0	70.3
Lipari Foods LLC	(f)(m)(s)(v)	Food & Staples Retailing	L+575	1.0%	1/6/25	272.0	261.2	272.0
Lloyd's Register Quality Assurance Ltd	(w)(x)	Consumer Services	SA+600, 0.0% PIK (6.3% Max PIK)	0.0%	12/2/28	£ 15.0	20.0	19.7
Matchesfashion Ltd	(v)(w)	Consumer Durables & Apparel	L+463, 3.0% PIK (3.0% Max PIK)	0.0%	10/11/24	\$ 12.9	12.4	8.2
MB2 Dental Solutions LLC	(k)(l)(m)(t)(v)	Health Care Equipment & Services	L+600	1.0%	1/29/27	231.0	220.3	231.7
MB2 Dental Solutions LLC	(x)	Health Care Equipment & Services	L+600	1.0%	1/29/27	56.7	56.7	56.9
Medallia Inc	(v)	Software & Services	L+675 PIK (L+675 Max PIK)	0.8%	10/29/28	147.9	146.5	146.5
Med-Matrix	(v)	Software & Services	L+600	1.0%	9/15/27	62.4	61.8	61.9
Med-Matrix	(x)	Software & Services	L+600	1.0%	9/15/27	31.3	31.3	31.0
Med-Matrix	(x)	Software & Services	L+600	1.0%	9/15/27	7.8	7.8	7.8
Miami Beach Medical Group LLC	(k)(l)(m)(t)(v)	Health Care Equipment & Services	L+650	1.0%	12/14/26	180.6	171.4	178.6
Micronics Filtration Holdings Inc	(ae)(v)	Capital Goods	7.5% PIK (7.5% Max PIK)		3/29/24	51.4	46.0	51.0
Monitronics International Inc	(aa)(f)(v)	Commercial & Professional Services	L+650	1.3%	3/29/24	18.8	17.2	17.7
Monitronics International Inc	(v)	Commercial & Professional Services	L+500	1.5%	7/3/24	47.3	44.8	45.1
Monitronics International Inc	(x)	Commercial & Professional Services	L+500	1.5%	7/3/24	22.7	22.7	21.6

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Motion Recruitment Partners LLC	(v)	Commercial & Professional Services	L+650	1.0%	12/19/25	\$ 4.8	\$ 4.5	\$ 4.7
Motion Recruitment Partners LLC	(f)(i)(m)(t)(v)	Commercial & Professional Services	L+650	1.0%	12/22/25	119.9	115.5	118.4
Motion Recruitment Partners LLC	(x)	Commercial & Professional Services	L+650	1.0%	12/19/25	59.6	59.6	58.9
NBG Home	(v)	Consumer Durables & Apparel	L+550	1.0%	4/26/24	67.7	67.6	53.3
NCI Inc	(v)	Software & Services	L+750, 0.0% PIK (2.5% Max PIK)	1.0%	8/15/24	78.8	77.7	72.0
Net Documents	(v)	Software & Services	L+650	1.0%	6/30/27	24.6	24.4	24.3
Net Documents	(v)	Software & Services	L+675	1.0%	6/30/27	0.9	0.9	0.9
Net Documents	(x)	Software & Services	L+675	1.0%	6/30/27	2.1	2.1	2.0
Net Documents	(x)	Software & Services	L+675	1.0%	6/30/27	7.4	7.3	7.3
New Era Technology Inc	(i)(l)(m)(t)(v)	Software & Services	L+625	1.0%	10/31/26	82.5	78.6	82.1
New Era Technology Inc	(v)	Software & Services	L+625	1.0%	10/31/26	1.6	1.5	1.6
New Era Technology Inc	(x)	Software & Services	L+625	1.0%	10/31/26	13.8	13.8	13.7
New Era Technology Inc	(x)	Software & Services	L+625	1.0%	10/31/26	3.1	3.1	3.1
Omnimax International Inc	(f)(i)(k)(l)(m)(v)	Capital Goods	L+725	1.0%	10/8/26	218.5	209.2	217.0
One Call Care Management Inc	(aa)(ad)(v)	Health Care Equipment & Services	L+550	0.8%	4/22/27	5.0	4.7	5.0
Oxford Global Resources LLC	(f)(k)(l)(m)(t)	Commercial & Professional Services	L+600	1.0%	8/17/27	88.4	87.6	88.2
Oxford Global Resources LLC	(v)	Commercial & Professional Services	L+600	1.0%	8/17/27	4.0	4.0	4.0
Oxford Global Resources LLC	(x)	Commercial & Professional Services	L+600	1.0%	8/17/27	15.3	15.3	15.3
Oxford Global Resources LLC	(x)	Commercial & Professional Services	L+600	1.0%	8/17/27	3.7	3.7	3.7
P2 Energy Solutions Inc.	(v)	Software & Services	L+675	1.0%	1/31/25	4.6	4.3	4.2
P2 Energy Solutions Inc.	(f)(i)(k)(m)(s)(t)(v)	Software & Services	L+675	1.0%	2/2/26	249.1	232.7	232.0
P2 Energy Solutions Inc.	(x)	Software & Services	L+675	1.0%	1/31/25	10.6	10.6	9.9
Parata Systems	(f)(m)(v)	Health Care Equipment & Services	L+575	1.0%	6/30/27	73.9	73.4	74.1
Parata Systems	(x)	Health Care Equipment & Services	L+575	1.0%	6/30/27	22.0	22.0	22.1
Parata Systems	(x)	Health Care Equipment & Services	L+575	1.0%	6/30/27	5.5	5.5	5.5
Parts Town LLC	(v)	Retailing	L+550	0.8%	11/1/28	87.4	86.6	86.6
Parts Town LLC	(x)	Retailing	L+550	0.8%	11/1/28	63.9	63.9	63.3
PartsSource Inc	(v)	Health Care Equipment & Services	L+575	0.8%	8/23/28	65.8	65.0	64.7
PartsSource Inc	(x)	Health Care Equipment & Services	L+575	0.8%	8/24/26	4.3	4.2	4.2
PartsSource Inc	(x)	Health Care Equipment & Services	L+575	0.8%	8/23/28	22.9	22.6	22.5
Peraton Corp	(aa)(v)	Capital Goods	L+375	0.8%	2/1/28	9.0	8.7	9.0
Performance Health Holdings Inc	(f)(i)(v)	Health Care Equipment & Services	L+600	1.0%	7/12/27	120.7	119.5	120.2
Petroplex Acidizing Inc	(ac)(v)(y)(z)	Energy	L+825, 1.8% PIK (1.8% Max PIK)	1.0%	6/30/23	27.0	22.0	9.7
Polyconcept North America Inc	(aa)(v)	Household & Personal Products	L+450 PIK (L+450 Max PIK)	1.0%	8/16/23	22.8	22.6	22.7
Premium Credit Ltd	(v)(w)	Diversified Financials	L+650	0.0%	1/16/26	€ 55.9	72.6	75.7
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+500, 3.1% PIK (3.1% Max PIK)	1.0%	8/21/24	\$ 64.4	60.2	64.4
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+300, 5.5% PIK (5.5% Max PIK)	0.3%	8/21/24	133.3	124.9	133.3
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+550 PIK (L+550 Max PIK)	1.0%	8/21/24	0.1	0.1	0.1

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Production Resource Group LLC	(ad)(v)	Media & Entertainment	L+750, 0.0% PIK (3.1% Max PIK)	1.0%	8/21/24	\$ 20.2	\$ 20.1	\$ 20.2
Production Resource Group LLC	(ad)(x)	Media & Entertainment	L+750, 0.0% PIK (3.1% Max PIK)	1.0%	8/21/24	10.1	10.1	10.1
Propulsion Acquisition LLC	(f)(l)(s)(t)(v)	Capital Goods	L+700	1.0%	7/13/24	60.5	56.8	61.1
PSKW LLC	(i)(l)(s)(t)(v)	Health Care Equipment & Services	L+625	1.0%	3/9/26	294.7	283.5	294.7
Qdoba Restaurant Corp	(aa)(m)(v)	Consumer Services	L+700	1.0%	3/21/25	10.9	10.8	10.8
Reliant Rehab Hospital Cincinnati LLC	(f)(i)(l)(m)(s)(v)	Health Care Equipment & Services	L+625	0.0%	2/28/26	126.8	120.7	124.1
Revere Superior Holdings Inc	(m)(v)	Software & Services	L+575	1.0%	9/30/26	23.0	22.4	23.3
Revere Superior Holdings Inc	(v)	Software & Services	L+575	1.0%	9/30/26	3.3	3.3	3.4
Revere Superior Holdings Inc	(x)	Software & Services	L+575	1.0%	9/30/26	3.2	3.2	3.2
Revere Superior Holdings Inc	(x)	Software & Services	L+575	1.0%	9/30/26	7.4	7.4	7.5
Rise Baking Company	(v)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	2.8	2.6	2.7
Rise Baking Company	(l)(m)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	28.8	28.1	28.2
Rise Baking Company	(x)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	2.5	2.5	2.5
RSC Insurance Brokerage Inc	(f)(i)(k)(l)(m)(s)(v)	Insurance	L+550	0.8%	10/30/26	277.8	268.1	280.6
RSC Insurance Brokerage Inc	(v)	Insurance	L+550	0.8%	10/30/26	4.1	4.0	4.1
RSC Insurance Brokerage Inc	(x)	Insurance	L+550	0.8%	10/30/26	16.1	16.1	16.3
RSC Insurance Brokerage Inc	(x)	Insurance	L+550	0.8%	10/30/26	3.6	3.6	3.6
Safe-Guard Products International LLC	(f)(m)(t)	Diversified Financials	L+500	0.5%	1/27/27	45.1	42.5	45.1
SAMBA Safety Inc	(x)	Software & Services	L+575	1.0%	9/1/27	2.4	2.4	2.4
SAMBA Safety Inc	(x)	Software & Services	L+575	1.0%	9/1/27	6.1	6.1	6.0
SavATree LLC	(v)	Consumer Services	L+550	0.8%	10/12/28	1.9	1.8	1.9
SavATree LLC	(x)	Consumer Services	L+550	0.8%	10/12/28	7.6	7.6	7.6
SavATree LLC	(x)	Consumer Services	L+550	0.8%	10/12/28	6.3	6.3	6.3
Sequa Corp	(aa)(m)(v)	Capital Goods	L+675, 0.0% PIK (1.0% Max PIK)	1.0%	11/28/23	16.0	15.4	16.2
Sequa Corp	(v)	Capital Goods	L+900, 0.0% PIK (9.5% Max PIK)	1.0%	7/31/25	16.4	16.0	17.2
Sequel Youth & Family Services LLC	(v)(y)(z)	Health Care Equipment & Services	L+800	1.0%	9/1/23	170.0	106.4	51.6
Sequel Youth & Family Services LLC	(v)(y)(z)	Health Care Equipment & Services	L+700	1.0%	9/1/23	29.2	19.3	8.9
Sequel Youth & Family Services LLC	(v)	Health Care Equipment & Services	L+700	1.0%	9/1/23	36.0	36.0	36.0
Sequel Youth & Family Services LLC	(x)	Health Care Equipment & Services	L+700	1.0%	9/1/23	6.0	6.0	6.0
SitusAMC Holdings Corp	(k)(l)(v)	Real Estate	L+575	0.8%	12/22/27	95.4	94.5	94.4
Sorenson Communications LLC	(aa)(ac)(f)(k)(t)(v)	Telecommunication Services	L+550	0.8%	3/17/26	59.9	56.9	60.1
Source Code LLC	(k)(l)(t)	Software & Services	L+650	1.0%	6/30/27	53.3	52.3	52.2
Source Code LLC	(x)	Software & Services	L+650	1.0%	6/30/27	15.3	15.0	15.0
Spins LLC	(m)(s)(t)(v)	Software & Services	L+550	1.0%	1/20/27	60.7	57.3	61.3
Spins LLC	(x)	Software & Services	L+550	1.0%	1/20/27	7.9	7.9	7.9
Staples Canada	(v)(w)	Retailing	C+700	1.0%	9/12/24	C\$ 35.8	28.0	29.1
Summit Interconnect Inc	(f)(k)(l)(t)(v)	Capital Goods	L+600	1.0%	9/22/28	\$ 107.9	106.8	106.9

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Summit Interconnect Inc	(x)	Capital Goods	L+600	1.0%	9/22/28	\$ 48.7	\$ 48.7	\$ 48.2
Sungard Availability Services Capital Inc	(ac)(v)	Software & Services	SF+375, 3.8% PIK (3.8% Max PIK)	1.0%	7/1/24	5.8	5.7	6.0
Sweeping Corp of America Inc	(m)(v)	Commercial & Professional Services	L+575	1.0%	11/30/26	55.8	53.3	56.3
Sweeping Corp of America Inc	(v)	Commercial & Professional Services	L+575	1.0%	11/30/26	1.8	1.8	1.8
Sweeping Corp of America Inc	(x)	Commercial & Professional Services	L+575	1.0%	11/30/26	17.2	17.2	17.3
Sweeping Corp of America Inc	(x)	Commercial & Professional Services	L+575	1.0%	11/30/26	3.9	3.9	3.9
Tangoe LLC	(f)(i)(m)(s)(v)	Software & Services	L+650	1.0%	11/28/25	190.2	171.5	147.2
ThermaSys Corp	(ac)(v)(y)(z)	Capital Goods	L+1,100 PIK (L+1,100 Max PIK)	1.0%	1/1/24	8.5	8.3	3.5
ThreeSixty Group	(m)(v)	Retailing	L+500, 2.5% PIK (2.5% Max PIK)	1.5%	3/1/23	48.5	48.4	47.7
ThreeSixty Group	(m)(v)	Retailing	L+500, 2.5% PIK (2.5% Max PIK)	1.5%	3/1/23	48.3	48.1	47.4
Time Manufacturing Co	(v)	Capital Goods	L+650	0.8%	12/1/27	45.8	44.8	44.8
Time Manufacturing Co	(v)	Capital Goods	L+650	0.8%	12/1/27	5.3	5.3	5.3
Time Manufacturing Co	(x)	Capital Goods	L+650	0.8%	12/1/27	13.7	13.7	13.6
Time Manufacturing Co	(x)	Capital Goods	L+650	0.8%	12/1/27	4.5	4.5	4.5
Time Manufacturing Co	(x)	Capital Goods	E+650	0.8%	12/1/27	€ 15.0	17.0	17.2
Transaction Services Group Ltd	(v)(w)	Software & Services	B+650	0.0%	10/15/26	AS\$ 80.3	55.7	57.0
Transaction Services Group Ltd	(v)(w)	Software & Services	L+650	0.0%	10/15/26	\$ 126.2	122.2	123.1
Transaction Services Group Ltd	(v)(w)	Software & Services	L+650	0.0%	10/15/26	£ 13.9	17.7	18.3
Warren Resources Inc	(ad)(v)	Energy	L+900, 1.0% PIK (1.0% Max PIK)	1.0%	5/22/24	\$ 18.7	17.4	18.7
Wealth Enhancement Group LLC	(v)(w)	Diversified Financials	L+625	1.0%	10/4/27	15.1	15.0	15.1
Wealth Enhancement Group LLC	(v)(w)	Diversified Financials	L+625	1.0%	10/4/27	0.7	0.7	0.7
Wealth Enhancement Group LLC	(w)(x)	Diversified Financials	L+625	1.0%	10/4/27	13.2	13.2	13.2
Wealth Enhancement Group LLC	(w)(x)	Diversified Financials	L+625	1.0%	10/4/27	1.0	1.0	1.0
Woolpert Inc	(f)(k)(l)(m)(t)(v)	Capital Goods	L+600	1.0%	4/5/28	139.2	132.5	141.2
Woolpert Inc	(x)	Capital Goods	L+600	1.0%	4/5/28	25.6	25.6	25.9
Total Senior Secured Loans—First Lien							11,165.5	11,236.1
Unfunded Loan Commitments							(1,470.4)	(1,470.4)
Net Senior Secured Loans—First Lien							9,695.1	9,765.7
Senior Secured Loans—Second Lien—20.1%								
Advanced Lighting Technologies Inc	(v)(y)(z)	Materials	L+600	1.0%	3/16/27	11.3	10.5	6.4
Ammeraal Beltech Holding BV	(f)(s)(v)(w)	Capital Goods	L+775	0.0%	9/12/26	44.9	40.8	44.3
Amtek Global Technology Pte Ltd	(ad)(v)(w)(y)(z)	Automobiles & Components	E+500 PIK (E+500 Max PIK)	0.0%	4/4/24	€ 34.7	39.1	—
Apex Group Limited	(v)(w)	Diversified Financials	L+675	0.5%	7/27/29	\$ 8.0	7.9	8.0
Belk Inc	(ac)(v)(y)(z)	Retailing	10.0% PIK (10.0% Max PIK)		7/31/25	25.5	4.2	6.7
Byrider Finance LLC	(u)(v)	Automobiles & Components	L+1,000, 0.5% PIK (0.5% Max PIK)	1.3%	6/7/22	54.3	52.8	54.4
Constellis Holdings LLC	(ac)(f)(v)	Capital Goods	L+1,100, 0.0% PIK (10.0% Max PIK)	1.0%	3/27/25	13.5	12.5	12.0

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Cubic Corp	(v)	Software & Services	L+763	0.8%	5/25/29	\$ 54.8	\$ 51.8	\$ 55.6
Datatel Inc	(v)	Software & Services	L+800	1.0%	10/9/28	179.2	170.1	184.6
Fairway Group Holdings Corp	(ac)(v)(y)(z)	Food & Staples Retailing	11.0% PIK (11.0% Max PIK)		2/24/24	6.9	—	—
Galaxy Universal LLC	(v)	Consumer Durables & Apparel	L+500	1.0%	11/1/26	36.2	35.8	35.8
Misys Ltd	(aa)(v)(w)	Software & Services	L+725	1.0%	6/13/25	21.8	20.5	21.8
NBG Home	(v)(y)(z)	Consumer Durables & Apparel	L+1,275 PIK (L+1,275 Max PIK)	1.0%	9/30/24	31.4	28.2	8.5
OEConnection LLC	(f)(v)	Software & Services	L+825	0.0%	9/25/27	27.0	26.6	26.5
OEConnection LLC	(v)	Software & Services	L+700	0.5%	9/25/27	49.0	49.0	48.1
Peraton Corp	(s)(v)	Capital Goods	L+800	1.0%	2/1/29	175.0	165.3	178.5
Peraton Corp	(v)	Capital Goods	L+775	0.8%	2/1/29	156.4	149.9	158.7
Petrochoice Holdings Inc	(v)	Capital Goods	L+875	1.0%	8/21/23	65.0	64.4	57.6
Polyconcept North America Inc	(v)	Household & Personal Products	11.0% PIK (11.0% Max PIK)		2/16/24	10.0	9.9	10.0
Pure Fishing Inc	(f)(m)(v)	Consumer Durables & Apparel	L+838	1.0%	12/21/26	177.0	170.6	168.1
Sequa Corp	(aa)(m)(v)	Capital Goods	L+1,075, 0.0% PIK (6.8% Max PIK)	1.0%	4/28/24	5.9	5.7	5.9
SIRVA Worldwide Inc	(aa)(v)	Commercial & Professional Services	L+950	0.0%	8/3/26	6.5	5.4	5.7
Solera LLC	(aa)(v)	Software & Services	L+800	1.0%	6/4/29	312.4	295.8	317.6
Sungard Availability Services Capital Inc	(ac)(v)(y)(z)	Software & Services	SF+400, 2.8% PIK (2.8% Max PIK)	1.0%	8/1/24	14.6	13.7	8.3
Valeo Foods Group Ltd	(v)(w)	Food, Beverage & Tobacco	SA+800	0.0%	10/1/29	£ 9.3	12.3	12.2
Valeo Foods Group Ltd	(w)(x)	Food, Beverage & Tobacco	E+750	0.0%	10/1/29	€ 6.2	7.2	6.8
Vantage Specialty Chemicals Inc	(aa)(v)	Materials	L+825	1.0%	10/27/25	\$ 0.8	0.7	0.7
Wittur Holding GmbH	(v)(w)	Capital Goods	E+850, 0.5% PIK (0.5% Max PIK)	0.0%	9/23/27	€ 112.8	120.9	120.9
Total Senior Secured Loans—Second Lien							1,571.6	1,563.7
Unfunded Loan Commitments							(7.2)	(7.2)
Net Senior Secured Loans—Second Lien							1,564.4	1,556.5
Other Senior Secured Debt—1.6%								
Angelica Corp	(h)(y)(z)	Health Care Equipment & Services	10.0% PIK (10.0% Max PIK)		12/30/22	\$ 53.4	42.3	5.2
JW Aluminum Co	(aa)(ad)(s)(v)	Materials	10.3%		6/1/26	76.5	75.5	81
One Call Care Management Inc	(ad)(v)	Health Care Equipment & Services	8.5% PIK (8.5% Max PIK)		11/1/28	23.5	21.6	23.5
TruckPro LLC	(aa)(v)	Capital Goods	11.0%		10/15/24	9.2	9.2	10
Total Other Senior Secured Debt							148.6	119.7
Subordinated Debt—1.4%								
Ardonagh Group Ltd	(aa)(v)(w)	Insurance	12.8% PIK (12.8% Max PIK)		1/15/27	0.9	0.9	1.0
ATX Networks Corp	(ad)(s)(v)(w)(y)(z)	Capital Goods	10.0% PIK (10.0% Max PIK)		8/9/28	18.3	4.8	7.1
ClubCorp Club Operations Inc	(aa)(v)	Consumer Services	8.5%		9/15/25	37.3	35.4	35.7
Encora Digital Inc	(v)	Software & Services	9.8% PIK (9.8% Max PIK)		12/13/29	21.6	20.9	20.9

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)	
Hilding Anders	(ad)(v)(w)(y)	Consumer Durables & Apparel				€ 24.8	\$ 26.9	\$ —	
Hilding Anders	(ad)(v)(w)(y)	Consumer Durables & Apparel				\$ 110.5	—	—	
Hilding Anders	(ad)(v)(w)(y)(z)	Consumer Durables & Apparel	13.0% PIK (13.0% Max PIK)		11/30/25	134.4	99.4	46.6	
Total Subordinated Debt								188.3	111.3

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^{(c)/ Shares}	Amortized Cost	Fair Value ^(d)
Asset Based Finance—29.1%								
801 5th Ave, Seattle, Private Equity	(ad)(v)(w)(y)	Real Estate				8,554,983	\$ 14.1	\$ 23.1
801 5th Ave, Seattle, Structure Mezzanine	(ad)(v)(w)	Real Estate	8.0%, 3.0% PIK (3.0% Max PIK)		12/19/29	\$ 57.2	55.1	57.2
Abacus JV, Private Equity	(v)(w)	Insurance				44,833,382	43.8	48.1
Accelerator Investments Aggregator LP, Private Equity	(v)(w)(y)	Diversified Financials				5,397,365	6.3	4.7
Altavair AirFinance, Private Equity	(v)(w)	Capital Goods				94,679,609	95.6	114.3
Australis Maritime, Common Stock	(v)(w)	Transportation				46,781,830	45.1	46.7
Avida Holding AB, Common Stock	(ad)(v)(w)(y)	Diversified Financials				405,023,756	44.6	52.3
Bank of Ireland, Class B Credit Linked Floating Rate Note	(g)(w)	Banks	L+1,185		12/4/27	\$ 14.7	14.7	14.7
Byrider Finance LLC, Structured Mezzanine	(x)	Automobiles & Components	L+1,050	0.3%	6/3/28	\$ 23.0	23.0	23.0
Callodine Commercial Finance LLC, 2L Term Loan A	(v)	Diversified Financials	L+900	1.0%	11/3/25	\$ 125.0	118.0	125.6
Callodine Commercial Finance LLC, 2L Term Loan B	(x)	Diversified Financials	L+900	1.0%	11/3/25	\$ 40.3	40.3	40.5
Capital Automotive LP, Private Equity	(v)(w)	Real Estate				21,640,936	23.7	28.1
Capital Automotive LP, Structured Mezzanine	(v)(w)	Real Estate	11.0%		12/22/28	\$ 42.7	41.9	42.7
Global Jet Capital LLC, Preferred Stock	(j)(u)(v)(y)	Commercial & Professional Services				149,494,590	69.4	—
Global Jet Capital LLC, Preferred Stock	(j)(u)(v)	Commercial & Professional Services	9.0% PIK (9.0% Max PIK)		10/1/28	\$ 414.0	304.8	302.2
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 53.6	36.9	53.6
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 39.2	26.9	39.2
Global Jet Capital LLC, Structured Mezzanine	(j)(u)(v)(w)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 4.6	3.1	4.6
Global Lending Services LLC, Private Equity	(v)(w)	Diversified Financials				12,222,437	14.2	15.5
Global Lending Services LLC, Private Equity	(v)(w)	Diversified Financials				22,352,639	24.2	28.5
Home Partners JV 2, Private Equity	(ac)(v)(w)(y)	Real Estate				1,585,353	1.5	1.6
Home Partners JV 2, Private Equity	(ac)(v)(w)(y)	Real Estate				59,815	0.1	0.1
Home Partners JV 2, Structured Mezzanine	(ac)(v)(w)	Real Estate	11.0% PIK (11.0% Max PIK)		3/20/30	\$ 3.5	3.4	3.5
Home Partners JV 2, Structured Mezzanine	(ac)(w)(x)	Real Estate	11.0% PIK (11.0% Max PIK)		3/20/30	\$ 13.6	13.6	13.6
Home Partners JV, Common Stock	(ac)(v)(w)(y)	Real Estate				32,659,547	47.6	80.6
Home Partners JV, Private Equity	(ac)(v)(w)(y)	Real Estate				4,127,355	5.4	9.4
Home Partners JV, Structured Mezzanine	(ac)(v)(w)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	\$ 90.4	85.6	90.4
Jet Edge International LLC, Preferred Stock	(ac)(p)	Transportation	8.0%, 0.0% PIK (8.0% Max PIK)			20,878,236	20.9	16.8

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Jet Edge International LLC, Term Loan	(ac)(v)	Transportation	10.0%, 2.0% PIK (2.0% Max PIK)		4/2/26	\$ 76.6	75.9	76.1
Jet Edge International LLC, Term Loan	(ac)(x)	Transportation	10.0%, 2.0% PIK (2.0% Max PIK)		4/2/26	\$ 75.0	75.0	74.5
Jet Edge International LLC, Warrant	(ac)(h)(y)	Transportation				3,963	—	4.5
Kilter Finance, Preferred Stock	(ad)(v)(w)	Insurance	6.0%, 6.0% PIK (6.0% Max PIK)			36,108,611	34.6	36.1
Kilter Finance, Private Equity	(ad)(v)(w)(y)	Insurance				536,709	0.5	0.5
KKR Central Park Leasing Aggregator L.P., Partnership Interest	(v)(w)(y)(z)	Capital Goods	14.3%		5/31/23	\$ 39.1	39.1	25.8
KKR Chord IP Aggregator LP, Partnership Interest	(v)(w)	Media & Entertainment				114,193,861	112.6	131.5
KKR Chord IP Aggregator LP, Structured Mezzanine	(v)(w)	Media & Entertainment	9.0%		10/14/23	\$ 167.3	164.9	167.3
KKR Rocket Loans Aggregator LLC, Partnership Interest	(ad)(v)(w)	Diversified Financials				1,387,913	1.4	1.4
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(v)(w)(y)	Capital Goods				23,664,954	23.0	19.1
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	7.8%		9/22/24	€ 7.8	9.2	8.9
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	7.8%		9/22/24	\$ 12.1	12.1	12.1
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	11.8%		9/22/24	€ 5.9	6.9	6.7
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	11.8%		9/22/24	£ 1.6	2.2	2.1
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	7.8%		9/22/24	£ 2.1	2.9	2.9
Lenovo Group Ltd, Structured Mezzanine	(v)(w)	Technology Hardware & Equipment	11.8%		9/22/24	\$ 9.1	9.1	9.1
My Community Homes SFR PropCo 2, Private Equity	(ad)(v)(w)(y)	Real Estate				33,000,000	33.0	33.0
NewStar Clarendon 2014-1A Class D	(v)(w)	Diversified Financials	19.5%		1/25/27	\$ 8.3	2.5	4.2
Opendoor Labs Inc, Structured Mezzanine	(v)(w)	Real Estate	10.0%		4/1/26	\$ 71.1	71.1	71.1
Opendoor Labs Inc, Structured Mezzanine	(w)(x)	Real Estate	10.0%		4/1/26	\$ 88.9	88.9	88.9
Orchard Marine Limited, Class B Common Stock	(ac)(v)(w)(y)	Transportation				1,964	3.1	—
Orchard Marine Limited, Series A Preferred Stock	(ac)(v)(w)(y)	Transportation				62,976	62.0	64.6
Pretium Partners LLC P1, Structured Mezzanine	(v)(w)	Real Estate	2.8%, 5.3% PIK (5.3% Max PIK)		10/22/26	\$ 6.7	6.2	6.8
Pretium Partners LLC P2, Private Equity	(v)(w)(y)	Real Estate				16,772,368	16.4	16.4
Pretium Partners LLC P2, Term Loan	(v)(w)	Real Estate	11.0%		12/16/29	\$ 33.5	32.9	32.9
Prime ST LLC, Private Equity	(ad)(v)(w)(y)	Real Estate				5,983,135	7.7	9.1
Prime ST LLC, Structured Mezzanine	(ad)(v)(w)	Real Estate	5.0%, 6.0% PIK (6.0% Max PIK)		3/12/30	\$ 52.4	50.4	52.4
Star Mountain Diversified Credit Income Fund III, LP, Private Equity	(o)(w)	Diversified Financials				23,500,000	23.5	24.3
Toorak Capital Funding LLC, Membership Interest	(ad)(v)(w)(y)	Real Estate				1,723,140	1.9	1.7
Toorak Capital Partners LLC, Private Equity	(ad)(v)	Real Estate				158,139,270	158.1	199.3
Toorak Capital Partners LLC, Structured Mezzanine	(ad)(v)	Real Estate	L+650 PIK (L+650 Max PIK)		5/11/22	\$ 22.0	22	22
Toorak Capital Partners LLC, Structured Mezzanine	(ad)(x)	Real Estate	L+650 PIK (L+650 Max PIK)		5/11/22	\$ 8.0	8	8
Total Asset Based Finance							2,380.9	2,493.9
Unfunded Asset Based Finance Commitments							(248.9)	(248.9)

See notes to consolidated financial statements.

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As of December 31, 2021
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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Net Asset Based Finance							2,132.0	2,245.0
Credit Opportunities Partners JV, LLC—18.1%								
Credit Opportunities Partners JV, LLC	(ad)(v)(w)	Diversified Financials				\$ 1,462.3	\$ 1,396.7	\$ 1,396.2
Total Credit Opportunities Partners JV, LLC							1,396.7	1,396.2

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Equity/Other—11.7%^(e)								
Abaco Energy Technologies LLC, Common Stock	(v)(y)	Energy				3,055,556	\$ 0.2	\$ 0.3
Abaco Energy Technologies LLC, Preferred Stock	(v)(y)	Energy				12,734,481	1.5	1.7
Affordable Care Inc, Preferred Stock	(ac)(v)	Health Care Equipment & Services	11.8% PIK (11.8% Max PIK)			49,073,000	48.1	52.1
American Vision Partners, Private Equity	(v)(y)	Health Care Equipment & Services				2,450,230	2.5	2.4
Amtek Global Technology Pte Ltd, Common Stock	(ad)(g)(v)(w)(y)	Automobiles & Components				7,046,126	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	(ad)(v)(w)(y)	Automobiles & Components				5,735,804,056	30.7	—
Amtek Global Technology Pte Ltd, Private Equity	(ad)(v)(w)(y)	Automobiles & Components				4,097	—	—
Angelica Corp, Limited Partnership Interest	(h)(y)	Health Care Equipment & Services				877,044	47.6	—
Arcos LLC/VA, Preferred Stock	(v)	Software & Services	L+950 PIK (L+950 Max PIK)	1.0%	4/30/31	15,000,000	14.0	15.5
Ardonagh Ltd, Ordinary Shares	(v)(w)(y)	Insurance				16,450	—	2.8
Ardonagh Ltd, Ordinary Shares	(v)(w)(y)	Insurance				116,814	0.2	0.5
Ardonagh Ltd, Preferred Stock	(v)(w)(y)	Insurance				6,113,719	9.1	22.0
Arena Energy LP, Warrants	(v)(y)	Energy				68,186,525	0.4	0.6
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(p)(y)	Energy				10,193	9.7	2.3
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(p)(y)	Energy				86,607,143	19.4	19.8
Aspect Software Inc, Common Stock	(l)(s)(v)(y)	Software & Services				1,309,955	2.3	2.7
Aspect Software Inc, Warrant	(l)(s)(v)(y)	Software & Services			1/15/24	181,730	0.3	0.3
ATX Networks Corp, Common Stock	(ad)(s)(v)(w)(y)	Capital Goods				3,483	—	—
AVF Parent LLC, Trade Claim	(v)(y)	Retailing				44,507	—	—
Belk Inc, Common Stock	(ac)(v)(y)	Retailing				94,950	—	—
Borden (New Dairy Opco), Common Stock	(ac)(h)(n)(y)	Food, Beverage & Tobacco				11,167,000	9.1	7.7
Bowery Farming Inc, Warrants	(v)(y)	Food, Beverage & Tobacco			4/30/26	161,828	—	5.2
Catalina Marketing Corp, Common Stock	(v)(y)	Media & Entertainment				6,522	—	—
CDS US Intermediate Holdings Inc, Warrant	(v)(w)(y)	Media & Entertainment				2,023,714	—	—

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Cengage Learning, Inc, Common Stock	(v)(y)	Media & Entertainment				227,802	\$ 7.5	\$ 4.2
Cimarron Energy Inc, Common Stock	(v)(y)	Energy				4,302,293	—	0.0
Cimarron Energy Inc, Participation Option	(v)(y)	Energy				25,000,000	—	—
Constellis Holdings LLC, Private Equity	(ac)(f)(v)(y)	Capital Goods				849,702	10.3	0.2
CTI Foods Holding Co LLC, Common Stock	(v)(y)	Food, Beverage & Tobacco				5,892	0.7	—
Cubic Corp, Preferred Stock	(v)	Software & Services	11.0% PIK (11.0% Max PIK)			42,141,600	39.6	42.3
Envigo Laboratories Inc, Series A Warrant	(s)(y)	Health Care Equipment & Services			4/29/24	10,924	—	—
Envigo Laboratories Inc, Series B Warrant	(s)(y)	Health Care Equipment & Services			4/29/24	17,515	—	—
Fairway Group Holdings Corp, Common Stock	(ac)(v)(y)	Food & Staples Retailing				103,091	—	—
Fox Head Inc, Common Stock	(j)(v)(y)	Consumer Durables & Apparel				10,000,000	8.0	10.9
Fronton BV, Common Stock	(ac)(o)(y)	Consumer Services				14,943	—	1.4
Galaxy Universal LLC, Common Stock	(v)(y)	Consumer Durables & Apparel				228,806	35.5	35.5
Galaxy Universal LLC, Trade Claim	(v)(y)	Consumer Durables & Apparel				27,256,114	16.4	16.4
Genesys Telecommunications Laboratories Inc, Class A Shares	(v)(y)	Technology Hardware & Equipment				40,529	0.0	—
Genesys Telecommunications Laboratories Inc, Ordinary Shares	(v)(y)	Technology Hardware & Equipment				41,339	—	—
Genesys Telecommunications Laboratories Inc, Preferred Stock	(v)(y)	Technology Hardware & Equipment				1,050,465	—	—
Harvey Industries Inc, Common Stock	(v)	Capital Goods				5,000,000	2.2	3.3
Hilding Anders, Class A Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				4,503,411	0.1	—
Hilding Anders, Class B Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				574,791	—	—
Hilding Anders, Class C Common Stock	(ad)(v)(w)(y)	Consumer Durables & Apparel				213,201	—	—
Hilding Anders, Equity Options	(ad)(v)(w)(y)	Consumer Durables & Apparel			11/30/25	236,160,807	15.0	—
HM Dunn Co Inc, Preferred Stock, Series A	(ad)(s)(v)(y)	Capital Goods				85,385	7.1	7.1
HM Dunn Co Inc, Preferred Stock, Series B	(ad)(s)(v)(y)	Capital Goods				15,000	0.0	—
Imagine Communications Corp, Common Stock	(v)(y)	Media & Entertainment				33,034	3.8	2.5
Jones Apparel Holdings, Inc., Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	0.9	—
JW Aluminum Co, Common Stock	(ad)(j)(u)(v)(y)	Materials				2,105	—	—
JW Aluminum Co, Preferred Stock	(ad)(j)(u)(v)	Materials	12.5% PIK (12.5% Max PIK)		2/15/28	15,279	177.9	122.6
Maverick Natural Resources LLC, Common Stock	(n)(o)(y)	Energy				259,211	84.5	143.6
MB Precision Holdings LLC, Class A - 2 Units	(n)(o)(y)	Capital Goods				8,081,288	0.5	—
Med-Matrix, Common Stock	(h)(y)	Software & Services				29,403	1.5	1.6
Med-Matrix, Preferred Stock	(h)	Software & Services	8.0% PIK (8.0% Max PIK)			29,403	1.5	1.5
Miami Beach Medical Group LLC, Common Stock	(v)(y)	Health Care Equipment & Services				5,000,000	4.8	3.9
Micronics Filtration Holdings Inc, Common Stock	(ac)(v)(y)	Capital Goods				53,073	0.6	—
Micronics Filtration Holdings Inc, Preferred Stock, Series A	(ac)(v)(y)	Capital Goods				55	0.6	0.1

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Micronics Filtration Holdings Inc, Preferred Stock, Series B	(ac)(v)(y)	Capital Goods				23	\$ 0.2	\$ 0.4
Micronics Filtration Holdings Inc, Preferred Stock, Series B PIK	(ac)(v)(y)	Capital Goods				112,780	—	11.9
Micronics Filtration Holdings Inc, Preferred Stock, Series C PIK	(ac)(v)(y)	Capital Goods				54,000	—	6.2
Misys Ltd, Preferred Stock	(v)(w)	Software & Services	L+1,025 PIK (L+1,025 Max PIK)			79,782,377	73.5	78.9
NBG Home, Common Stock	(v)(y)	Consumer Durables & Apparel				1,903	2.6	—
Nine West Holdings Inc, Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	6.5	—
One Call Care Management Inc, Common Stock	(ad)(v)(y)	Health Care Equipment & Services				34,872	2.1	2.4
One Call Care Management Inc, Preferred Stock A	(ad)(v)(y)	Health Care Equipment & Services				371,992	22.8	26.1
One Call Care Management Inc, Preferred Stock B	(ad)(v)	Health Care Equipment & Services	9.0% PIK (9.0% Max PIK)		10/25/29	7,672,347	8.0	9.2
Petroplex Acidizing Inc, Preferred Stock A	(ac)(v)(y)	Energy				25,138,631	4.9	—
Petroplex Acidizing Inc, Warrant	(ac)(v)(y)	Energy			12/15/26	8	—	—
Polyconcept North America Inc, Class A - 1 Units	(v)(y)	Household & Personal Products				30,000	3.0	4.3
PRG III LLC, Preferred Stock, Series A PIK	(ad)(v)(y)	Media & Entertainment			8/21/24	434,250	18.1	17.4
PRG III LLC, Preferred Stock, Series B PIK	(ad)(v)(y)	Media & Entertainment			8/21/24	140	—	—
Proserv Acquisition LLC, Class A Common Units	(ac)(v)(w)(y)	Energy				2,635,005	33.4	0.1
Proserv Acquisition LLC, Class A Preferred Units	(ac)(v)(w)(y)	Energy				837,780	5.4	9.3
Quorum Health Corp, Trade Claim	(v)(y)	Health Care Equipment & Services				8,301,000	0.7	0.9
Quorum Health Corp, Trust Initial Funding Units	(v)(y)	Health Care Equipment & Services				143,400	0.2	0.2
Ridgeback Resources Inc, Common Stock	(j)(u)(v)(w)(y)	Energy				1,969,418	9.1	9.9
Sorenson Communications LLC, Common Stock	(ac)(j)(u)(v)(y)	Telecommunication Services				89,959	42.5	67.5
Sound United LLC, Common Stock	(ad)(v)	Consumer Durables & Apparel				12,857,143	17.3	77.5
Stuart Weitzman Inc, Common Stock	(v)(y)	Consumer Durables & Apparel				5,451	—	—
Sungard Availability Services Capital Inc, Common Stock	(ac)(s)(u)(v)(y)	Software & Services				262,516	6.9	—
Swift Worldwide Resources Holdco Ltd, Common Stock	(v)(y)	Energy				1,250,000	1.2	1.1
ThermaSys Corp, Common Stock	(ac)(u)(v)(y)	Capital Goods				17,383,026	10.2	—
ThermaSys Corp, Preferred Stock	(ac)(v)(y)	Capital Goods				1,529	1.7	—
Versatile Processing Group Inc, Class A - 2 Units	(u)(y)	Materials				3,637,500	3.6	—
Warren Resources Inc, Common Stock	(ad)(v)(y)	Energy				3,483,788	12.8	20.4
Zeta Interactive Holdings Corp, Common Stock	(aa)(v)(y)	Software & Services				3,610,212	30.8	30.4
Total Equity/Other							<u>931.6</u>	<u>907.1</u>
TOTAL INVESTMENTS—208.3%							<u>\$ 16,056.7</u>	<u>\$ 16,101.5</u>
LIABILITIES IN EXCESS OF OTHER ASSETS—(108.3%)								<u>\$ (8,371.5)</u>
NET ASSETS—100%								<u>\$ 7,730.0</u>

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Foreign currency forward contracts

Foreign Currency	Settlement Date	Counterparty	Amount and Transaction		US\$ Value at Settlement Date	US\$ Value at December 31, 2021	Unrealized Appreciation (Depreciation)
AUD	10/17/2022	JP Morgan Chase Bank	A\$	3.0 Sold	\$ 2.1	\$ 2.2	\$(0.1)
AUD	2/14/2023	JP Morgan Chase Bank	A\$	2.2 Sold	1.6	1.6	—
CAD	6/7/2022	JP Morgan Chase Bank	\$	1.4 Sold	1.1	1.1	—
CAD	6/7/2022	JP Morgan Chase Bank	\$	1.9 Sold	1.5	1.5	—
CAD	11/10/2022	JP Morgan Chase Bank	\$	1.5 Sold	1.2	1.1	0.1
CAD	11/15/2024	JP Morgan Chase Bank	\$	4.0 Sold	3.2	3.1	0.1
EUR	5/6/2022	JP Morgan Chase Bank	€	6.1 Sold	7.5	7.0	0.5
EUR	5/6/2022	JP Morgan Chase Bank	€	1.6 Sold	2.0	1.8	0.2
EUR	5/6/2022	JP Morgan Chase Bank	€	0.7 Sold	0.9	0.8	0.1
EUR	5/6/2022	JP Morgan Chase Bank	€	2.2 Sold	2.7	2.5	0.2
EUR	5/6/2022	JP Morgan Chase Bank	€	0.9 Sold	1.2	1.1	0.1
EUR	9/12/2022	JP Morgan Chase Bank	€	10.0 Sold	11.7	11.5	0.2
EUR	7/17/2023	JP Morgan Chase Bank	€	1.3 Sold	1.7	1.5	0.2
EUR	2/23/2024	JP Morgan Chase Bank	€	42.3 Sold	49.1	49.4	(0.3)
EUR	8/8/2025	JP Morgan Chase Bank	€	4.8 Sold	5.7	5.7	—
EUR	8/8/2025	JP Morgan Chase Bank	€	1.9 Sold	2.3	2.3	—
GBP	1/11/2023	JP Morgan Chase Bank	£	1.9 Sold	2.9	2.6	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£	1.7 Sold	2.6	2.3	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£	3.4 Sold	4.8	4.6	0.2
GBP	1/11/2023	JP Morgan Chase Bank	£	5.0 Sold	6.5	6.6	(0.1)
GBP	1/11/2023	JP Morgan Chase Bank	£	1.4 Sold	1.9	1.9	—
GBP	10/13/2023	JP Morgan Chase Bank	£	6.2 Sold	8.5	8.4	0.1
NOK	8/8/2025	JP Morgan Chase Bank	NOK	49.1 Sold	5.2	5.5	(0.3)
NOK	8/8/2025	JP Morgan Chase Bank	NOK	11.4 Sold	1.2	1.3	(0.1)
SEK	3/15/2024	JP Morgan Chase Bank	SEK	72.8 Sold	8.5	8.2	0.3
SEK	5/10/2024	JP Morgan Chase Bank	SEK	430.3 Sold	51.4	48.4	3.0
SEK	5/10/2024	JP Morgan Chase Bank	SEK	503.0 Sold	60.1	56.6	3.5
SEK	5/10/2024	JP Morgan Chase Bank	SEK	34.5 Sold	4.1	3.9	0.2
SEK	8/8/2025	JP Morgan Chase Bank	SEK	119.3 Sold	13.3	13.5	(0.2)
SEK	8/8/2025	JP Morgan Chase Bank	SEK	27.8 Sold	3.1	3.2	(0.1)
Total					\$ 269.6	\$ 261.2	\$ 8.4

See notes to consolidated financial statements.

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- (a) Security may be an obligation of one or more entities affiliated with the named company.
- (b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2020, the three-month London Interbank Offered Rate, or LIBOR or "L", was 0.21%, the Euro Interbank Offered Rate, or EURIBOR, was (0.57)%, Canadian Dollar Offer Rate, or CDOR, was 0.48%, the Bank Bill Swap Bid Rate, or BBSY was 0.12%, the Reykjavik Interbank Offered Rate, or REIBOR, was 2.65%, the Stockholm Interbank Offered Rate, or STIBOR, was (0.05)%, the Sterling Overnight Index Average, or SONIA, was 0.19%, the Secured Overnight Financing Rate, or SOFR, was 0.05%, and the U.S. Prime Lending Rate, or Prime, was 3.25%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.
- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Fair value determined by the Company's board of directors (see Note 8).
- (e) Listed investments may be treated as debt for GAAP or tax purposes.
- (f) Security or portion thereof held within Ambler Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Ally Bank (see Note 9).
- (g) Security or portion thereof was held within CCT Dublin Funding Limited
- (h) Security held within CCT Holdings II, LLC, a wholly-owned subsidiary of the Company.
- (i) Security or portion thereof was held within CCT Tokyo Funding LLC and was pledged as collateral supporting the amounts outstanding under the revolving credit facility with Sumitomo Mitsui Banking Corporation (see Note 9).
- (j) Security or portion thereof held within Cobbs Creek LLC and is pledged as collateral supporting the amounts outstanding under the senior secured revolving credit facility (see Note 9).
- (k) Security or portion thereof held within Darby Creek LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Deutsche Bank AG, New York Branch (see Note 9).
- (l) Security or portion thereof held within Dunlap Funding LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Deutsche Bank AG, New York Branch (see Note 9).
- (m) Security or portion thereof was held within FSK CLO as of December 31, 2021.
- (n) Security held within FSIC II Investments, Inc., a wholly-owned subsidiary of the Company.
- (o) Security held within FSIC Investments, Inc., a wholly-owned subsidiary of the Company.
- (p) Security held within IC American Energy Investments, Inc., a wholly-owned subsidiary of the Company.
- (q) Security held within IC Arches Investments LLC, a wholly-owned subsidiary of the Company.
- (r) Security held within IC II Arches Investments, LLC, a wholly-owned subsidiary of the Company.
- (s) Security or portion thereof held within Juniata River LLC and is pledged as collateral supporting the amounts outstanding under a term loan credit facility with JPMorgan Chase Bank, N.A. (see Note 9).
- (t) Security or portion thereof held within Meadowbrook Run LLC and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Morgan Stanley Senior Funding, Inc. (see Note 9).
- (u) Security or portion thereof held within Race Street Funding LLC. Security is available as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (v) Security or portion thereof is pledged as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (w) The investment is not a qualifying asset under the Investment Company Act of 1940, as amended. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. As of December 31, 2021, 75.1% of the Company's total assets represented qualifying assets.
- (x) Security is an unfunded commitment. Reflects the stated spread at the time of commitment, but may not be the actual rate received upon funding.
- (y) Security is non-income producing.
- (z) Asset is on non-accrual status.
- (aa) Security is classified as Level 1 or 2 in the Company's fair value hierarchy (see Note 8).
- (ab) Not used.
- (ac) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to be an "affiliated person" of a portfolio company if it owns 5% or more of the portfolio company's voting securities and generally is deemed to "control" a portfolio company if it owns more than 25% of the portfolio company's voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2021, the Company held investments in portfolio companies of which it is deemed to be an "affiliated person" but is not deemed to "control". The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person as of December 31, 2021:

Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Senior Secured Loans—First Lien										

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Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Affordable Care Inc	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.3	\$ —
Affordable Care Inc	—	115.5	(55.9)	0.3	—	59.9	2.7	—	1.6	—
Belk Inc	—	42.6	(2.4)	—	9.0	49.2	3.1	0.9	—	—
Belk Inc	—	21.7	—	—	0.2	21.9	1.6	—	—	—
Borden (New Dairy Opco)	7.6	10.6	(10.0)	0.2	0.6	9.0	0.5	—	—	—
Borden (New Dairy Opco)	16.8	23.4	—	—	1.8	42.0	2.7	—	—	—
Borden Dairy Co	—	—	—	1.3	(1.3)	—	—	—	—	—
Constellis Holdings LLC	—	14.0	—	—	1.0	15.0	0.9	—	—	—
Fairway Group Holdings Corp	—	1.1	(0.7)	0.6	(0.3)	0.7	0.8	—	—	—
Fairway Group Holdings Corp	—	—	—	—	—	—	—	—	—	—
HM Dunn Co Inc ⁽⁵⁾	0.3	—	(0.6)	—	0.3	—	—	—	—	—
HM Dunn Co Inc ⁽⁵⁾	0.2	—	(0.3)	—	0.1	—	—	—	—	—
Micronics Filtration Holdings Inc	35.5	1.0	—	—	14.5	51.0	—	1.0	—	—
One Call Care Management Inc ⁽⁵⁾	4.7	0.6	(4.9)	—	(0.4)	—	0.2	—	—	—
Petroplex Acidizing Inc	4.5	—	(0.2)	—	5.4	9.7	—	—	—	—
Sorenson Communications LLC ⁽⁴⁾	—	61.8	(5.1)	0.2	3.2	60.1	2.8	—	—	—
Sungard Availability Services Capital Inc ⁽⁴⁾	—	5.7	—	—	0.3	6.0	0.2	0.1	—	—
ThermaSys Corp	3.9	0.4	—	—	(0.8)	3.5	—	0.5	—	—
Senior Secured Loans—Second Lien										
Belk Inc	—	4.2	—	—	2.5	6.7	—	—	—	—
Constellis Holdings LLC	—	12.5	—	—	(0.5)	12.0	0.6	0.4	—	—
Fairway Group Holdings Corp	—	—	—	—	—	—	—	—	—	—
Sorenson Communications LLC	—	22.0	(22.2)	0.2	—	—	0.4	0.9	—	—
Sungard Availability Services Capital Inc	—	13.6	0.1	—	(5.4)	8.3	0.7	0.2	—	—
Other Senior Secured Debt										
JW Aluminum Co ⁽⁵⁾	41.8	—	(39.4)	—	(2.4)	—	—	—	—	—
Subordinated Debt										
Home Partners of America Inc	—	3.5	(3.5)	—	—	—	0.1	—	—	—
Asset Based Finance										
Home Partners JV, Structured Mezzanine	38.5	83.4	(36.3)	—	4.8	90.4	0.6	7.3	—	—
Home Partners JV, Private Equity	—	5.4	—	—	4.0	9.4	—	—	—	—
Home Partners JV, Private Equity	—	—	—	(0.6)	0.6	—	—	—	—	—
Home Partners JV, Common Stock	21.5	45.9	(22.9)	7.7	28.4	80.6	—	—	—	—
Home Partners JV 2, Structured Mezzanine	—	3.4	—	—	0.1	3.5	—	0.2	—	—
Home Partners JV 2, Private Equity	—	0.1	—	—	—	0.1	—	—	—	—
Home Partners JV 2, Private Equity	—	1.5	—	—	0.1	1.6	—	—	—	—
Jet Edge International LLC, Preferred Stock	—	20.9	—	—	(4.1)	16.8	0.5	—	—	—

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2021
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Jet Edge International LLC, Warrant	—	—	—	—	4.5	4.5	—	—	—	—
Jet Edge International LLC, Term Loan	—	78.0	(2.1)	—	(0.3)	75.6	2.4	0.5	—	—
Orchard Marine Limited, Class B Common Stock	—	—	—	—	—	—	—	—	—	—
Orchard Marine Limited, Series A Preferred Stock	24.6	—	—	—	40.0	64.6	—	—	—	—
Equity/Other										
Affordable Care Inc, Common Stock	—	48.1	—	—	4.0	52.1	—	2.3	—	—
ASG Technologies, Common Stock	42.7	—	(79.4)	56.0	(19.3)	—	—	—	—	—
ASG Technologies, Warrants	3.5	—	(10.2)	3.7	3.0	—	—	—	—	—
Belk Inc, Common Stock	—	—	—	—	—	—	—	—	—	—
Borden (New Dairy Opco), Common Stock	3.2	5.2	—	—	(0.7)	7.7	—	—	—	—
Charlotte Russe Inc, Common Stock	—	—	—	(12.5)	12.5	—	—	—	—	—
Constellis Holdings LLC, Private Equity	—	10.3	—	—	(10.1)	0.2	—	—	—	—
Fairway Group Holdings Corp, Common Stock	—	—	—	—	—	—	—	—	—	—
Fronton BV, Common Stock	1.2	—	—	—	0.2	1.4	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series A ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series B ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—
Home Partners of America Inc, Common Stock	130.5	—	(214.3)	130.7	(46.9)	—	—	—	—	—
Home Partners of America Inc, Warrant	2.1	—	(4.4)	4.1	(1.8)	—	—	—	—	—
JW Aluminum Co, Common Stock ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Preferred Stock ⁽⁵⁾	93.7	—	(107.3)	—	13.6	—	—	4.2	—	—
Micronics Filtration Holdings Inc, Common Stock	—	—	—	—	—	—	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series A	—	—	—	—	0.1	0.1	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series B	—	—	—	—	0.4	0.4	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series B PIK	—	—	—	—	11.9	11.9	—	—	—	—
Micronics Filtration Holdings Inc, Preferred Stock, Series C PIK	—	—	—	—	6.2	6.2	—	—	—	—
One Call Care Management Inc, Common Stock ⁽⁵⁾	2.4	—	(3.0)	—	0.6	—	—	—	—	—
One Call Care Management Inc, Preferred Stock A ⁽⁵⁾	25.5	—	(32.3)	—	6.8	—	—	—	—	—
One Call Care Management Inc, Preferred Stock B ⁽⁵⁾	10.6	—	(9.8)	—	(0.8)	—	—	—	—	—
Petroplex Acidizing Inc, Preferred Stock A	—	0.4	—	—	(0.4)	—	—	—	—	0.4
Petroplex Acidizing Inc, Warrant	—	—	—	—	—	—	—	—	—	—
Proserv Acquisition LLC, Class A Common Units	9.0	—	(0.1)	—	(8.8)	0.1	—	—	—	—
Proserv Acquisition LLC, Class A Preferred Units	9.5	—	—	—	(0.2)	9.3	—	—	—	—
Sorenson Communications LLC, Common Stock ⁽⁴⁾	—	42.5	—	—	25.0	67.5	—	—	—	—
Sungard Availability Services Capital Inc, Common Stock ⁽⁴⁾	—	6.9	—	—	(6.9)	—	—	—	—	—
ThermaSys Corp, Common Stock	—	—	—	—	—	—	—	—	—	—
ThermaSys Corp, Preferred Stock	—	—	—	—	—	—	—	—	—	—
Total	\$ 533.8	\$ 706.2	\$ (667.2)	\$ 191.9	\$ 94.3	\$ 859.0	\$ 20.8	\$ 18.5	\$ 1.9	\$ 0.4

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2021
(in millions, except share amounts)

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest, PIK, fee and dividend income presented for the full year ended December 31, 2021.
- (4) The Company held this investment as of December 31, 2020 but it was not deemed to be an "affiliated person" of the portfolio company as of December 31, 2020. Transfers in or out have been presented at amortized cost.
- (5) The Company held this investment as of December 31, 2021 but it was deemed to "control" the portfolio company as of December 31, 2021. Transfers in or out have been presented at amortized cost.
- (ad) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to "control" a portfolio company if it owns more than 25% of the portfolio company's voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2021, the Company held investments in one portfolio company of which it is deemed to be an "affiliated person" and deemed to "control". During the year ended December 31, 2021, the Company disposed of investments in one portfolio of which it was deemed to be an "affiliated person" and deemed to "control". The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person and deemed to control as of December 31, 2021:

Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Senior Secured Loans—First Lien										
Advanced Lighting Technologies Inc	\$ 12.0	\$ 4.1	\$ (15.9)	\$ (4.6)	\$ 4.4	\$ —	\$ —	\$ —	\$ —	\$ —
Amtek Global Technology Pte Ltd	59.7	2.4	—	—	(27.3)	34.8	1.1	1.4	—	—
ATX Networks Corp	—	46.8	—	—	—	46.8	1.3	—	—	—
HM Dunn Co Inc ⁽⁴⁾	—	49.2	(7.1)	(8.5)	—	33.6	0.5	—	—	—
HM Dunn Co Inc ⁽⁴⁾	—	14.0	(19.0)	7.0	—	2.0	0.4	0.8	—	—
One Call Care Management Inc	—	9.7	(5.1)	0.1	0.3	5.0	0.3	—	0.1	—
Production Resource Group LLC	—	124.9	—	—	8.4	133.3	5.4	3.8	—	—
Production Resource Group LLC	—	0.1	—	—	—	0.1	—	—	—	—
Production Resource Group LLC	—	60.6	(0.4)	—	4.2	64.4	2.8	0.8	0.4	—
Production Resource Group LLC	—	20.2	(0.1)	—	0.1	20.2	0.4	—	0.1	—
Sound United LLC	14.9	—	(15.0)	—	0.1	—	0.4	—	—	—
Warren Resources Inc ⁽⁴⁾	—	19.3	(2.0)	0.1	1.3	18.7	1.3	0.1	—	—
Senior Secured Loans—Second Lien										
Amtek Global Technology Pte Ltd	0.1	(1.8)	—	(10.4)	12.1	—	(1.9)	—	—	—
Sound United LLC	20.9	1.7	(22.6)	—	—	—	—	1.0	—	—
Other Senior Secured Debt										
Advanced Lighting Technologies Inc	—	—	(0.7)	(22.9)	23.6	—	—	—	—	—
JW Aluminum Co ⁽⁴⁾	—	75.5	—	—	5.5	81.0	6.2	—	—	—
One Call Care Management Inc ⁽⁴⁾	—	43.5	(21.9)	—	1.9	23.5	0.4	1.6	—	—
Subordinated Debt										
ATX Networks Corp	—	4.8	—	—	2.3	7.1	—	—	—	—
Hilding Anders	32.4	—	—	—	14.2	46.6	—	—	—	—
Hilding Anders	—	—	—	—	—	—	—	—	—	—

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2021
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Hilding Anders	30.3	—	—	—	(30.3)	—	—	—	—	—
Asset Based Finance										
801 5th Ave, Seattle, Structure Mezzanine	29.4	25.7	—	—	2.1	57.2	3.6	1.3	—	—
801 5th Ave, Seattle, Private Equity	10.3	9.6	—	—	3.2	23.1	—	—	—	—
Avida Holding AB, Common Stock	38.3	9.1	—	—	4.9	52.3	—	—	—	—
Kilter Finance, Preferred Stock	0.2	34.4	—	—	1.5	36.1	1.3	1.2	—	—
Kilter Finance, Private Equity	0.2	0.3	—	—	—	0.5	—	—	—	—
KKR Rocket Loans Aggregator LLC, Partnership Interest	—	1.4	—	—	—	1.4	—	—	—	0.1
My Community Homes SFR PropCo 2, Private Equity	—	33.0	—	—	—	33.0	—	—	—	—
Prime St LLC, Private Equity	3.9	4.6	—	—	0.6	9.1	—	—	—	—
Prime St LLC, Structured Mezzanine	22.8	27.6	—	—	2.0	52.4	0.9	2.2	—	—
Toorak Capital Funding LLC, Membership Interest	6.6	1.3	(4.9)	—	(1.3)	1.7	—	—	—	—
Toorak Capital LLC, Membership Interest	235.9	2.3	(50.2)	10.2	1.1	199.3	—	—	—	18.7
Toorak Capital Partners LLC, Structured Mezzanine	—	73.0	(51.0)	—	—	22.0	0.2	—	—	—
Credit Opportunities Partners JV, LLC										
Credit Opportunities Partners JV, LLC	712.5	586.4	—	—	97.3	1,396.2	—	—	—	126.9
Equity/Other										
Advanced Lighting Technologies Inc, Common Stock	—	—	—	(16.5)	16.5	—	—	—	—	—
Advanced Lighting Technologies Inc, Warrant	—	—	—	(0.1)	0.1	—	—	—	—	—
Amtek Global Technology Pte Ltd, Common Stock	—	—	—	—	—	—	—	—	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	—	—	—	—	—	—	—	—	—	—
Amtek Global Technology Pte Ltd, Trade Claim	—	—	(1.4)	0.4	1.0	—	—	—	—	—
Amtek Global Technology Pte Ltd, Private Equity	—	—	—	—	—	—	—	—	—	—
ATX Networks Corp, Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Class A Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Class B Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Class C Common Stock	—	—	—	—	—	—	—	—	—	—
Hilding Anders, Equity Options	—	—	—	—	—	—	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series A ⁽⁴⁾	—	7.1	—	—	—	7.1	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series B ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Common Stock ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Preferred Stock ⁽⁴⁾	—	177.9	—	—	(55.3)	122.6	0.4	20.9	—	—
One Call Care Management Inc, Common Stock ⁽⁴⁾	—	4.5	(2.2)	(0.2)	0.3	2.4	—	—	—	—
One Call Care Management Inc, Preferred Stock A ⁽⁴⁾	—	48.6	(23.7)	(2.1)	3.3	26.1	—	—	—	—
One Call Care Management Inc, Preferred Stock B ⁽⁴⁾	—	15.7	(8.8)	1.1	1.2	9.2	—	0.8	—	—
Production Resource Group LLC, Preferred Stock, Series A PIK	—	18.1	—	—	(0.7)	17.4	—	—	—	—

See notes to consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2021
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2020	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Fee Income ⁽³⁾	Dividend Income ⁽³⁾
Production Resource Group LLC, Preferred Stock, Series B PIK	—	—	—	—	—	—	—	—	—	—
Sound United LLC, Class A Units	—	—	—	(1.1)	1.1	—	—	—	—	—
Sound United LLC, Common Stock	29.3	—	—	—	48.2	77.5	—	—	—	20.0
Sound United LLC, Series I Units	—	—	—	(0.5)	0.5	—	—	—	—	—
Sound United LLC, Series II Units	—	—	—	(0.5)	0.5	—	—	—	—	—
Warren Resources Inc, Common Stock	—	12.8	—	—	7.6	20.4	—	—	—	—
Total	\$ 1,259.7	\$ 1,568.4	\$ (252.0)	\$ (48.5)	\$ 156.5	\$ 2,684.1	\$ 25.0	\$ 35.9	\$ 0.6	\$ 165.7

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest, PIK, fee and dividend income presented for the full year ended December 31, 2021.
- (4) The Company held this investment as of December 31, 2020 but it was not deemed to be an “control” of the portfolio company as of December 31, 2020. Transfers in or out have been presented at amortized cost.

See notes to consolidated financial statements.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements
(in millions, except share and per share amounts)

Note 1. Principal Business and Organization

FS KKR Capital Corp. (NYSE: FSK), or the Company, was incorporated under the general corporation laws of the State of Maryland on December 21, 2007 and formally commenced investment operations on January 2, 2009. The Company is an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, the Company has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a regulated investment company, or RIC, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. As of December 31, 2022, the Company had various wholly-owned subsidiaries, including special-purpose financing subsidiaries and subsidiaries through which it holds interests in portfolio companies. The consolidated financial statements include both the Company's accounts and the accounts of its wholly-owned subsidiaries as of December 31, 2022. All intercompany transactions have been eliminated in consolidation. Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state income taxes.

The Company's investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. The Company's portfolio is comprised primarily of investments in senior secured loans and second lien secured loans of private middle-market U.S. companies and, to a lesser extent, subordinated loans and certain asset-based financing loans of private U.S. companies. In addition, a portion of the Company's portfolio may be comprised of equity and equity-related securities, corporate bonds, structured products, other debt securities and derivatives, including total return swaps and credit default swaps.

The Company is externally managed by FS/KKR Advisor, LLC, or the Advisor, pursuant to an investment advisory agreement, dated as of June 16, 2021, or the investment advisory agreement. Prior to entering into the investment advisory agreement, the Company was a party to an investment advisory agreement, dated as of December 20, 2018, with the Advisor, or the prior investment advisory agreement, which remained in effect until June 16, 2021.

On June 15, 2020, the Company filed Articles of Amendment to its Articles of Incorporation, or the Reverse Stock Split Amendment, with the State Department of Assessments and Taxation of the State of Maryland to effect a 4 to 1 reverse split of the Company's shares of common stock, or the Reverse Stock Split. The Reverse Stock Split became effective in accordance with the terms of the Reverse Stock Split Amendment on June 15, 2020.

On June 16, 2021, the Company completed its acquisition, or the 2021 Merger, of FS KKR Capital Corp. II, or FSKR, pursuant to that certain Agreement and Plan of Merger, or the 2020 Merger Agreement, dated as of November 23, 2020, by and among the Company, FSKR, Rocky Merger Sub, Inc., a former wholly-owned subsidiary of the Company, or Merger Sub, and the Advisor. See Note 13 for a discussion of the 2021 Merger.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The Company is considered an investment company under GAAP and follows the accounting and reporting guidance applicable to investment companies under Financial Accounting Standards Board, or the FASB, Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*. The Company has evaluated the impact of subsequent events through the date the consolidated financial statements were issued and filed with the U.S. Securities and Exchange Commission, or the SEC.

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. All cash balances are maintained with high credit quality financial institutions, which are members of the Federal Deposit Insurance Corporation.

Valuation of Portfolio Investments: The Company's board of directors is responsible for overseeing the valuation of the Company's portfolio investments at fair value as determined in good faith pursuant to the Advisor's valuation policy. As permitted by Rule 2a-5 of the 1940 Act, the Company's board of directors has designated the Advisor as its valuation designee with day-to-day responsibility for implementing the portfolio valuation process set forth in the Advisor's valuation policy.

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosure*, or ASC Topic 820, issued by the

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

FASB clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Advisor determines the fair value of the Company's investment portfolio each quarter. Securities that are publicly-traded with readily available market prices will be valued at the reported closing price on the valuation date. Securities that are not publicly-traded with readily available market prices will be valued at fair value as determined in good faith by the Advisor. In connection with that determination, the Advisor will prepare portfolio company valuations which are based on relevant inputs, including, but not limited to, indicative dealer quotes, values of like securities, recent portfolio company financial statements and forecasts, and valuations prepared by independent third-party pricing and valuation services.

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

- the Company's quarterly fair valuation process begins by the Advisor facilitating the delivery of updated quarterly financial and other information relating to each investment to an independent third-party pricing or valuation service;
- the independent third-party pricing or valuation service then reviews and analyzes the information, along with relevant market and economic data, and determines proposed valuations for each portfolio company or investment according to the valuation methodologies in the Advisor's valuation policy and communicates the information to the Advisor in the form of a valuation range for Level 3 assets;
- the Advisor then reviews the preliminary valuation information for each portfolio company or investment and provides feedback about the accuracy, completeness and timeliness of the valuation-related inputs considered by the independent third-party pricing or valuation service and any suggested revisions thereto prior to the independent third-party pricing or valuation service finalizing its valuation range;
- the Advisor then provides the valuation committee with its valuation determinations and valuation-related information for each portfolio company or investment, along with any applicable supporting materials; and other information that is relevant to the fair valuation process as required by the Advisor's board reporting obligations;
- the valuation committee meets with the Advisor to receive the relevant quarterly reporting from the Advisor and to discuss any questions from the valuation committee in connection with the valuation committee's role in overseeing the fair valuation process; and
- following the completion of its fair value oversight activities, the valuation committee (with the assistance of the Advisor) provides the Company's board of directors with a report regarding the quarterly valuation process.

In circumstances where the Advisor deems appropriate, the Advisor's internal valuation team values certain investments. When performing the internal valuations, the Advisor utilizes similar valuation techniques as an independent third-party pricing service would use. Such valuations are approved by an internal valuation committee of the Advisor, as well as the valuation committee of the Board, as described above.

Determination of fair value involves subjective judgments and estimates. Accordingly, these notes to the Company's audited consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations and any change in such valuations on the Company's consolidated financial statements. In making its determination of fair value, the Advisor may use any independent third-party pricing or valuation services for which it has performed the appropriate level of due diligence. However, the Advisor is not required to determine fair value in accordance with the valuation provided by any single source, and may use any relevant data, including information sourced by the Advisor or provided by any independent third-party valuation or pricing service that the Advisor deems to be reliable in determining fair value under the circumstances. Below is a description of factors that the Advisor and any independent third-party valuation services may consider when determining the fair value of the Company's investments.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

The valuation methods utilized for each portfolio company may vary depending on industry and company-specific considerations. Typically, the first step is to make an assessment as to the enterprise value of the portfolio company's business in order to establish whether the portfolio company's enterprise value is greater than the amount of its debt as of the valuation date. This analysis helps to determine a risk profile for the applicable portfolio company and its related investments, and the appropriate valuation methodology to utilize as part of the security valuation analysis. The enterprise valuation may be determined using a market or income approach.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, the Advisor may incorporate these factors into discounted cash flow models to arrive at fair value. Various methods may be used to determine the appropriate discount rate in a discounted cash flow model.

Other factors that may be considered include the borrower's ability to adequately service its debt, the fair market value of the borrower in relation to the face amount of its outstanding debt and the quality of collateral securing the Company's debt investments.

For convertible debt securities, fair value generally approximates the fair value of the debt plus the fair value of an option to purchase the underlying security (i.e., the security into which the debt may convert) at the conversion price. To value such an option, a standard option pricing model may be used.

The Company's equity interests in portfolio companies for which there is no liquid public market are valued at fair value. Generally, the value of the Company's equity interests in public companies for which market quotations are readily available is based upon the most recent closing public market price. Portfolio securities that carry certain restrictions on sale are typically valued at a discount from the public market value of the security.

When the Company receives warrants or other equity securities at nominal or no additional cost in connection with an investment in a debt security, the cost basis in the investment will be allocated between the debt securities and any such warrants or other equity securities received at the time of origination. The Advisor subsequently values these warrants or other equity securities received at their fair value.

The Company values certain investments at their net asset value in accordance with practical expedient under ASC Topic 820.

Derivative Instruments: The Company's derivative instruments include foreign currency forward contracts and cross currency swaps. The Company recognizes all derivative instruments as assets or liabilities at fair value in its consolidated financial statements. Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result, the Company presents changes in fair value through net change in unrealized appreciation (depreciation) on derivative instruments in the consolidated statements of operations. Realized gains and losses of the derivative instruments are included in net realized gains (losses) on derivative instruments in the consolidated statements of operations.

Revenue Recognition: Security transactions are accounted for on the trade date. The Company records interest income on an accrual basis to the extent that it expects to collect such amounts. The Company records dividend income on the ex-dividend date. Distributions received from limited liability company ("LLC") and limited partnership ("LP") investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. The Company does not accrue as a receivable interest or dividends on loans and securities if it has reason to doubt its ability to collect such income. The Company's policy is to place investments on non-accrual status when there is reasonable doubt that interest income will be collected. The Company considers many factors relevant to an investment when placing it on or removing it from non-accrual status including, but not limited to, the delinquency status of the investment, economic and business conditions, the overall financial condition of the underlying investment, the value of the underlying collateral, bankruptcy status, if any, and any other facts or circumstances relevant to the investment. If there is reasonable doubt that the Company will receive any previously accrued interest, then the accrued interest will be written-off. Payments received on non-accrual investments may be recognized as income or applied to principal depending upon the collectability of the remaining principal and interest. Non-accrual investments may be restored to accrual status when principal and interest become current and are likely to remain current based on the Company's judgment.

Loan origination fees, original issue discount and market discount are capitalized and the Company amortizes such amounts as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. Structuring and other non-recurring upfront fees are recorded as fee income when earned. The Company records prepayment premiums on loans and securities as fee income when it

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

receives such amounts.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized \$38, \$55 and \$16, respectively, in structuring fee revenue and included such revenue in the fee income line item on its consolidated statement of operations.

Net Realized Gains or Losses, Net Change in Unrealized Appreciation or Depreciation and Net Change in Unrealized Gains or Losses on Foreign Currency: Gains or losses on the sale of investments are calculated by using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized fees. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized gains or losses when gains or losses are realized. Net change in unrealized gains or losses on foreign currency reflects the change in the value of receivables or accruals during the reporting period due to the impact of foreign currency fluctuations.

Capital Gains Incentive Fee: Pursuant to the terms of the investment advisory agreement, the incentive fee on capital gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement). This fee equals 20.0% of the Company's incentive fee capital gains, which shall equal the realized capital gains of Corporate Capital Trust, Inc., or CCT, (as predecessor-by-merger to the Company), FSKR (as predecessor-by-merger to the Company) and the Company (without duplication) on a cumulative basis from inception, calculated as of the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation (without duplication) on a cumulative basis, less the aggregate amount of any capital gain incentive fees previously paid by CCT, FSKR and the Company. On a quarterly basis, the Company accrues for the capital gains incentive fee by calculating such fee as if it were due and payable as of the end of such period.

The Company includes unrealized gains in the calculation of the capital gains incentive fee expense and related accrued capital gains incentive fee. This accrual reflects the incentive fees that would be payable to the Advisor if the Company's entire portfolio was liquidated at its fair value as of the balance sheet date even though the Advisor is not entitled to an incentive fee with respect to unrealized gains unless and until such gains are actually realized.

Subordinated Income Incentive Fee: Pursuant to the terms of the investment advisory agreement, the Advisor may also be entitled to receive a subordinated incentive fee on income. The subordinated incentive fee on income under the investment advisory agreement, which is calculated and payable quarterly in arrears, equals 17.5% of the Company's "pre-incentive fee net investment income" for the immediately preceding quarter and is subject to a hurdle rate, expressed as a rate of return on the value of the Company's net assets, equal to 1.75% per quarter, or an annualized hurdle rate of 7.0%. As a result, the Advisor will not earn this incentive fee for any quarter until the Company's pre-incentive fee net investment income for such quarter exceeds the hurdle rate of 1.75%. Once the Company's pre-incentive fee net investment income in any quarter exceeds the hurdle rate, the Advisor will be entitled to a "catch-up" fee equal to the amount of the pre-incentive fee net investment income in excess of the hurdle rate, until the Company's pre-incentive fee net investment income for such quarter equals 2.12%, or 8.48% annually, of net assets. Thereafter, the Advisor will be entitled to receive 17.5% of pre-incentive fee net investment income. See Note 4 for a discussion of the subordinated incentive fee on income under the prior investment advisory agreement.

Income Taxes: The Company has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a RIC under Subchapter M of the Code. To qualify for and maintain qualification as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements, as well as distribute to its stockholders, for each tax year, at least 90% of its "investment company taxable income," which is generally the Company's net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses, determined without regard to any deduction for distributions paid. As a RIC, the Company will not have to pay corporate-level U.S. federal income taxes on any income that it distributes to its stockholders. The Company intends to make distributions in an amount sufficient to qualify for and maintain its RIC tax status each tax year and to not pay any U.S. federal income taxes on income so distributed. The Company is also subject to nondeductible federal excise taxes if it does not distribute in respect of each calendar year an amount at least equal to the sum of 98% of net ordinary income, 98.2% of any capital gain net income, if any, and any recognized and undistributed income from prior years for which it paid no U.S. federal income taxes. The Company accrued \$19, \$12 and \$10 in estimated excise taxes payable in respect of income received during the years ended December 31, 2022, 2021 and 2020, respectively. During the years ended December 31, 2022, 2021, and 2020, the Company paid \$15, \$9 and \$7, respectively, in excise and other taxes.

The Company evaluates its tax positions to determine if the tax positions taken meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax benefits or liabilities in the Company's consolidated financial statements. Recognition of a tax benefit or liability with

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

respect to an uncertain tax position is required only when the position is “more likely than not” to be sustained assuming examination by taxing authorities. The Company recognizes interest and penalties, if any, related to unrecognized tax liabilities as income tax expense in its consolidated statements of operations. During the years ended December 31, 2022, 2021 and 2020, the Company did not incur any interest or penalties.

The Company has analyzed the tax positions taken on federal and state income tax returns for all open tax years, and has concluded that no provision for income tax for uncertain tax positions is required in the Company’s financial statements. The Company’s federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Distributions: Distributions to the Company’s stockholders are recorded as of the record date. Subject to the discretion of the Company’s board of directors and applicable legal restrictions, the Company intends to declare and pay such distributions on a quarterly basis. Net realized capital gains, if any, are distributed or deemed distributed at least annually.

Reclassifications: Certain amounts in the consolidated financial statements as of and for the years ended December 31, 2021 and 2020 have been reclassified to conform to the classifications used to prepare the consolidated financial statements for the year ended December 31, 2022.

Recent Accounting Pronouncements: In March 2020, the FASB issued ASU No. 2020-04, “*Reference Rate Reform (Topic 848)*,” which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which deferred the sunset day of this guidance to December 31, 2024. The Company is currently evaluating the impact of adopting ASU 2020-04 on its consolidated financial statements.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 3. Share Transactions

Below is a summary of transactions with respect to shares of the Company's common stock during the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,					
	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares ⁽¹⁾	Amount
Reinvestment of Distributions	—	\$ —	—	\$ —	—	\$ —
Share Repurchase Program	(2,811,341)	(56)	(586,902)	(12)	(2,823,750)	(47)
Fractional Share Repurchase	—	—	—	—	(2,051)	—
Issuance of Common Stock ⁽²⁾	—	—	161,374,028	3,642	—	—
Net Proceeds from Share Transactions	(2,811,341)	\$ (56)	160,787,126	\$ 3,630	(2,825,801)	\$ (47)

(1) The number of shares repurchased has been adjusted to reflect the Reverse Stock Split as discussed below.

(2) Issuance of common stock for the 2021 Merger. Shares were issued at fair value of FSK common stock at the merger date.

During the year ended December 31, 2022, the administrator for the Company's distribution reinvestment plan, or DRP, purchased 2,564,024 shares of common stock in the open market at an average price per share of \$20.68 (totaling \$53) pursuant to the DRP, and distributed such shares to participants in the DRP. During the year ended December 31, 2021, the administrator for the DRP purchased 1,321,614 shares of common stock in the open market at an average price per share of \$21.08 (totaling \$28) pursuant to the DRP, and distributed such shares to participants in the DRP. During the period from January 1, 2023 to January 31, 2023, the administrator for the DRP purchased 761,191 shares of common stock in the open market at an average price per share of \$18.20 (totaling \$14) pursuant to the DRP, and distributed such shares to participants in the DRP. For additional information regarding the terms of the DRP, see Note 5.

Acquisition of FSKR

In accordance with the terms of the 2020 Merger Agreement, at the time of the transactions contemplated by the 2020 Merger Agreement, each outstanding share of FSKR common stock was converted into the right to receive 0.9498 shares of the Company's common stock. As a result, the Company issued an aggregate of approximately 161,374,028 shares of its common stock to former FSKR stockholders during the year ended December 31, 2021.

September 2021 Share Repurchase Program

On October 31, 2022, the Company's board of directors approved a renewal of the previously approved stock repurchase program. The program provides for aggregate purchases of the Company's common stock in an amount up to \$54, which is the aggregate amount remaining of the \$100 amount originally approved by the board of directors. The timing, manner, price and amount of any share repurchases was determined by the Company based upon the evaluation of economic and market conditions, the Company's stock price, applicable legal and regulatory requirements and other factors. The program does not require the Company to repurchase any specific number of shares and the Company cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time.

During the year ended December 31, 2022, the Company repurchased 2,811,341 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$19.91 (totaling \$56).

During the period from January 1, 2023 to January 31, 2023, the Company repurchased 556,814 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$18.75 (totaling \$10).

December 2018 Share Repurchase Program

In December 2018, the Company's board of directors authorized a stock repurchase program. Under the program, the Company was permitted to repurchase up to \$200 in the aggregate of its outstanding common stock in the open market at prices below the then-current net asset value per share.

During the year ended December 31, 2020, the Company repurchased 2,823,750 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$16.71 (totaling \$47). The program has concluded since the aggregate repurchase amount that was approved by the Company's board of directors has been expended.

Notes to Consolidated Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 3. Share Transactions (continued)*Reverse Stock Split and Fractional Shares*

As a result of the Reverse Stock Split, which was effective on June 15, 2020, every four shares of the Company's common stock issued and outstanding were automatically combined into one share of the Company's common stock, and the number of outstanding shares of the Company's common stock was reduced from approximately 495.0 to approximately 123.75 as of June 15, 2020. The Reverse Stock Split did not modify the rights or preferences of the Company's common stock. The Company also filed a separate Articles of Amendment to Articles of Incorporation with the State Department of Assessments and Taxation of the State of Maryland to provide that there would be no change in the par value of \$0.001 per share as a result of the Reverse Stock Split.

The Reverse Stock Split affected all shareholders uniformly and did not alter any shareholder's percentage interest in the Company's equity, except to the extent that the Reverse Stock Split resulted in some shareholders owning a fractional share. In that regard, no fractional shares were issued in connection with the Reverse Stock Split. Shareholders of record who would have otherwise been entitled to receive a fractional share instead received a cash payment based on the closing price of the Company's common stock as reported on the NYSE as of June 15, 2020.

Note 4. Related Party Transactions*Compensation of the Investment Adviser*

Pursuant to the investment advisory agreement, the Advisor is entitled to a base management fee calculated at an annual rate of 1.50% of the average weekly value of the Company's gross assets excluding cash and cash equivalents (gross assets equal the total assets of the Company as set forth on the Company's consolidated balance sheets) and an incentive fee based on the Company's performance. Effective June 15, 2019, in connection with stockholder approval of the modification of the asset coverage requirement applicable to senior securities from 200% to 150%, the Advisor reduced (by permanent waiver) the annual base management fee payable under the investment advisory agreement from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt-to-equity. The base management fee is payable quarterly in arrears. All or any part of the base management fee not taken as to any quarter will be deferred without interest and may be taken in such other quarter as the Advisor determines. The prior investment advisory agreement had substantially similar terms as the investment advisory agreement, except that the investment advisory agreement amended the prior investment advisory agreement to (i) reduce the Company's income incentive fee rate from 20% to 17.5%; and (ii) remove the total return lookback provision applicable to the subordinated incentive fee on income from the prior investment advisory agreement. Under the prior investment advisory agreement, the subordinated incentive fee on income was subject to a cap equal to (i) 20.0% of the "per share pre-incentive fee return" for the then-current and eleven preceding calendar quarters minus the cumulative "per share incentive fees" accrued and/or payable for the eleven preceding calendar quarters multiplied by (ii) the weighted average number of shares outstanding during the calendar quarter (or any portion thereof) for which the subordinated incentive fee on income was being calculated. The definitions of "per share pre-incentive fee return" and "per share incentive fees" under the prior investment advisory agreement took into account the historic per share pre-incentive fee return of both the Company and CCT, together with the historic per share incentive fees paid by both the Company and CCT. For the purpose of calculating the "per share pre-incentive fee return," any unrealized appreciation or depreciation recognized as a result of the purchase accounting for the Company's acquisition of CCT was excluded. See Note 2 for a discussion of the capital gains and subordinated income incentive fees that the Advisor may be entitled to under the investment advisory agreement.

In connection with the entry into the investment advisory agreement, the Advisor has agreed to waive income incentive fees in the amount of \$15 per quarter for the first six full fiscal quarters of operations following the closing of the 2021 Merger, commencing on July 1, 2021, for a total waiver of \$90. In addition, the Advisor has agreed to exclude from the calculation of the subordinated incentive fee on income and the incentive fee on capital gains any changes to the fair value recorded for the assets and liabilities of FSKR resulting solely from the new cost basis of the acquired FSKR investments determined in accordance with *Accounting Standards Codification Topic 805-50, Business Combinations—Related Issues* as a result of the 2021 Merger.

On April 9, 2018, the Company entered into an administration agreement with the Advisor, or the administration agreement. Pursuant to the administration agreement, the Advisor oversees the Company's day-to-day operations, including the provision of general ledger accounting, fund accounting, legal services, investor relations, certain government and regulatory affairs activities, and other administrative services. The Advisor also performs, or oversees the performance of, the Company's corporate operations and required administrative services, which includes being responsible for the financial records that the Company is required to maintain and preparing reports for the Company's stockholders and reports filed with the SEC. In addition, the Advisor assists the Company in calculating its net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports to the Company's stockholders, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 4. Related Party Transactions (continued)

Pursuant to the administration agreement, the Company reimburses the Advisor for expenses necessary to perform services related to its administration and operations, including the Advisor's allocable portion of the compensation and related expenses of certain personnel of Franklin Square Holdings, L.P., which does business as FS Investments, or FS Investments, and KKR Credit Advisors (US), LLC, or KKR Credit, providing administrative services to the Company on behalf of the Advisor. The Company reimburses the Advisor no less than quarterly for all costs and expenses incurred by the Advisor in performing its obligations and providing personnel and facilities under the administration agreement. The Advisor allocates the cost of such services to the Company based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. The Company's board of directors reviews the methodology employed in determining how the expenses are allocated to the Company and the proposed allocation of administrative expenses among the Company and certain affiliates of the Advisor. The Company's board of directors then assesses the reasonableness of such reimbursements for expenses allocated to it based on the breadth, depth and quality of such services as compared to the estimated cost to the Company of obtaining similar services from third-party service providers known to be available. In addition, the Company's board of directors considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, the Company's board of directors compares the total amount paid to the Advisor for such services as a percentage of the Company's net assets to the same ratio as reported by other comparable BDCs.

The following table describes the fees and expenses accrued under the investment advisory agreement, the prior investment advisory agreement, and the administration agreement, as applicable, during the years ended December 31, 2022, 2021 and 2020:

Related Party	Source Agreement	Description	Year Ended December 31,		
			2022	2021	2020
The Advisor	Investment advisory agreement and prior investment advisory agreement	Base Management Fee ⁽¹⁾	\$ 245	\$ 173	\$ 106
The Advisor	Investment advisory agreement and prior investment advisory agreement	Subordinated Incentive Fee on Income ⁽²⁾	\$ 99	\$ 47	\$ —
The Advisor	Administration agreement	Administrative Services Expenses ⁽³⁾	\$ 15	\$ 12	\$ 7

- (1) During the years ended December 31, 2022, 2021 and 2020, \$246, \$162, and \$111, respectively, in base management fees were paid to the Advisor. As of December 31, 2022, \$59 in base management fees were payable to the Advisor.
- (2) The Advisor agreed, effective July 1, 2021, to waive up to \$15 per quarter of the subordinated incentive fee on income to which it is entitled to under the investment advisory agreement. During the years ended December 31, 2022 and 2021, the amount shown is net of waivers of \$60 and \$30, respectively. During the years ended December 31, 2022, 2021 and 2020, \$91, \$49 and \$0, respectively, of subordinated incentive fees on income were paid to the Advisor. As of December 31, 2022, \$27 in subordinated incentive fees on income were payable to the Advisor.
- (3) During the years ended December 31, 2022, 2021 and 2020, \$13, \$10 and \$6, respectively, of administrative services expenses related to the allocation of costs of administrative personnel for services rendered to the Company by the Advisor and the remainder related to other reimbursable expenses, including reimbursement of fees related to transactional expenses for prospective investments, such as fees and expenses associated with performing due diligence reviews of investments that do not close, often referred to as "broken deal" costs. Broken deal costs were \$1.3 for the year ended December 31, 2022. The Company paid \$14, \$11 and \$8, respectively, in administrative services expenses to the Advisor during the years ended December 31, 2022, 2021 and 2020.

Potential Conflicts of Interest

The members of the senior management and investment teams of the Advisor serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Company does, or of investment vehicles managed by the same personnel. The officers, managers and other personnel of the Advisor may serve in similar or other capacities for the investment advisers to future investment vehicles affiliated with FS Investments or KKR Credit. In serving in these multiple and other capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the Company's best interests or in the best interest of the Company's stockholders. The Company's investment objectives may overlap with the investment objectives of such investment funds, accounts or other investment vehicles.

Exemptive Relief

As a BDC, the Company is subject to certain regulatory restrictions in making its investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 4. Related Party Transactions (continued)

In an order dated June 4, 2013, or the FS Order, the SEC granted exemptive relief permitting the Company, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions with certain affiliates of its former investment adviser, including FS Energy and Power Fund and any future BDCs that are advised by its former investment adviser or its affiliated investment advisers. However, in connection with the investment advisory relationship with the Advisor, and in an effort to mitigate potential future conflicts of interest, the Company's board of directors authorized and directed that the Company (i) withdraw from the FS Order, except with respect to any transaction in which the Company participated in reliance on the FS Order prior to April 9, 2018, and (ii) rely on an exemptive relief order, dated January 5, 2021, that permits the Company, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit, with certain affiliates of the Advisor.

Affiliated Purchaser Program

As previously disclosed, certain affiliates of the owners of the Advisor committed \$100 to a \$350 investment vehicle that may invest from time to time in shares of the Company. In September 2021 and December 2021, that investment vehicle entered into a written trading plan with a third party broker in accordance with Rule 10b5-1 and Rule 10b-18 promulgated under the Exchange Act to facilitate the purchase of shares of the Company's common stock pursuant to the terms and conditions of such plan. The Company is not a party to any transaction with the investment vehicle.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 5. Distributions

The following table reflects the cash distributions per share that the Company has declared on its common stock during the years ended December 31, 2022, 2021 and 2020:

For the Year Ended December 31,	Distribution			
	Per Share	Amount		
2020 ⁽¹⁾	\$	2.56	\$	318
2021	\$	2.47	\$	511
2022	\$	2.66	\$	754

(1) The amount of per share distributions has been retroactively adjusted to reflect the Reverse Stock Split as discussed above in Note 3.

On February 21, 2023, the Company's board of directors declared a regular quarterly cash distribution of \$0.70 per share, which will be paid on or about April 3, 2023 to stockholders of record as of the close of business on March 15, 2022. The timing and amount of any future distributions to stockholders are subject to applicable legal restrictions and the sole discretion of the Company's board of directors.

Pursuant to the DRP, the Company will reinvest all cash dividends or distributions declared by the Company's board of directors on behalf of stockholders who do not elect to receive their distributions in cash. As a result, if the Company's board of directors declares a distribution, then stockholders who have not elected to "opt out" of the DRP will have their distributions automatically reinvested in additional shares of the Company's common stock.

With respect to each distribution pursuant to the DRP, the Company reserves the right to either issue new shares of common stock or purchase shares of common stock in the open market in connection with implementation of the DRP. Unless the Company, in its sole discretion, otherwise directs the plan administrator, (A) if the per share market price (as defined in the DRP) is equal to or greater than the estimated net asset value per share (rounded up to the nearest whole cent) of the Company's common stock on the payment date for the distribution, then the Company will issue shares of common stock at the greater of (i) net asset value per share of common stock or (ii) 95% of the market price; or (B) if the market price is less than the net asset value per share, then, in the sole discretion of the Company, (i) shares of common stock will be purchased in open market transactions for the accounts of participants to the extent practicable, or (ii) the Company will issue shares of common stock at net asset value per share. Pursuant to the terms of the DRP, the number of shares of common stock to be issued to a participant will be determined by dividing the total dollar amount of the distribution payable to a participant by the price per share at which the Company issues such shares; provided, however, that shares purchased in open market transactions by the plan administrator will be allocated to a participant based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market.

If a stockholder receives distributions in the form of common stock pursuant to the DRP, such stockholder generally will be subject to the same federal, state and local tax consequences as if it elected to receive distributions in cash. If the Company's common stock is trading at or below net asset value, a stockholder receiving distributions in the form of additional common stock will be treated as receiving a distribution in the amount of cash that they would have received if they had elected to receive the distribution in cash. If the Company's common stock is trading above net asset value, a stockholder receiving distributions in the form of additional common stock will be treated as receiving a distribution in the amount of the fair market value of the Company's common stock. The stockholder's basis for determining gain or loss upon the sale of common stock received in a distribution will be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a distribution will have a holding period for tax purposes commencing on the day following the day on which the shares of common stock are credited to the stockholder's account.

The Company may fund its cash distributions to stockholders from any sources of funds legally available to it, including proceeds from the sale of shares of the Company's common stock, borrowings, net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets, and dividends or other distributions paid to the Company on account of preferred and common equity investments in portfolio companies. The Company has not established limits on the amount of funds it may use from available sources to make distributions. During certain periods, the Company's distributions may exceed its earnings. As a result, it is possible that a portion of the distributions the Company makes may represent a return of capital. A return of capital generally is a return of a stockholder's investment rather than a return of earnings or gains derived from the Company's investment activities. Each year a statement on Form 1099-DIV identifying the sources of the distributions (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of capital, which is a nontaxable distribution) will be mailed to the Company's stockholders. There can be no assurance that the Company will be able to pay distributions at a specific rate or at all.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 5. Distributions (continued)

The following table reflects the sources of the cash distributions on a tax basis that the Company has paid on its common stock during the years ended December 31, 2022, 2021 and 2020:

Source of Distribution	Year Ended December 31,					
	2022		2021		2020	
	Distribution Amount	Percentage	Distribution Amount	Percentage	Distribution Amount	Percentage
Offering proceeds	\$ —	—	\$ —	—	\$ —	—
Borrowings	—	—	—	—	—	—
Net investment income ⁽¹⁾	754	100 %	511	100 %	318	100 %
Short-term capital gains proceeds from the sale of assets	—	—	—	—	—	—
Long-term capital gains proceeds from the sale of assets	—	—	—	—	—	—
Non-capital gains proceeds from the sale of assets	—	—	—	—	—	—
Distributions on account of preferred and common equity	—	—	—	—	—	—
Total	\$ 754	100 %	\$ 511	100 %	\$ 318	100 %

(1) During the years ended December 31, 2022, 2021 and 2020, 85.5%, 84.6% and 88.1%, respectively, of the Company's gross investment income was attributable to cash income earned, 4.5%, 5.5% and 1.6%, respectively, was attributable to non-cash accretion of discount and 10.0%, 9.9% and 10.3%, respectively, was attributable to paid-in-kind, or PIK, interest.

The Company's net investment income on a tax basis for the years ended December 31, 2022, 2021 and 2020 was \$861, \$557 and \$357, respectively. As of December 31, 2022, 2021 and 2020, the Company had \$446, \$284 and \$244, respectively, of undistributed net investment income and \$2,036, \$1,705 and \$855, respectively, of accumulated capital losses on a tax basis.

The Company's undistributed net investment income on a tax basis may be adjusted following the filing of the Company's tax returns. The adjustment is in general due to tax-basis income received by the Company differing from GAAP-basis income on account of certain collateralized securities and interests in partnerships, and the reclassification of realized gains and losses upon the sale of certain collateralized securities held in its investment portfolio during such period.

The difference between the Company's GAAP-basis net investment income and its tax-basis net investment income is primarily due to the reclassification of unamortized original issue discount and prepayment fees recognized upon prepayment of loans from income for GAAP purposes to realized gains or deferred to future periods for tax purposes, the impact of consolidating certain subsidiaries for purposes of computing GAAP-basis net investment income but not for purposes of computing tax-basis net investment income, the reversal of non-deductible excise taxes and income recognized for tax purposes on certain transactions but not recognized for GAAP purposes.

The following table sets forth a reconciliation between GAAP-basis net investment income and tax-basis net investment income during the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
GAAP-basis net investment income	\$ 865	\$ 584	\$ 331
Income subject to tax not recorded for GAAP	23	10	29
GAAP accretion from merger not recognized for tax	(50)	(47)	—
Excise taxes	19	12	10
GAAP versus tax-basis impact of consolidation of certain subsidiaries	5	12	11
Reclassification of unamortized original issue discount and prepayment fees	(27)	(37)	(14)
Other miscellaneous differences	26	23	(10)
Tax-basis net investment income	\$ 861	\$ 557	\$ 357

The Company may make certain adjustments to the classification of stockholders' equity as a result of permanent book-to-tax differences. During the year ended December 31, 2022, the Company increased accumulated undistributed (distributions in excess of)

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
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Note 5. Distributions (continued)

net investment income and capital in excess of par value by \$47 and \$8, respectively, and decreased accumulated undistributed net realized gain (loss) on investments and gain (loss) on foreign currency by \$55. During the year ended December 31, 2021, the Company increased accumulated undistributed (distributions in excess of) net investment income and accumulated undistributed net realized gain (loss) on investments and gain (loss) on foreign currency by \$47 and \$2,115, respectively, and decreased capital in excess of par value by \$2,162.

The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon the Company's taxable income for the full year and distributions paid for the full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV.

As of December 31, 2022 and 2021, the components of accumulated earnings on a tax basis were as follows:

	Year Ended December 31,	
	2022	2021
Distributable ordinary income	\$ 446	\$ 284
Distributable realized gains (accumulated capital losses) ⁽¹⁾	(2,036)	(1,881)
Other temporary differences	7	(1)
Net unrealized appreciation (depreciation) ⁽²⁾	(1,015)	(330)
Total	\$ (2,598)	\$ (1,928)

(1) Net capital losses may be carried forward indefinitely, and their character is retained as short-term or long-term losses. As of December 31, 2022, the Company had capital loss carryforwards available to offset future realized capital gains of approximately \$2,036 million. \$85 of such losses were carried over from CCT due to the 2018 Merger, \$1,212 were carried over from FSKR due to the 2021 Merger, and \$177 of such losses were carried over from losses generated by the Company prior to the 2018 Merger. Because of the loss limitation rules of the Code, some of the tax basis losses may be limited in their use. Any unused balances resulting from such limitations may be carried forward into future years indefinitely.

(2) As of December 31, 2022 and 2021, the gross unrealized appreciation was \$1,349 and \$1,665, respectively. As of December 31, 2022 and 2021, the gross unrealized depreciation was \$2,364 and \$1,995, respectively.

The aggregate cost of the Company's investments for U.S. federal income tax purposes totaled \$17,159 and \$17,167 as of December 31, 2022 and 2021, respectively. The aggregate net unrealized appreciation (depreciation) on a tax basis was \$(1,782) and \$(1,066) as of December 31, 2022 and 2021, respectively. The aggregate net unrealized appreciation (depreciation) on investments on a tax basis excludes net unrealized appreciation (depreciation) from merger accounting, cross currency swaps, foreign currency forward contracts and foreign currency transactions.

As of December 31, 2022, the Company had a deferred tax liability of \$10 resulting from unrealized appreciation on investments held by the Company's wholly-owned taxable subsidiaries and a deferred tax asset of \$57 resulting from a combination of unrealized depreciation on investments held by and net operating losses and other tax attributes of the Company's wholly-owned taxable subsidiaries. As of December 31, 2022, certain wholly-owned taxable subsidiaries anticipated that they would be unable to fully utilize their generated net operating losses, therefore the deferred tax asset was offset by a valuation allowance of \$50. For the year ended December 31, 2022, the Company recorded a provision for taxes related to wholly-owned taxable subsidiaries of \$3 related to the deferred tax liability and \$2 related to current taxes. Each were a result of the sale of investments, during the second quarter, held in wholly-owned taxable subsidiaries.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio

The following table summarizes the composition of the Company's investment portfolio at cost and fair value as of December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021		
	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio
Senior Secured Loans—First Lien	\$ 9,607	\$ 9,278	60.3 %	\$ 9,695	\$ 9,765	60.7 %
Senior Secured Loans—Second Lien	1,299	1,194	7.8 %	1,564	1,557	9.7 %
Other Senior Secured Debt	152	110	0.7 %	149	120	0.7 %
Subordinated Debt	384	265	1.7 %	188	111	0.7 %
Asset Based Finance	2,024	1,903	12.4 %	2,132	2,245	13.9 %
Credit Opportunities Partners JV, LLC	1,572	1,428	9.3 %	1,397	1,396	8.7 %
Equity/Other	1,276	1,199	7.8 %	932	907	5.6 %
Total	\$ 16,314	\$ 15,377	100.0 %	\$ 16,057	\$ 16,101	100.0 %

(1) Amortized cost represents the original cost adjusted for the amortization of premiums and/or accretion of discounts, as applicable, on investments.

In general, under the 1940 Act, the Company would be presumed to “control” a portfolio company if it owned more than 25% of its voting securities or it had the power to exercise control over the management or policies of such portfolio company, and would be an “affiliated person” of a portfolio company if it owned 5% or more of its voting securities.

As of December 31, 2022, the Company held investments in eighteen portfolio companies of which it is deemed to “control.” As of December 31, 2022, the Company held investments in ten portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control.” For additional information with respect to such portfolio companies, see footnotes (ac) and (ad) to the consolidated schedule of investments as of December 31, 2022.

As of December 31, 2021, the Company held investments in seventeen portfolio companies of which it is deemed to “control.” As of December 31, 2021, the Company held investments in sixteen portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control.” For additional information with respect to such portfolio companies, see footnotes (ac) and (ad) to the consolidated schedule of investments as of December 31, 2021.

The Company's investment portfolio may contain loans and other unfunded arrangements that are in the form of lines of credit, revolving credit facilities, delayed draw credit facilities or other investments, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying agreements. As of December 31, 2022, the Company had unfunded debt investments with aggregate unfunded commitments of \$952.4, unfunded equity/other commitments of \$475.3 and unfunded commitments of \$560.2 to Credit Opportunities Partners JV, LLC. As of December 31, 2021, the Company had unfunded debt investments with aggregate unfunded commitments of \$1,724.1, unfunded equity/other commitments of \$576.9 and unfunded commitments of \$350.2 to Credit Opportunities Partners JV, LLC. The Company maintains sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise. For additional details regarding the Company's unfunded debt investments, see the Company's consolidated schedule of investments as of December 31, 2022 and 2021.

The table below describes investments by industry classification and enumerates the percentage, by fair value, of the total portfolio assets in such industries as of December 31, 2022 and 2021:

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Industry Classification	December 31, 2022		December 31, 2021	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Automobiles & Components	\$ 25	0.2 %	\$ 89	0.5 %
Banks	—	—	15	0.1 %
Capital Goods	2,366	15.4 %	2,281	14.2 %
Commercial & Professional Services	1,670	10.9 %	1,615	10.0 %
Consumer Durables & Apparel	235	1.5 %	551	3.4 %
Consumer Services	189	1.2 %	393	2.4 %
Credit Opportunities Partners JV, LLC	1,428	9.3 %	1,396	8.7 %
Diversified Financials	583	3.8 %	672	4.2 %
Energy	272	1.8 %	241	1.5 %
Food & Staples Retailing	103	0.7 %	296	1.8 %
Food, Beverage & Tobacco	226	1.5 %	256	1.6 %
Health Care Equipment & Services	1,963	12.8 %	1,613	10.0 %
Household & Personal Products	242	1.6 %	227	1.4 %
Insurance	974	6.3 %	898	5.6 %
Materials	197	1.3 %	211	1.3 %
Media & Entertainment	695	4.5 %	720	4.5 %
Pharmaceuticals, Biotechnology & Life Sciences	231	1.4 %	235	1.5 %
Real Estate	753	4.9 %	876	5.4 %
Retailing	282	1.8 %	288	1.8 %
Software & Services	2,591	16.8 %	2,698	16.8 %
Technology Hardware & Equipment	1	0.0 %	42	0.3 %
Telecommunication Services	76	0.5 %	128	0.8 %
Transportation	275	1.8 %	360	2.2 %
Total	\$ 15,377	100.0 %	\$ 16,101	100.0 %

Credit Opportunities Partners JV, LLC

Credit Opportunities Partners JV, LLC (formerly known as Strategic Credit Opportunities Partners, LLC), or COPJV, is a joint venture between the Company and South Carolina Retirement Systems Group Trust, or SCRS. SCRS purchased its interests in COPJV from Conway Capital, LLC, an affiliate of Guggenheim Life and Annuity Company and Delaware Life Insurance Company, in June 2019, which had no impact on the significant terms governing COPJV other than an increase in the aggregate capital commitment (but not the percentage of the aggregate capital committed by each member) to COPJV. Effective as of June 18, 2021, Credit Opportunities Partners, LLC, or COP, merged with and into COPJV, with COPJV surviving the merger, or the COPJV Merger. As of June 18, 2021, COPJV assumed all of COP's obligations under its credit facilities, and COP's wholly-owned special purpose financing subsidiaries became wholly-owned special purpose financing subsidiaries of COPJV, in each case, as a result of the consummation of the COPJV Merger. COPJV's second amended and restated limited liability company agreement, or the COPJV Agreement, requires the Company and SCRS to provide capital to COPJV of up to \$2,440 in the aggregate where the Company and SCRS would provide 87.5% and 12.5%, respectively, of the committed capital. Pursuant to the terms of the COPJV Agreement, the Company and SCRS each have 50% voting control of COPJV and are required to agree on all investment decisions as well as certain other significant actions for COPJV. COPJV invests its capital in a range of investments, including senior secured loans (both first lien and second lien) to middle market companies, broadly syndicated loans, equity, warrants and other investments. As administrative agent of COPJV, the Company performs certain day-to-day management responsibilities on behalf of COPJV and is entitled to a fee of 0.25% of COPJV's assets under administration, calculated and payable quarterly in arrears. As of December 31, 2022, the Company and SCRS have funded approximately \$1,799.8 to COPJV, of which \$1,574.8 was from the Company.

Big Cedar Creek LLC, or Big Cedar Creek Funding, a wholly-owned subsidiary of COPJV, has a revolving credit facility with BNP Paribas, or as amended, the Big Cedar Creek Funding Credit Facility, which provides for up to \$300 of borrowings as of December 31, 2022. The Big Cedar Creek Funding Credit Facility provides loans in U.S. dollars, Australian dollars, Canadian dollars, New Zealand dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of LIBOR (subject to a 0% floor) plus a spread of 1.85% to 2.55% during the reinvestment period and 2.00% to 2.65% thereafter. Foreign currency loans bear interest at the applicable floating rate (subject to a 0% floor) plus a spread of 1.85% to 2.55% during the reinvestment period and 2.00% to 2.65%

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
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Note 6. Investment Portfolio (continued)

thereafter. Big Cedar Creek Funding also pays a commitment fee of up to 1.00% on undrawn commitments. The Big Cedar Creek Funding Credit Facility matures on March 11, 2025. As of December 31, 2022, total outstanding borrowings under the Big Cedar Creek Funding Credit Facility were \$259.4. Borrowings under the Big Cedar Creek Funding Credit Facility are secured by substantially all of the assets of Big Cedar Creek.

Boxwood Drive Funding LLC, or Boxwood Drive Funding, a wholly-owned subsidiary of COPJV, has a revolving credit facility with BNP Paribas, or as amended, the Boxwood Drive Funding Credit Facility, which provides for up to \$300 of borrowings as of December 31, 2022. The Boxwood Drive Funding Credit Facility provides for loans in U.S. dollars, Australian dollars, Canadian dollars, New Zealand dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of LIBOR (subject to a 0% floor) plus a spread of 2.05% to 3.15% during the reinvestment period and 2.50% to 3.25% thereafter. Foreign currency loans bear interest at the applicable floating rate (subject to 0% floor) plus the spread applicable to the specified currency. Boxwood Drive Funding also pays a commitment fee of up to 1.00% on undrawn commitments. The Boxwood Drive Funding Credit Facility matures on April 15, 2025. As of December 31, 2022, total outstanding borrowings under the Boxwood Drive Funding Credit Facility were \$260.8. Borrowings under the Boxwood Drive Funding Credit Facility are secured by substantially all of the assets of Boxwood Drive Funding.

Chestnut Street Funding LLC, or Chestnut Street Funding, a wholly-owned subsidiary of COPJV, has a revolving credit facility with Citibank, N.A., or as amended, the Chestnut Street Funding Credit Facility, which provides for up to \$400 of borrowings as of December 31, 2022. The Chestnut Street Funding Credit Facility provides loans in U.S. dollars, Australian dollars, Canadian dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of SOFR (subject to a 0% floor) plus 2.45%. Foreign currency loans bear interest at the applicable floating rate (subject to a 0% floor) plus 2.45%. Chestnut Street Funding also pays a commitment fee of up to 0.50% on undrawn commitments. The Chestnut Street Funding Credit Facility matures on September 18, 2027. As of December 31, 2022, total outstanding borrowings under the Chestnut Street Funding Credit Facility were \$316.4. Borrowings under the Chestnut Street Funding Credit Facility are secured by substantially all of the assets of Chestnut Street Funding.

Green Creek LLC, or Green Creek Funding, a wholly-owned subsidiary of COPJV, has a revolving credit facility with Goldman Sachs Bank, or as amended, the Green Creek Funding Credit Facility, which provides for up to \$400 of borrowings as of December 31, 2022. The Green Creek Credit Facility provides for loans in U.S. dollars, Canadian dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of LIBOR (subject to a 0% floor) plus 2.25%. Foreign currency loans bear interest at the rate of the applicable floating rate (subject to a 0% floor) plus the spread applicable to the specified currency. Green Creek Funding also pays a commitment fee of up to 2.25% on undrawn commitments. The Green Creek Funding Credit Facility matures on January 30, 2027. As of December 31, 2022, total outstanding borrowings under the Green Creek Funding Credit Facility were \$304.1. Borrowings under the Green Creek Funding Credit Facility are secured by substantially all of the assets of Green Creek Funding.

Magnolia Funding LLC, or Magnolia Funding, a wholly-owned subsidiary of COPJV, has a revolving credit facility with Morgan Stanley Senior Funding, Inc., or the Magnolia Funding Credit Facility, which provides for up to \$300 of borrowings as of December 31, 2022. The Magnolia Funding Credit Facility provides for loans in U.S. dollars, Australian dollars, Canadian dollars, Swedish Krona, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of SOFR (subject to a 0% floor) plus a spread of 2.20%. Foreign currency loans bear interest at the applicable floating rate (subject to a 0% floor) plus the spread applicable to the specified currency. Magnolia Funding also pays a commitment fee of 0.35% on undrawn commitments. The Magnolia Funding Credit Facility matures on July 14, 2027. As of December 31, 2022, total outstanding borrowings under the Magnolia Funding Credit Facility were \$251.4. Borrowings under the Magnolia Funding Credit Facility are secured by substantially all of the assets of Magnolia Funding.

On March 31, 2021, COPJV sold in a private placement \$300 of aggregate principal amount of unsecured notes, or the April COPJV Notes, to qualified institutional buyers in reliance on Section 4(a)(2) of the Securities Act. Interest of the April COPJV Notes is payable quarterly on the 1st of each of January, April, July and October, at a fixed annual rate of 4.25%, commencing July 1, 2021. This interest rate is subject to increase up to 4.75% in the event that the April COPJV Notes cease to be rated investment grade, and the April COPJV Notes will be subject to an additional 2.0% of default interest during the continuance of an event of default. The April COPJV Notes mature on April 1, 2026, unless redeemed, purchased or prepaid prior to such date by COPJV in accordance with their terms.

On August 17, 2021, COPJV sold in a private placement \$225 of aggregate principal amount of Series B senior unsecured notes, or the August COPJV Notes and together with the April COPJV Notes, the COPJV Notes, to qualified institutional buyers in reliance on Section 4(a)(2) of the Securities Act. Interest of the August COPJV Notes is payable semi-annually on the 17th of each of February and August, at a fixed annual rate of 3.62%, commencing February 17, 2022. This interest rate is subject to increase up to 4.12% in the event that the COPJV Notes cease to be rated investment grade, and the August COPJV Notes will be subject to an additional

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

2.0% of default interest during the continuance of an event of default. The August COPJV Notes mature on August 17, 2026, unless redeemed, purchased or prepaid prior to such date by COPJV in accordance with their terms.

The COPJV Notes are general unsecured obligations that rank *pari passu* with all outstanding and future unsecured and unsubordinated indebtedness that COPJV may issue. COPJV used the net proceeds from the COPJV Notes for general corporate purposes, including to make investments, repay existing debt and make permitted distributions.

During the year ended December 31, 2022, the Company sold investments with a cost of \$1,067.6 for proceeds of \$1,067.8 to COPJV and recognized a net realized gain (loss) of \$0.2 in connection with the transactions. As of December 31, 2022, \$178.9 of these sales to COPJV are included in receivable for investments sold in the consolidated statements of assets and liabilities.

As of December 31, 2022 and December 31, 2021, COPJV had total investments with a fair value of \$3,562.9 and \$3,260.0, respectively. As of December 31, 2022 and December 31, 2021, COPJV had two and zero investments on non-accrual status, respectively.

Below is a summary of COPJV’s portfolio, followed by a listing of the individual loans in COPJV’s portfolio as of December 31, 2022 and 2021:

	As of	
	December 31, 2022	December 31, 2021
Total debt investments ⁽¹⁾	\$ 3,363.8	\$ 2,954.2
Weighted average current interest rate on debt investments ⁽²⁾	11.0 %	8.1 %
Number of portfolio companies in COPJV	122	95
Largest investment in a single portfolio company ⁽¹⁾	\$ 132.4	\$ 131.5
Unfunded commitments ⁽¹⁾	\$ 3.3	\$ 1.9

- (1) “Debt Investments” means investments that pay or are expected to pay a stated interest rate, stated dividend rate or other similar stated return.
- (2) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Stated annual interest rate for floating rate Debt Investments assumes the greater of (a) the respective base rate in effect as of December 31, 2022, and (b) the stated base rate floor. The base rate utilized in this calculation may not be indicative of the base rates for specific contracts as of December 31, 2022.

Credit Opportunities Partners JV, LLC Portfolio
As of December 31, 2022 (in millions)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—148.1%								
48Forty Solutions LLC	(e)(o)	Commercial & Professional Services	SF+550	1.0%	11/30/26	\$ 19.4	\$ 19.2	\$ 18.8
Accuride Corp	(i)(j)	Capital Goods	L+525	1.0%	11/17/23	20.8	20.4	17.7
Advania Sverige AB			SR+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	SEK 588.0	66.6	54.1
Advania Sverige AB	(e)(o)	Software & Services	R+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	ISK 1,644.9	12.8	11.2
Affordable Care Inc	(e)(o)	Software & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	\$ 76.1	75.6	74.6
Alacrity Solutions Group LLC	(e)(h)(i)(o)	Health Care Equipment & Services	L+525	0.8%	12/22/28	40.6	39.9	39.1
Alera Group Intermediate Holdings Inc	(e)(j)(o)	Insurance	SF+600	0.8%	10/2/28	32.3	31.9	30.7
	(e)(k)(o)	Insurance						

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Alstom SA			L+550, 2.5% PIK (2.5% Max PIK)	1.0%	8/29/24	6.2	5.8	3.5
	(k)	Transportation						
American Airlines Group Inc	(k)	Transportation	L+175	0.0%	6/27/25	2.5	2.3	2.4
American Vision Partners	(e)(o)	Health Care Equipment & Services	L+575	0.8%	9/30/27	19.5	19.3	18.9
Ammeraal Beltech Holding BV	(h)(k)	Capital Goods	E+375	0.0%	7/30/25	€ 4.8	4.8	4.8
Apex Group Limited	(h)	Diversified Financials	L+375	0.5%	7/27/28	\$ 4.2	4.2	4.0
Apex Group Limited	(h)	Diversified Financials	E+400	0.0%	7/27/28	€ 1.6	1.9	1.6
Arcfield Acquisition Corp	(e)(o)	Capital Goods	L+575	0.8%	3/10/28	\$ 8.0	8.0	7.9
Arcos LLC/VA	(e)(h)(j)	Software & Services	L+575	1.0%	3/31/28	22.2	22.0	20.6
Ardonagh Group Ltd	(e)(i)	Insurance	SA+700	0.8%	7/14/26	£ 3.8	4.7	4.5
Ardonagh Group Ltd	(e)(i)	Insurance	E+700	1.0%	7/14/26	€ 0.5	0.5	0.5
Ardonagh Group Ltd	(e)(j)(k)(o)	Insurance	SF+575	0.8%	7/14/26	\$ 54.8	54.3	53.1
Arrotex Australia Group Pty Ltd	(e)(j)(k)(o)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A\$ 109.4	73.9	74.5
Arrotex Australia Group Pty Ltd	(e)(j)(k)(o)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	8.0	5.7	5.4
athenahealth Inc	(k)	Health Care Equipment & Services	SF+350	0.5%	2/15/29	\$ 7.1	6.4	6.4
athenahealth Inc	(f)	Health Care Equipment & Services	SF+350	0.5%	2/15/29	0.9	0.9	0.8
Barbri Inc	(e)(h)(i)	Consumer Services	L+575	0.8%	4/28/28	47.2	47.3	46.9
BearCom Acquisition Corp			L+650, 0.5% PIK (0.5% Max PIK)	1.0%	7/5/24	2.2	2.2	2.2
	(e)(f)	Technology Hardware & Equipment						
BearCom Acquisition Corp			C+650, 0.5% PIK (0.5% Max PIK)	1.0%	7/5/24	C\$ 14.3	10.6	10.3
	(e)(j)	Technology Hardware & Equipment						
BearCom Acquisition Corp	(e)(f)	Technology Hardware & Equipment	C+550	1.0%	1/5/24	1.3	1.0	1.0
Belk Inc		Retailing	L+750	1.0%	7/31/25	\$ 0.6	0.6	0.6
Belk Inc	(g)(p)	Retailing	5.0%, 8.0% PIK (8.0% Max PIK)		7/31/25	3.1	1.7	0.4
BGB Group LLC	(e)(h)(i)(o)	Media & Entertainment	L+575	1.0%	8/16/27	54.4	54.0	53.0
Big Bus Tours Ltd			L+850 PIK (L+850 Max PIK)	1.0%	3/15/24	10.7	10.7	8.8
	(e)(j)	Consumer Services						
Big Bus Tours Ltd			E+850 PIK (E+850 Max PIK)	1.0%	3/15/24	€ 12.6	14.0	11.0
	(e)(j)	Consumer Services						
Big Bus Tours Ltd			L+850 PIK (L+850 Max PIK)	1.0%	3/15/24	\$ 7.2	7.2	5.9
	(e)(j)	Consumer Services						
Bugaboo International BV			E+700, 0.0% PIK (7.8% Max PIK)	0.0%	3/20/25	€ 35.0	41.0	37.4
	(e)(h)(i)	Consumer Durables & Apparel						
CFC Underwriting Ltd			SF+500, 0.0% PIK (2.8% Max PIK)	0.5%	5/16/29	\$ 39.5	38.3	39.2
	(e)(h)(j)	Insurance						
Cision Ltd		Software & Services	L+375	0.0%	1/29/27	3.8	3.4	2.4
ClubCorp Club Operations Inc	(j)(k)	Consumer Services	L+275	0.0%	9/18/24	31.9	29.9	28.9
Creation Technologies Inc	(k)	Technology Hardware & Equipment	L+550	0.5%	10/5/28	2.3	2.1	1.8
CSafe Global	(e)(h)(i)(k)	Capital Goods	L+625	0.8%	12/23/27	59.4	59.3	59.4
CSafe Global	(e)(h)	Capital Goods	L+625	0.8%	8/13/28	17.3	17.3	17.3

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Cubic Corp	(i)	Software & Services	L+425	0.8%	5/25/28	9.1	9.1	7.7
EIF Van Hook Holdings LLC	(i)(k)	Energy	SF+525	0.0%	9/5/24	7.2	7.0	7.0
Emerald Expositions Holding Inc	(k)	Media & Entertainment	L+250	0.0%	5/22/24	1.4	1.3	1.4
Encora Digital Inc	(e)(o)	Software & Services	L+550, 0.0% PIK (2.4% Max PIK)	0.8%	12/20/28	16.3	15.9	15.4
Envirotainer Ltd	(e)(h)	Transportation	E+600, 0.0% PIK (3.0% Max PIK)	0.0%	7/30/29	€ 14.9	13.9	15.1
Envirotainer Ltd	(e)(i)	Transportation	SF+600, 0.0% PIK (3.0% Max PIK)	0.8%	7/30/29	\$ 7.6	7.4	7.3
Excelitas Technologies Corp	(e)(k)	Technology Hardware & Equipment	E+575	0.0%	8/12/29	€ 4.1	4.2	4.2
Excelitas Technologies Corp	(e)(j)(k)	Technology Hardware & Equipment	SF+575	0.8%	8/12/29	\$ 24.5	24.3	23.9
Follett Software Co	(e)(h)(i)	Software & Services	L+575	0.8%	8/31/28	37.5	37.2	36.7
Galaxy Universal LLC	(e)(h)	Consumer Durables & Apparel	SF+500	1.0%	11/12/26	8.8	8.8	8.7
Galway Partners Holdings LLC	(e)(k)(o)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	36.9	36.2	36.4
General Datatech LP	(e)(j)	Software & Services	L+625	1.0%	6/18/27	18.3	17.7	17.1
Greystone Equity Member Corp	(e)	Diversified Financials	L+725	3.8%	4/1/26	30.2	30.1	29.3
HealthChannels LLC	(j)	Health Care Equipment & Services	L+450	0.0%	4/3/25	15.4	15.3	10.9
Hermes UK Ltd	(e)(k)	Transportation	SA+650	0.0%	11/30/27	£ 14.7	19.5	16.1
Higginbotham Insurance Agency Inc	(e)(h)(i)	Insurance	L+525	0.8%	11/25/26	\$ 37.6	38.0	37.7
Industria Chimica Emiliana Srl	(e)(j)(k)(o)	Pharmaceuticals, Biotechnology & Life Sciences	E+725	0.0%	9/27/26	€ 113.9	125.5	117.1
iNova Pharmaceuticals (Australia) Pty Limited	(e)(k)	Pharmaceuticals, Biotechnology & Life Sciences	B+650	0.8%	10/30/28	A\$ 34.2	22.5	22.6
Insight Global LLC	(e)(h)(i)(o)	Commercial & Professional Services	L+600	0.8%	9/22/28	\$ 63.7	62.9	61.8
KBP Investments LLC	(e)(h)(i)	Food & Staples Retailing	SF+550, 0.5% PIK (0.5% Max PIK)	0.8%	5/26/27	23.6	23.5	21.9
Kellermeyer Bergensons Services LLC	(e)(i)(j)	Commercial & Professional Services	L+600	1.0%	11/7/26	29.2	28.1	26.5
Lakefield Veterinary Group	(e)(o)	Health Care Equipment & Services	L+550	0.8%	11/23/28	27.1	26.7	25.9
Lakeview Farms Inc	(e)(j)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	15.5	15.4	15.0
Lexitas Inc	(e)(h)	Commercial & Professional Services	SF+675	1.0%	5/18/29	18.5	18.4	18.2
Lionbridge Technologies Inc	(e)(i)(j)	Media & Entertainment	SF+700	1.0%	12/29/25	26.8	26.3	26.9
Lloyd's Register Quality Assurance Ltd	(e)(i)(o)	Consumer Services	E+575, 0.0% PIK (6.3% Max PIK)	0.0%	12/2/28	€ 44.3	48.8	45.9
MB2 Dental Solutions LLC	(e)(i)	Health Care Equipment & Services	SF+600	1.0%	1/29/27	\$ 11.9	11.8	11.7
Med-Matrix	(e)(o)	Software & Services	L+600	1.0%	9/15/27	11.9	11.9	12.0
Misys Ltd	(k)	Software & Services	L+350	1.0%	6/13/24	2.3	2.2	2.0
Monitronics International Inc	(h)(i)(k)	Commercial & Professional Services	L+600	1.5%	7/3/24	35.5	33.7	33.7
Motion Recruitment Partners LLC	(e)(h)(j)	Commercial & Professional Services	SF+650	1.0%	12/22/25	24.8	24.5	24.6
New Era Technology Inc	(e)(h)(j)(k)	Software & Services	L+625	1.0%	10/31/26	34.3	33.8	33.7

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Novotech Pty Ltd	(e)(k)(o)	Health Care Equipment & Services	SF+525	0.5%	1/13/28	24.4	23.9	23.6
Novotech Pty Ltd	(e)(k)(o)	Health Care Equipment & Services	B+525	0.5%	1/13/28	A\$ 33.7	24.8	22.1
One Call Care Management Inc	(h)	Health Care Equipment & Services	L+550	0.8%	4/22/27	\$ 4.9	5.0	4.1
Ontic Engineering & Manufacturing Inc	(h)	Capital Goods	L+400	0.0%	10/30/26	2.1	1.9	2.1
Pantherx Specialty LLC	(e)(j)	Pharmaceuticals, Biotechnology & Life Sciences	SF+550	0.5%	7/16/29	15.9	14.8	14.6
Parts Town LLC	(e)(h)(k)(o)	Retailing	L+550	0.8%	11/1/28	49.4	48.3	47.8
Peraton Corp	(j)	Capital Goods	L+375	0.8%	2/1/28	8.8	8.4	8.6
Plaskolite, LLC	(k)	Materials	L+400	0.8%	12/15/25	1.1	1.1	1.0
Precision Global Corp	(e)(j)	Materials	L+475	1.0%	8/3/24	8.9	8.7	8.8
Pretium Packaging LLC	(j)	Household & Personal Products	L+400	0.5%	10/2/28	1.6	1.6	1.3
Project Marron	(e)(h)(j)(k)	Consumer Services	B+625	0.5%	7/2/25	A\$ 81.8	56.4	52.0
Project Marron	(e)(i)(j)	Consumer Services	C+625	0.5%	7/2/25	C\$ 52.5	40.1	36.3
Pure Fishing Inc	(i)	Consumer Durables & Apparel	L+450	0.0%	12/22/25	\$ 9.8	9.7	6.6
Reliant Rehab Hospital Cincinnati LLC	(e)(j)(o)	Health Care Equipment & Services	L+625	0.0%	2/28/26	33.6	32.7	26.7
Revere Superior Holdings Inc	(e)(k)	Software & Services	L+575	1.0%	9/30/26	19.6	19.6	19.6
Rise Baking Company	(e)(k)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	0.5	0.5	0.5
Rise Baking Company	(e)(j)(k)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	30.4	29.8	29.2
Rise Baking Company	(e)(f)	Food, Beverage & Tobacco	L+650	1.0%	8/13/27	1.4	1.4	1.4
RSC Insurance Brokerage Inc	(e)(k)	Insurance	SF+550	0.8%	10/30/26	18.8	18.8	18.5
Safe-Guard Products International LLC	(e)(i)(j)(k)	Diversified Financials	L+500	0.5%	1/27/27	71.7	72.1	71.7
SAMBA Safety Inc	(e)(h)(j)	Software & Services	L+525	1.0%	9/1/27	27.1	26.9	26.8
SavATree LLC	(e)(j)(k)	Consumer Services	L+525	0.8%	10/12/28	39.6	39.2	38.9
SI Group Inc	(k)	Materials	SF+475	0.0%	10/15/25	1.5	1.5	1.2
SIRVA Worldwide Inc	(i)	Commercial & Professional Services	L+550	0.0%	8/4/25	6.9	6.6	6.1
SitusAMC Holdings Corp	(e)(j)(o)	Real Estate	L+550	0.8%	12/22/27	39.5	38.7	38.1
Sorenson Communications LLC	(j)	Telecommunication Services	L+550	0.8%	3/17/26	20.0	19.3	19.1
Staples Canada	(e)(h)(i)(j)(k)	Retailing	C+700	1.0%	9/12/24	C\$ 74.2	57.0	55.6
Summit Interconnect Inc	(e)(o)	Capital Goods	SF+600	1.0%	9/22/28	\$ 19.5	19.3	18.4
Time Manufacturing Co	(e)(h)(i)	Capital Goods	E+650	0.8%	12/1/27	€ 29.2	32.4	29.4
Total Safety US Inc	(h)(i)	Capital Goods	L+600	1.0%	8/18/25	\$ 11.2	10.1	10.6
Transaction Services Group Ltd	(e)(j)(k)(n)(o)	Software & Services	B+550	0.0%	10/14/26	A\$ 124.1	85.3	82.6
Unifrax I LLC / Unifrax Holding Co	(k)	Capital Goods	L+375	0.0%	12/12/25	\$ 2.8	2.7	2.5
Varsity Brands Inc	(k)	Consumer Durables & Apparel	L+350	1.0%	12/16/24	4.0	3.8	3.8
Version1 Software Ltd	(e)(k)	Software & Services	E+575, 0.0% PIK (1.7% Max PIK)	0.0%	7/11/29	€ 2.5	2.5	2.5
Version1 Software Ltd	(e)(k)	Software & Services	SA+575, 0.0% PIK (1.7% Max PIK)	0.0%	7/11/29	£ 4.0	4.7	4.7
West Corp	(i)	Software & Services	L+400	1.0%	10/10/24	\$ 12.1	12.0	11.2
West Corp	(i)	Software & Services	L+350	1.0%	10/10/24	2.5	2.5	2.3
Woolpert Inc	(e)(h)(i)(j)	Capital Goods	L+600	1.0%	4/5/28	53.0	52.6	51.6

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Worldwise Inc	(e)(h)(i)(j)(k)(o)	Household & Personal Products	SF+625	1.0%	3/29/28	64.7	61.7	59.8
Yak Access LLC	(e)(n)	Capital Goods	SF+825	2.0%	1/27/23	0.2	0.2	0.2
Yak Access LLC	(g)(n)(p)	Capital Goods	L+500	0.0%	7/11/25	0.8	0.6	0.3
Total Senior Secured Loans—First Lien							2,522.8	2,418.2
Unfunded Loan Commitments							(3.3)	(3.3)
Net Senior Secured Loans—First Lien							2,519.5	2,414.9
Senior Secured Loans—Second Lien—23.6%								
Access CIG LLC	(h)(i)	Commercial & Professional Services	L+775	0.0%	2/27/26	2.5	2.3	2.2
Ammeraal Beltech Holding BV	(e)(h)(k)(o)	Capital Goods	L+775	0.0%	9/12/26	42.8	42.1	41.8
Apex Group Limited	(e)(h)(i)(o)	Diversified Financials	L+675	0.5%	7/27/29	40.0	39.7	37.6
Cubic Corp	(e)(k)	Software & Services	L+763	0.8%	5/25/29	10.0	9.7	9.1
EaglePicher Technologies LLC	(h)	Capital Goods	L+725	0.0%	3/8/26	0.4	0.4	0.2
Element Materials Technology Group US Holdings Inc	(e)(h)(i)	Commercial & Professional Services	SA+725	0.5%	6/24/30	£ 21.0	23.0	24.7
Misys Ltd	(h)(i)(k)(o)	Software & Services	L+725	1.0%	6/13/25	\$ 46.6	44.6	35.1
NEP Broadcasting LLC	(i)	Media & Entertainment	L+700	0.0%	10/19/26	6.8	6.7	5.1
OEConnection LLC	(e)(h)(i)(j)	Software & Services	SF+700	0.5%	9/25/27	50.0	50.0	48.4
Paradigm Acquisition Corp	(h)(k)	Health Care Equipment & Services	L+750	0.0%	10/26/26	2.5	2.5	2.4
Peraton Corp	(e)(h)(i)	Capital Goods	L+775	0.8%	2/1/29	21.5	21.3	21.2
Pretium Packaging LLC	(e)(h)(i)(j)	Household & Personal Products	L+675	0.5%	10/1/29	39.9	39.7	31.6
Pure Fishing Inc	(e)(h)	Consumer Durables & Apparel	L+838	1.0%	12/21/26	26.5	24.2	14.8
SIRVA Worldwide Inc	(i)(j)	Commercial & Professional Services	L+950	0.0%	8/3/26	10.3	8.7	8.9
Valeo Foods Group Ltd	(e)(h)	Food, Beverage & Tobacco	SA+800	0.0%	9/28/29	£ 9.3	11.8	9.9
Wittur Holding GmbH	(e)(j)(k)(n)	Capital Goods	E+850, 1.0% PIK (1.0% Max PIK)	0.0%	9/23/27	€ 121.1	\$ 132.4	\$ 92.0
Total Senior Secured Loans—Second Lien							459.1	385.0
Other Senior Secured Debt—1.3%								
One Call Care Management Inc	(e)	Health Care Equipment & Services	8.5% PIK (8.5% Max PIK)		11/1/28	25.6	25.0	20.9
Total Other Senior Secured Debt							25.0	20.9
Subordinated Debt—1.3%								
Arrotex Australia Group Pty Ltd	(e)	Pharmaceuticals, Biotechnology & Life Sciences	B+1,150 PIK (B+1,150 Max PIK)	1.0%	12/22/26	A\$ 25.0	16.2	17.0
athenahealth Inc		Health Care Equipment & Services	6.5%		2/15/30	\$ 5.5	4.8	4.1
Total Subordinated Debt							21.0	21.1
Asset Based Finance—33.2%								
Abacus JV, Private Equity	(e)	Insurance				31,400,804	32.2	34.0
Altavair AirFinance, Private Equity	(e)	Capital Goods				36,500,000	43.0	42.2
Connecticut Avenue Securities Trust 2022-R08, Structured Mezzanine		Real Estate	SF+560	0.0%	7/25/42	\$ 2.3	2.3	2.4

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
GA Capital Specialty Lending Fund, Limited Partnership Interest	(e)(n)	Diversified Financials				\$ 1.0	—	5.3
Global Lending Services LLC, Private Equity	(e)(n)	Diversified Financials				2,209,115	2.2	2.4
Global Lending Services LLC, Private Equity	(e)	Diversified Financials				17,450,851	22.9	18.3
Kilter Finance, Preferred Stock	(e)(k)	Insurance	12.0%			\$ 24.0	24.0	24.0
KKR Chord IP Aggregator LP, Partnership Interest	(e)	Media & Entertainment				19,616,330	22.9	21.1
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(e)(n)(p)	Capital Goods				19,642,734	24.4	16.6
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	SF+1,050	1.0%	9/30/24	\$ 4.7	4.7	4.7
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	E+1,050	1.0%	9/30/24	€ 3.6	3.6	3.9
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	E+650	1.0%	9/30/24	€ 5.0	5.0	5.4
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	SA+650	1.0%	9/30/24	£ 1.1	1.3	1.4
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	SF+650	1.0%	9/30/24	\$ 6.5	6.5	6.5
Lenovo Group Ltd, Structured Mezzanine	(e)	Technology Hardware & Equipment	SA+1,050	1.0%	9/30/24	£ 0.8	0.9	1.0
Luxembourg Life Fund - Absolute Return Fund I, 1L Term Loan	(e)(h)(n)	Insurance	L+750	1.5%	2/27/25	\$ 21.3	21.3	21.3
Luxembourg Life Fund - Absolute Return Fund III, Term Loan	(e)(h)(k)(n)	Insurance	L+925	0.0%	5/27/26	\$ 56.2	55.8	57.0
Luxembourg Life Fund - Long Term Growth Fund, Term Loan	(e)(h)(i)(k)(n)	Insurance	SF+925	0.0%	4/1/23	\$ 67.4	67.4	68.4
My Community Homes PropCo 2, Private Equity	(e)(p)	Real Estate				34,708,333	34.7	32.5
NewStar Clarendon 2014-1A Class D	(e)(k)(n)	Diversified Financials	17.8%		1/25/27	\$ 30.0	9.3	12.7
Pretium Partners LLC P1, Structured Mezzanine	(e)(h)(i)	Real Estate	2.8%, 5.3% PIK (5.3% Max PIK)		10/22/26	\$ 29.6	28.6	28.3
Pretium Partners LLC P2, Private Equity	(e)	Real Estate				16,772,368	16.2	13.7
Roemanu LLC (FKA Toorak Capital Partners LLC), Private Equity	(e)	Real Estate				40,000,000	50.2	47.3
Saluda Grade Alternative Mortgage Trust 2022-BC2, Term Loan	(e)(k)	Real Estate	7.3%		7/25/2030	\$ 24.0	23.7	23.7
Sealane Trade Finance	(e)(m)(p)	Banks				1,104,510	1.1	0.2
SG Residential Mortgage Trust 2022-2, Structured Mezzanine		Real Estate	5.4%		8/25/62	\$ 4.6	3.8	3.7
Star Mountain Strategic Credit Income Fund IV LP, Private Equity	(e)	Diversified Financials				42,500,000	42.5	44.0
Total Asset Based Finance							550.5	542.0
Equity/Other—11.0%								
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(e)(l)(p)	Energy				13,556	3.6	4.8

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
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Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(e)(l)(p)	Energy				115,178,571	30.5	40.5
athenahealth Inc, Preferred Stock	(e)	Health Care Equipment & Services	10.8% PIK (10.8% Max PIK)			50,000,000	47.5	43.2
Belk Inc, Common Stock	(e)(p)	Retailing				381	—	—
Misys Ltd, Preferred Stock	(e)	Software & Services	L+1,025 PIK (L+1,025 Max PIK)	0.0%		25,265,621	24.8	21.1
One Call Care Management Inc, Common Stock	(e)(p)	Health Care Equipment & Services				34,873	2.2	1.9
One Call Care Management Inc, Preferred Stock A	(e)(p)	Health Care Equipment & Services				371,993	23.7	20.6
One Call Care Management Inc, Preferred Stock B	(e)	Health Care Equipment & Services	9.0% PIK (9.0% Max PIK)		10/25/29	7,672,346	8.7	7.7
Pure Gym Ltd, Private Equity	(e)(p)	Consumer Services				30,218,000	39.4	39.2
Total Equity/Other							180.4	179.0
TOTAL INVESTMENTS—218.5%							<u>\$ 3,755.5</u>	<u>\$ 3,562.9</u>
Derivative Instruments—0.7%								
Foreign currency forward contracts								<u>\$ 11.9</u>

(a) Security may be an obligation of one or more entities affiliated with the named company.

(b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2022, the three-month London Interbank Offered Rate, or LIBOR or "L", was 4.77%, the Euro Interbank Offered Rate, or EURIBOR, was 2.13%, Canadian Dollar Offer Rate, or CDOR was 4.94%, the Bank Bill Swap Bid Rate, or BBSY was 3.32%, the Reykjavik Interbank Offered Rate, or REIBOR, was 6.55%, the Stockholm Interbank Offered Rate, or STIBOR, was 2.70%, the Sterling Overnight Index Average, or SONIA, was 3.43%,

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

the Secured Overnight Financing Rate, or SOFR, was 4.59%, and the U.S. Prime Lending Rate, or Prime, was 7.50%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.

- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Fair value is determined in accordance with the Company's valuation process.
- (e) Investments classified as Level 3.
- (f) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.
- (g) Asset is on non-accrual status.
- (h) Security or portion thereof held within Big Cedar Creek LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with BNP Paribas.
- (i) Security or portion thereof held within Boxwood Drive Funding and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with BNP Paribas
- (j) Security or portion thereof held within Chestnut Street Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Citibank, N.A.
- (k) Security or portion thereof held within Green Creek LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs Bank.
- (l) Security or portion thereof held within IC II American Energy Investment, Inc., a wholly-owned subsidiary of the company.
- (m) Security or portion thereof held within JCF Cayman Ltd and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs.
- (n) Security or portion thereof held within Jersey City Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs.
- (o) Security or portion thereof held within Magnolia Funding LLC.
- (p) Security is non-income producing.

Credit Opportunities Partners JV, LLC Portfolio
As of December 31, 2021 (in millions)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—135.2%								
ABB CONCISE Optical Group LLC	(j)(k)	Retailing	L+500	1.0%	6/15/23	\$ 16.2	\$ 14.5	\$ 15.7
Accuride Corp	(i)(j)	Capital Goods	L+525	1.0%	11/17/23	21.0	20.3	20.3
Advania Sverige AB	(e)	Software & Services	SR+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	SEK 588.0	66.4	64.3
Advania Sverige AB	(e)	Software & Services	R+610, 0.0% PIK (3.3% Max PIK)	0.0%	4/28/28	ISK 1,644.9	12.8	12.5
Affordable Care Inc	(e)(h)(i)	Health Care Equipment & Services	L+550, 0.0% PIK (1.3% Max PIK)	0.8%	8/2/28	\$ 55.9	55.6	55.6
Alera Group Intermediate Holdings Inc	(e)(k)	Insurance	L+550	0.8%	10/2/28	20.2	20.0	20.0
Alstom SA	(k)	Transportation	L+550, 2.5% PIK (2.5% Max PIK)	1.0%	8/29/23	6.1	5.3	5.0
Ammeraal Beltech Holding BV	(h)(k)	Capital Goods	E+350	0.0%	7/30/25	€ 4.8	4.7	5.4
Apex Group Limited	(h)	Diversified Financials	L+375	0.5%	7/27/28	\$ 4.2	4.2	4.2
Apex Group Limited	(h)	Diversified Financials	E+400	0.0%	7/27/28	€ 1.6	1.9	1.8
Arcos LLC/VA	(e)(h)(j)	Software & Services	L+575	1.0%	3/31/28	\$ 22.4	22.2	22.3
Ardonagh Group Ltd	(e)(i)	Insurance	L+675	0.8%	7/14/26	£ 3.8	4.7	5.2
Ardonagh Group Ltd	(e)(i)	Insurance	E+675	1.0%	7/14/26	€ 0.5	0.5	0.6
Ardonagh Group Ltd	(e)(j)(k)	Insurance	L+550	0.8%	7/14/26	\$ 40.7	40.3	40.3
Arrotex Australia Group Pty Ltd	(e)(j)(k)(n)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A\$ 109.4	73.6	79.7

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Arrotex Australia Group Pty Ltd	(e)(j)(k)(n)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	8.0	5.7	5.8
Barbri Inc	(e)(h)(i)	Consumer Services	L+575	0.8%	4/28/28	\$ 47.7	47.7	47.7
BearCom Acquisition Corp	(e)(j)	Technology Hardware & Equipment	L+600	1.0%	7/5/24	2.2	2.2	2.1
BearCom Acquisition Corp	(e)(j)	Technology Hardware & Equipment	C+550	1.0%	7/5/24	CS 14.4	10.5	11.0
BearCom Acquisition Corp	(e)(f)	Technology Hardware & Equipment	C+550	1.0%	1/5/24	1.3	1.0	1.0
Belk Inc		Retailing	L+750	1.0%	7/31/25	\$ 0.6	0.6	0.6
Belk Inc		Retailing	5.0%, 8.0% PIK (8.0% Max PIK)		7/31/25	2.9	1.5	2.1
BGB Group LLC	(e)(h)(i)	Media & Entertainment	L+575	1.0%	8/16/27	48.5	48.2	48.3
Big Bus Tours Ltd			L+850 PIK (L+850 Max PIK)	1.0%	3/15/24	16.4	16.4	10.3
Big Bus Tours Ltd	(e)(j)	Consumer Services	E+850 PIK (E+850 Max PIK)	1.0%	3/15/24	€ 11.5	12.9	8.3
Big Bus Tours Ltd	(e)(j)	Consumer Services	E+850 PIK (E+850 Max PIK)	1.0%	3/15/24	€ 11.5	12.9	8.3
Bugaboo International BV	(e)(h)(i)(n)	Consumer Durables & Apparel	E+700, 0.0% PIK (7.8% Max PIK)	0.0%	3/20/25	35.0	40.8	39.8
Caprock Midstream LLC	(i)	Energy	L+475	0.0%	11/3/25	\$ 13.3	13.0	13.2
CSafe Global	(e)(h)(i)(k)	Capital Goods	L+625	0.8%	12/23/27	60.0	59.9	60.0
CSafe Global	(e)(h)	Capital Goods	L+625	0.8%	8/13/28	17.5	17.5	17.5
Cubic Corp	(i)	Software & Services	L+425	0.8%	5/25/28	9.2	9.2	9.2
Eagleclaw Midstream Ventures LLC	(k)	Energy	L+425	1.0%	6/24/24	11.1	10.6	11.1
EIF Van Hook Holdings LLC	(i)(k)	Energy	L+525	0.0%	9/5/24	8.1	7.8	7.8
Entertainment Benefits Group LLC			L+575, 2.5% PIK (2.5% Max PIK)	1.0%	9/30/25	2.6	2.6	2.5
Entertainment Benefits Group LLC	(e)(k)	Media & Entertainment	L+575, 2.5% PIK (2.5% Max PIK)	1.0%	9/30/25	2.6	2.6	2.5
Follett Software Co	(e)(h)(i)	Software & Services	L+575	0.8%	8/31/28	37.9	37.5	37.7
Frontline Technologies Group LLC	(e)(i)	Software & Services	L+525	1.0%	9/18/23	19.7	19.8	19.7
Galway Partners Holdings LLC			L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	20.3	20.0	20.0
Galway Partners Holdings LLC	(e)(k)	Insurance	L+525, 0.0% PIK (1.3% Max PIK)	0.8%	9/29/28	20.3	20.0	20.0
General Datatech LP	(e)(j)	Software & Services	L+625	1.0%	6/18/27	10.2	10.0	10.0
Greystone Equity Member Corp	(e)	Diversified Financials	L+725	3.8%	4/1/26	30.2	30.0	29.9
HealthChannels LLC	(j)	Health Care Equipment & Services	L+450	0.0%	4/3/25	15.6	15.5	14.3
Hermes UK Ltd	(e)	Transportation	SA+650	0.0%	11/30/27	£ 14.7	19.5	19.3
Higginbotham Insurance Agency Inc			L+550	0.8%	11/25/26	\$ 38.0	38.4	38.8
Higginbotham Insurance Agency Inc	(e)(h)(i)	Insurance	L+550	0.8%	11/25/26	\$ 38.0	38.4	38.8
Industria Chimica Emiliana Srl	(e)(j)(k)(n)	Pharmaceuticals, Biotechnology & Life Sciences	E+725	0.0%	9/27/26	€ 113.9	125.0	133.3
Insight Global LLC	(e)(h)(i)	Commercial & Professional Services	L+600	0.8%	9/22/28	\$ 37.9	37.5	37.4
KBP Investments LLC	(e)(h)(i)	Food & Staples Retailing	L+500	0.8%	5/26/27	23.7	23.6	23.5
Kellermeyer Bergensons Services LLC	(e)(i)(j)	Commercial & Professional Services	L+575	1.0%	11/7/26	29.5	28.1	29.6
Kettle Cuisine LLC	(j)	Food, Beverage & Tobacco	L+375	1.0%	8/25/25	16.4	16.4	15.6
Lakeview Farms Inc	(e)(j)	Food, Beverage & Tobacco	L+625	1.0%	6/10/27	15.7	15.6	15.6
Lexitas Inc	(e)(h)	Commercial & Professional Services	L+600	1.0%	11/14/25	8.0	7.9	8.1
Lexitas Inc	(e)(h)	Commercial & Professional Services	L+600	1.0%	11/14/25	10.7	10.7	10.8

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Lionbridge Technologies Inc	(e)(i)(j)	Consumer Services	L+700	1.0%	12/29/25	28.3	27.7	28.9
Lipari Foods LLC	(e)(k)	Food & Staples Retailing	L+575	1.0%	1/6/25	65.3	65.2	65.4
Lloyd's Register Quality Assurance Ltd	(e)(i)(k)	Consumer Services	E+600, 0.0% PIK (6.3% Max PIK)	0.0%	12/2/28	€ 44.3	48.6	48.9
Monitronics International Inc	(h)(i)(k)	Commercial & Professional Services	L+500	1.5%	7/3/24	\$ 35.5	32.9	35.6
Motion Recruitment Partners LLC	(e)(h)(j)	Commercial & Professional Services	L+650	1.0%	12/22/25	25.0	24.7	24.7
New Era Technology Inc	(e)(j)	Software & Services	L+625	1.0%	10/31/26	10.0	10.0	10.0
One Call Care Management Inc	(h)	Health Care Equipment & Services	L+550	0.8%	4/22/27	5.0	5.0	5.0
Otic Engineering & Manufacturing Inc	(h)	Capital Goods	L+400	0.0%	10/30/26	2.1	\$ 1.9	\$ 2.1
Parata Systems	(e)(h)(i)	Health Care Equipment & Services	L+575	1.0%	6/30/27	57.9	57.7	58.0
Precision Global Corp	(e)(j)	Materials	L+475	1.0%	8/3/24	9.0	8.7	8.7
Premium Credit Ltd	(e)(h)(i)	Diversified Financials	L+650	0.0%	1/16/26	£ 49.4	63.9	67.0
Pretium Packaging LLC	(j)	Household & Personal Products	L+400	0.5%	10/2/28	\$ 1.6	1.6	1.6
Project Marron	(e)(h)(j)	Consumer Services	B+625	0.0%	7/2/25	A\$ 63.6	43.9	43.6
Project Marron	(e)(i)(j)	Consumer Services	C+625	0.0%	7/2/25	C\$ 52.5	39.9	39.1
Project Marron	(e)(h)	Consumer Services	B+575	0.0%	7/2/25	A\$ 3.2	2.3	2.2
Pure Fishing Inc	(i)	Consumer Durables & Apparel	L+450	0.0%	12/22/25	\$ 9.9	9.8	9.6
Qdoba Restaurant Corp	(h)(k)	Consumer Services	L+700	1.0%	3/21/25	3.5	3.3	3.4
Reliant Rehab Hospital Cincinnati LLC	(e)(j)	Health Care Equipment & Services	L+625	0.0%	2/28/26	15.6	15.2	15.3
Revere Superior Holdings Inc	(e)(k)	Software & Services	L+575	1.0%	9/30/26	19.8	19.8	19.9
Rise Baking Company	(e)(k)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	1.0	1.0	1.0
Rise Baking Company	(e)(j)(k)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	30.7	30.0	30.1
Rise Baking Company	(e)(f)	Food, Beverage & Tobacco	L+625	1.0%	8/13/27	0.9	0.9	0.9
RSC Insurance Brokerage Inc	(e)(k)	Insurance	L+550	0.8%	10/30/26	19.0	\$ 19.0	\$ 19.2
Safe-Guard Products International LLC	(e)(i)(j)(k)	Diversified Financials	L+500	0.5%	1/27/27	75.5	76.0	75.5
SAMBA Safety Inc	(e)(h)(j)	Software & Services	L+575	1.0%	9/1/27	27.4	27.1	27.2
SavATree LLC	(e)(j)(k)	Consumer Services	L+550	0.8%	10/12/28	40.0	39.7	39.7
Sequa Corp	(h)(j)(k)	Capital Goods	L+675, 0.0% PIK (1.0% Max PIK)	1.0%	11/28/23	45.4	43.9	45.8
SIRVA Worldwide Inc	(i)	Commercial & Professional Services	L+550	0.0%	8/4/25	7.1	6.7	6.4
Staples Canada	(e)(h)(i)(j)(k)(n)	Retailing	C+700	1.0%	9/12/24	C\$ 87.0	67.1	70.8
Summit Interconnect Inc	(e)(j)	Capital Goods	L+600	1.0%	9/22/28	\$ 10.1	10.0	10.0
Time Manufacturing Co	(e)(h)(i)	Capital Goods	E+650	0.8%	12/1/27	€ 29.5	32.7	32.9
Total Safety US Inc	(h)(i)	Capital Goods	L+600	1.0%	8/18/25	\$ 11.8	10.4	11.7
Transaction Services Group Ltd	(e)(j)(k)(n)	Software & Services	B+650	0.0%	10/15/26	A\$ 162.0	110.9	115.2
West Corp	(i)	Software & Services	L+400	1.0%	10/10/24	\$ 12.4	12.2	11.8
West Corp	(i)	Software & Services	L+350	1.0%	10/10/24	2.6	2.5	2.4
Woolpert Inc	(e)(h)(i)(j)	Capital Goods	L+600	1.0%	4/5/28	53.5	53.0	54.3
Yak Access LLC	(n)	Capital Goods	L+500	0.0%	7/11/25	0.8	0.6	0.7
Total Senior Secured Loans—First Lien							2,136.4	2,159.4
Unfunded Loan Commitments							(1.9)	(1.9)
Net Senior Secured Loans—First Lien							2,134.5	2,157.5

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Senior Secured Loans—Second Lien—31.5%								
Access CIG LLC	(h)(i)	Commercial & Professional Services	L+775	0.0%	2/27/26	2.5	2.2	2.5
Ammeraal Beltech Holding BV	(e)(k)(n)	Capital Goods	L+775	0.0%	9/12/26	81.5	79.8	80.3
Apex Group Limited	(e)(h)(i)	Diversified Financials	L+675	0.5%	7/27/29	32.0	31.7	32.0
EaglePicher Technologies LLC	(h)	Capital Goods	L+725	0.0%	3/8/26	0.4	0.4	0.4
Excelitas Technologies Corp	(h)(i)(j)	Technology Hardware & Equipment	L+750	1.0%	12/1/25	22.6	19.7	22.7
Misys Ltd	(h)(i)(k)	Software & Services	L+725	1.0%	6/13/25	41.2	38.8	41.2
NEP Broadcasting LLC	(i)	Media & Entertainment	L+700	0.0%	10/19/26	6.8	6.7	6.7
OEConnection LLC	(e)(h)(i)(j)	Software & Services	L+825	0.0%	9/25/27	50.0	50.0	49.1
Paradigm Acquisition Corp	(h)(k)	Health Care Equipment & Services	L+750	0.0%	10/26/26	2.5	2.5	2.5
Pretium Packaging LLC	(e)(h)(i)(j)	Household & Personal Products	L+675	0.5%	10/1/29	39.9	39.7	39.5
Pure Fishing Inc	(e)(k)	Consumer Durables & Apparel	L+838	1.0%	12/21/26	46.8	42.0	44.5
Sequa Corp			L+1,075, 0.0% PIK (6.8% Max PIK)	1.0%	4/28/24	39.1	33.9	39.1
	(i)(k)	Capital Goods						
SIRVA Worldwide Inc	(j)	Commercial & Professional Services	L+950	0.0%	8/3/26	3.8	3.1	3.3
Watchfire Enterprises Inc	(e)(j)	Technology Hardware & Equipment	L+825	1.0%	10/2/24	9.3	9.3	9.3
Wittur Holding GmbH			E+850, 0.5% PIK (0.5% Max PIK)	0.0%	9/23/27	€ 120.5	131.5	129.3
	(e)(j)(k)(n)	Capital Goods						
Total Senior Secured Loans—Second Lien							491.3	502.4
Other Senior Secured Debt—1.5%								
One Call Care Management Inc	(e)	Health Care Equipment & Services	8.5% PIK (8.5% Max PIK)		11/1/28	\$ 23.5	22.9	23.5
Total Other Senior Secured Debt							22.9	23.5
Asset Based Finance—31.0%								
Abacus JV, Private Equity	(e)	Insurance				31,916,927	32.7	34.2
Altavair AirFinance, Private Equity	(e)	Capital Goods				36,500,000	43.0	44.1
GA Capital Specialty Lending Fund, Limited Partnership Interest	(e)(n)	Diversified Financials				\$ 1.0	—	4.5
Global Lending Services LLC, Private Equity	(e)(n)	Diversified Financials				3,653,142	3.7	4.6
Home Partners JV, Common Stock	(e)(o)	Real Estate				15,249,687	22.9	37.6
Home Partners JV, Structured Mezzanine	(e)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	\$ 38.4	38.4	38.4
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(e)(n)(o)	Capital Goods				19,642,734	24.4	15.9
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	7.8%		9/22/24	€ 6.9	8.1	7.9
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	7.8%		9/22/24	\$ 10.7	10.7	10.7
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	11.8%		9/22/24	€ 4.8	5.6	5.4

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/Principal Amount ^(c)	Cost	Fair Value ^(d)
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	11.8%		9/22/24	£ 1.3	1.8	1.7
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	7.8%		9/22/24	£ 1.9	2.6	2.5
Lenovo Group Ltd, Structured Mezzanine	(e)(n)	Technology Hardware & Equipment	11.8%		9/22/24	\$ 7.4	7.4	7.4
Luxembourg Life Fund - Absolute Return Fund I, 1L Term Loan	(e)(h)(n)	Insurance	L+750	1.5%	2/27/25	\$ 26.8	26.9	27.1
Luxembourg Life Fund - Absolute Return Fund III, Term Loan	(e)(h)(k)(n)	Insurance	L+925	0.0%	5/27/26	\$ 57.5	57.0	57.0
Luxembourg Life Fund - Long Term Growth Fund, Term Loan	(e)(h)(i)(k)(n)	Insurance	L+925	0.0%	4/1/23	\$ 94.6	94.1	94.5
NewStar Clarendon 2014-1A Class D	(e)(k)(n)	Diversified Financials	18.3%		1/25/27	\$ 30.0	9.3	15.3
Pretium Partners LLC P1, Structured Mezzanine	(e)(h)(i)	Real Estate	2.8%, 5.3% PIK (5.3% Max PIK)		10/22/26	\$ 18.9	18.6	19.1
Sealane Trade Finance	(e)(m)	Banks	L+375	0.0%	5/8/23	\$ 5.0	\$ 5.0	\$ 5.0
Sealane Trade Finance	(e)(m)	Banks	L+963	0.0%	5/8/23	\$ 11.2	11.2	11.2
Toorak Capital Partners LLC, Private Equity	(e)	Real Estate				40,000,000	50.2	50.4
Total Asset Based Finance							473.6	494.5
Equity/Other—5.1%								
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(e)(l)(o)	Energy				13,556	3.6	3.1
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(e)(l)(o)	Energy				115,178,571	30.5	26.4
Belk Inc, Common Stock	(e)(o)	Retailing				381	—	—
One Call Care Management Inc, Common Stock	(e)(o)	Health Care Equipment & Services				34,873	2.2	2.4
One Call Care Management Inc, Preferred Stock A	(e)(o)	Health Care Equipment & Services				371,993	23.7	26.1
One Call Care Management Inc, Preferred Stock B	(e)	Health Care Equipment & Services	9.0% PIK (9.0% Max PIK)		10/25/29	7,672,346	8.8	9.2
Zeta Interactive Holdings Corp, Common Stock	(k)(o)	Software & Services				1,766,696	15.1	14.9
Total Equity/Other							83.9	82.1
TOTAL INVESTMENTS—204.3%							\$ 3,206.2	\$ 3,260.0
Derivative Instruments—(0.4)%								
Foreign currency forward contracts								\$ (6.7)

(a) Security may be an obligation of one or more entities affiliated with the named company.

(b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2020, the three-month London Interbank Offered Rate, or LIBOR or "L", was 0.21% and the Euro Interbank Offered Rate, or EURIBOR, was (0.57)%, Canadian Dollar Offer Rate, or CDOR, was 0.48% and the Australian Interbank Rate, or BBSY or "B", was 0.12% the Reykjavik Interbank Offered Rate, or REIBOR, was 2.65%, the Stockholm Interbank Offered Rate, or STIBOR, was (0.05)%, the Sterling Overnight Index Average, or SONIA,

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

- was 0.19%, and the U.S. Prime Lending Rate, or Prime, was 3.25%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.
- (c) Denominated in U.S. dollars unless otherwise noted.
 - (d) Fair value determined by the Company's board of directors.
 - (e) Investments classified as Level 3.
 - (f) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.
 - (g) Not used.
 - (h) Security or portion thereof held within Big Cedar Creek LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with BNP Paribas.
 - (i) Security or portion thereof held within Boxwood Drive Funding and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with BNP Paribas.
 - (j) Security or portion thereof held within Chestnut Street Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Citibank, N.A.
 - (k) Security or portion thereof held within Green Creek LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs Bank.
 - (l) Security or portion thereof held within IC II American Energy Investment, Inc., a wholly-owned subsidiary of the company.
 - (m) Security or portion thereof held within JCF Cayman Ltd and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs.
 - (n) Security or portion thereof held within Jersey City Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with Goldman Sachs.
 - (o) Security is non-income producing.

Below is selected balance sheet information for COPJV as of December 31, 2022 and 2021:

	As of	
	December 31, 2022	December 31, 2021
Selected Balance Sheet Information		
Total investments, at fair value	\$ 3,562.9	\$ 3,260.0
Cash and other assets	259.2	414.3
Total assets	3,822.1	3,674.3
Debt	1,913.4	1,442.0
Other liabilities	276.4	636.7
Total liabilities	2,189.8	2,078.7
Member's equity	\$ 1,632.3	\$ 1,595.6

Below is selected statement of operations information for COPJV for the years ended December 31, 2022 and 2021:

	As of	
	December 31, 2022	December 31, 2021
Selected Statement of Operation Information		
Total investment income	\$ 300.9	\$ 189.9
Expenses		
Interest expense	69.6	40.3
Custodian and accounting fees	1.3	1.1
Administrative services	10.3	6.7
Professional services	0.1	0.7
Other	0.3	0.5
Total expenses	81.6	49.3
Net investment income	219.3	140.6
Net realized and unrealized losses	(155.6)	56.3
Net increase in net assets resulting from operations	\$ 63.7	\$ 196.9

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 7. Financial Instruments

The following is a summary of the fair value and location of the Company's derivative instruments in the consolidated balance sheets held as of December 31, 2022 and 2021:

Derivative Instrument	Statement Location	Fair Value	
		December 31, 2022	December 31, 2021
Foreign currency forward contracts	Unrealized appreciation on foreign currency forward contracts	\$ 25	\$ 9
Foreign currency forward contracts	Unrealized depreciation on foreign currency forward contracts	(1)	(1)
Total		<u>\$ 24</u>	<u>\$ 8</u>

Net realized and unrealized gains and losses on derivative instruments recorded by the Company for the years ended December 31, 2022 and 2021 are in the following locations in the consolidated statements of operations:

Derivative Instrument	Statement Location	Net Realized Gains (Losses)	
		December 31, 2022	December 31, 2021
Foreign currency forward contracts	Net realized gain (loss) on foreign currency forward contracts	10	0
Total		<u>\$ 10</u>	<u>\$ 0</u>

Derivative Instrument	Statement Location	Net Unrealized Gains (Losses)	
		December 31, 2022	December 31, 2021
Foreign currency forward contracts	Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	16	12
Total		<u>\$ 16</u>	<u>\$ 12</u>

Offsetting of Derivative Instruments

The Company has derivative instruments that are subject to master netting agreements. These agreements include provisions to offset positions with the same counterparty in the event of default by one of the parties. The Company's unrealized appreciation and depreciation on derivative instruments are reported as gross assets and liabilities, respectively, in the condensed consolidated statements of assets and liabilities. The following tables present the Company's assets and liabilities related to derivatives by counterparty, net of amounts available for offset under a master netting arrangement and net of any collateral received or pledged by the Company for such assets and liabilities as of December 31, 2022 and 2021:

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 7. Financial Instruments (continued)

December 31, 2022					
Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Assets ⁽²⁾
JP Morgan Chase Bank	\$ 25	\$ (1)	\$ —	\$ —	\$ 24
Total	\$ 25	\$ (1)	\$ —	\$ —	\$ 24
Counterparty	Derivative Liabilities Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Liabilities ⁽³⁾
JP Morgan Chase Bank	\$ (1)	\$ 1	\$ —	\$ —	\$ —
Total	\$ (1)	\$ 1	\$ —	\$ —	\$ —
December 31, 2021					
Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Assets ⁽²⁾
JP Morgan Chase Bank	\$ 9	\$ (1)	\$ —	\$ —	\$ 8
Total	\$ 9	\$ (1)	\$ —	\$ —	\$ 8
Counterparty	Derivative Liabilities Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Liabilities ⁽³⁾
JP Morgan Chase Bank	\$ (1)	\$ 1	\$ —	\$ —	\$ —
Total	\$ (1)	\$ 1	\$ —	\$ —	\$ —

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

(2) Net amount of derivative assets represents the net amount due from the counterparty to the Company.

(3) Net amount of derivative liabilities represents the net amount due from the Company to the counterparty.

Foreign Currency Forward Contracts and Cross Currency Swaps:

The Company may enter into foreign currency forward contracts and cross currency swaps from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to economically hedge the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract forward exchange rate and the forward market exchange rate on the last day of the period presented as unrealized appreciation or depreciation. Realized gains or losses are recognized when forward contracts are settled. Risks arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit counterparty risk by only dealing with well-known counterparties.

Cross currency swaps are interest rate swaps in which interest cash flows are exchanged between two parties based on the notional amounts of two different currencies. These swaps are marked-to-market by recognizing the difference between the present value of cash flows of each leg of the swaps as unrealized appreciation or depreciation. Realized gain or loss is recognized when periodic payments are received or paid and the swaps are terminated. The entire notional value of a cross currency swap is subject to the risk that the counterparty to the swap will default on its contractual delivery obligations. The Company attempts to limit counterparty risk by only dealing with well-known counterparties. The Company utilizes cross currency swaps from time to time in order to hedge a portion of its investments in foreign currency.

The average notional balance for foreign currency forward contracts during the year ended December 31, 2022 and 2021 was \$240.7 and \$157.6, respectively. See consolidated schedule of investments for the Company's open foreign currency forward contracts.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 8. Fair Value of Financial Instruments

Under existing accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. This accounting guidance emphasizes valuation techniques that maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. The Company classifies the inputs used to measure these fair values into the following hierarchy as defined by current accounting guidance:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets.

Level 3: Inputs that are unobservable for an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of December 31, 2022 and 2021, the Company's investments were categorized as follows in the fair value hierarchy:

Valuation Inputs	December 31, 2022	December 31, 2021
Level 1—Price quotations in active markets	\$ —	\$ 30
Level 2—Significant other observable inputs	564	703
Level 3—Significant unobservable inputs	13,385	13,972
Investments measured at net asset value ⁽¹⁾	1,428	1,396
	<u>\$ 15,377</u>	<u>\$ 16,101</u>

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

In addition, the Company had foreign currency forward contracts, as described in Note 7, which were categorized as Level 2 in the fair value hierarchy as of December 31, 2022 and 2021.

The Company's board of directors is responsible for overseeing the valuation of the Company's portfolio investments at fair value as determined in good faith pursuant to the Advisor's valuation policy. The Company's board of directors has designated the Advisor with day-to-day responsibility for implementing the portfolio valuation process set forth in the Advisor's valuation policy.

The Company's investments consist primarily of debt investments that were acquired directly from the issuer. Debt investments, for which broker quotes are not available, are valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, the borrower's ability to adequately service its debt, prevailing interest rates for like investments, expected cash flows, call features, anticipated repayments and other relevant terms of the investments. Except as described below, all of the Company's equity/other investments are also valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, contractual rights ascribed to such investments, as well as various income scenarios and multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value. An investment that is newly issued and purchased near the date of the financial statements is valued at cost if the Advisor determines that the cost of such investment is the best indication of its fair value. Such investments described above are typically classified as Level 3 within the fair value hierarchy. Investments that are traded on an active public market are valued at their closing price as of the date of the financial statements and are classified as Level 1 within the fair value hierarchy. Except as described above, the Advisor typically values the Company's other investments by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which are provided by independent third-party pricing services and screened for validity by such services and are typically classified as Level 2 within the fair value hierarchy.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

The Advisor periodically benchmarks the bid and ask prices it receives from the third-party pricing services and/or dealers and independent valuation firms, as applicable, against the actual prices at which the Company purchases and sells its investments. Based on the results of the benchmark analysis and the experience of the Company's management in purchasing and selling these investments, the Advisor believes that these prices are reliable indicators of fair value. The Advisor reviewed and approved the valuation determinations made with respect to these investments in a manner consistent with the Advisor's valuation policy.

The following is a reconciliation for the years ended December 31, 2022 and 2021 of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

	For the Year Ended December 31, 2022						
	Senior Secured Loans—First Lien	Senior Secured Loans—Second Lien	Other Senior Secured Debt	Subordinated Debt	Asset Based Finance	Equity/Other	Total
Fair value at beginning of period	\$ 9,542	\$ 1,205	\$ 29	\$ 74	\$ 2,245	\$ 877	\$ 13,972
Accretion of discount (amortization of premium)	66	7	—	2	5	1	81
Net realized gain (loss)	(76)	(81)	—	—	113	202	158
Net change in unrealized appreciation (depreciation)	(330)	(81)	(9)	(41)	(234)	(53)	(748)
Purchases	3,116	122	—	223	980	522	4,963
Paid-in-kind interest	49	1	2	6	28	30	116
Sales and repayments	(3,243)	(299)	—	—	(1,235)	(380)	(5,157)
Transfers into Level 3	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—	—
Fair value at end of period	<u>\$ 9,124</u>	<u>\$ 874</u>	<u>\$ 22</u>	<u>\$ 264</u>	<u>\$ 1,902</u>	<u>\$ 1,199</u>	<u>\$ 13,385</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	<u>\$ (382)</u>	<u>\$ (125)</u>	<u>\$ (9)</u>	<u>\$ (41)</u>	<u>\$ (182)</u>	<u>\$ (6)</u>	<u>\$ (745)</u>

	For the Year Ended December 31, 2021						
	Senior Secured Loans—First Lien	Senior Secured Loans—Second Lien	Other Senior Secured Debt	Subordinated Debt	Asset Based Finance	Equity/Other	Total
Fair value at beginning of period	\$ 3,276	\$ 862	\$ 36	\$ 152	\$ 951	\$ 530	\$ 5,807
Accretion of discount (amortization of premium)	46	11	—	—	3	—	60
Net realized gain (loss)	88	(88)	(21)	(7)	(24)	205	153
Net change in unrealized appreciation (depreciation)	204	122	9	(7)	186	59	573
Purchases	9,561	1,105	52	29	2,039	503	13,289
Paid-in-kind interest	22	6	1	—	49	31	109
Sales and repayments	(3,655)	(813)	(48)	(93)	(959)	(454)	(6,022)
Transfers into Level 3	—	—	—	—	—	3	3
Transfers out of Level 3	—	—	—	—	—	—	—
Fair value at end of period	<u>\$ 9,542</u>	<u>\$ 1,205</u>	<u>\$ 29</u>	<u>\$ 74</u>	<u>\$ 2,245</u>	<u>\$ 877</u>	<u>\$ 13,972</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	<u>\$ 207</u>	<u>\$ 42</u>	<u>\$ (17)</u>	<u>\$ (14)</u>	<u>\$ 166</u>	<u>\$ 96</u>	<u>\$ 480</u>

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements as of December 31, 2022 and 2021 were as follows:

Type of Investment	Fair Value at December 31, 2022	Valuation Technique ⁽¹⁾	Unobservable Input	Range	Impact to Valuation from an Increase in Input ⁽²⁾
Senior Debt	\$ 9,274	Discounted Cash Flow	Discount Rate	6.0% - 24.2% (12.0%)	Decrease
	575	Waterfall	EBITDA Multiple	0.3x - 19.8x (7.2x)	Increase
	167	Cost			
	4	Other ⁽³⁾			
Subordinated Debt	242	Discounted Cash Flow	Discount Rate	10.9% - 14.9% (13.3%)	Decrease
	22	Waterfall	EBITDA Multiple	7.5x - 7.5x (7.5x)	Increase
Asset Based Finance	980	Discounted Cash Flow	Discount Rate	5.1% - 44.0% (11.3%)	Decrease
	636	Waterfall	EBITDA Multiple	1.0x - 13.7x (1.6x)	Increase
	144	Cost			
	138	Other ⁽³⁾			
	4	Indicative Dealer Quotes		42.0% - 42.0% (42.0%)	Increase
Equity/Other	683	Waterfall	EBITDA Multiple	0.0x - 15.0x (7.4x)	Increase
	488	Discounted Cash Flow	Discount Rate	10.0% - 25.0% (15.6%)	Decrease
	13	Cost			
	12	Other ⁽³⁾			
	3	Option Pricing Model	Equity Illiquidity Discount	65.0% - 65.0% (65.0%)	Decrease
Total	\$ 13,385				

Type of Investment	Fair Value at December 31, 2021	Valuation Technique ⁽¹⁾	Unobservable Input	Range	Impact to Valuation from an Increase in Input ⁽²⁾
Senior Debt	\$ 8,746	Discounted Cash Flow	Discount Rate	5.3% - 30.3% (8.5%)	Decrease
	1,242	Cost			
	737	Waterfall	EBITDA Multiple	0.1x - 11.0x (7.0x)	Increase
	51	Other ⁽³⁾			
Subordinated Debt	53	Waterfall	EBITDA Multiple	7.0x - 7.8x (7.8x)	Increase
	21	Cost			
Asset Based Finance	1,021	Waterfall	EBITDA Multiple	1.0x - 23.1x (4.1x)	Increase
	744	Discounted Cash Flow	Discount Rate	4.2% - 16.2% (10.1%)	Decrease
	359	Cost			
	117	Other ⁽³⁾			
	4	Indicative Dealer Quotes		50.8% - 50.8% (50.8%)	Increase
Equity/Other	737	Waterfall	EBITDA Multiple	0.1x - 16.0x (6.1x)	Increase
	111	Discounted Cash Flow	Discount Rate	7.3% - 25.0% (9.8%)	Decrease
	5	Option Pricing Model	Equity Illiquidity Discount	65.0% - 65.0% (65.0%)	Decrease
	22	Other ⁽³⁾			
	2	Cost			
Total	\$ 13,972				

- (1) Investments using a market quotes valuation technique were primarily valued by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which were provided by independent third-party pricing services and screened for validity by such services. Investments valued using an EBITDA multiple or a revenue multiple pursuant to the market comparables valuation technique may be conducted using an enterprise valuation waterfall analysis.
- (2) Represents the directional change in the fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the input would have the opposite effect. Significant changes in these inputs in isolation could result in significantly higher or lower fair value measurements.
- (3) Fair value based on expected outcome of proposed corporate transactions and/or other factors.

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Notes to Consolidated Financial Statements (continued)
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Note 9. Financing Arrangements

Prior to June 14, 2019, in accordance with the 1940 Act, the Company was allowed to borrow amounts such that its asset coverage, calculated pursuant to the 1940 Act, was at least 200% after such borrowing. Effective June 15, 2019, the Company's asset coverage requirement applicable to senior securities was reduced from 200% to 150%. As of December 31, 2022, the aggregate amount outstanding of senior securities issued by the Company was \$8,731. As of December 31, 2022, the Company's asset coverage was 180%.

The following tables present summary information with respect to the Company's outstanding financing arrangements as of December 31, 2022 and 2021:

As of December 31, 2022					
Arrangement	Type of Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
Ambler Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.15% ⁽¹⁾	\$ 131	\$ 69	November 22, 2025
Burholme Prime Brokerage Facility ⁽²⁾⁽⁹⁾	Prime Brokerage Facility	L+1.25% ⁽¹⁾	—	—	June 28, 2023
CCT Tokyo Funding Credit Facility ⁽²⁾	Revolving Credit Facility	SOFR+1.90% - 2.05% ⁽¹⁾⁽³⁾	285	15	June 2, 2026
Darby Creek Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	242	8	February 26, 2025
Dunlap Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	472	28	February 26, 2025
Meadowbrook Run Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.05% ⁽¹⁾	244	56	November 22, 2024
Senior Secured Revolving Credit Facility ⁽²⁾	Revolving Credit Facility	SOFR+1.75% - 1.88% ⁽¹⁾⁽⁴⁾	2,260 ⁽⁵⁾	2,383 ⁽⁶⁾	May 17, 2027
4.625% Notes due 2024 ⁽⁷⁾	Unsecured Notes	4.63%	400	—	July 15, 2024
1.650% Notes due 2024 ⁽⁷⁾	Unsecured Notes	1.65%	500	—	October 12, 2024
4.125% Notes due 2025 ⁽⁷⁾	Unsecured Notes	4.13%	470	—	February 1, 2025
4.250% Notes due 2025 ⁽⁷⁾⁽⁹⁾	Unsecured Notes	4.25%	475	—	February 14, 2025
8.625% Notes due 2025 ⁽⁷⁾	Unsecured Notes	8.63%	250	—	May 15, 2025
3.400% Notes due 2026 ⁽⁷⁾	Unsecured Notes	3.40%	1,000	—	January 15, 2026
2.625% Notes due 2027 ⁽⁷⁾	Unsecured Notes	2.63%	400	—	January 15, 2027
3.250% Notes due 2027 ⁽⁷⁾	Unsecured Notes	3.25%	500	—	July 15, 2027
3.125% Notes due 2028 ⁽⁷⁾	Unsecured Notes	3.13%	750	—	October 12, 2028
CLO-1 Notes ⁽²⁾⁽⁸⁾	Collateralized Loan Obligation	L+1.85% - 3.01% ⁽¹⁾	352	—	January 15, 2031
Total			\$ 8,731	\$ 2,559	

(1) The benchmark rate is subject to a 0% floor.

(2) The carrying amount outstanding under the facility approximates its fair value.

(3) As of December 31, 2022, there was \$200 term loan outstanding at SOFR+1.90% and \$85 revolving commitment outstanding at SOFR+2.05%.

(4) The spread over the benchmark rate is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company. In addition to the spread over the benchmark rate, a credit spread adjustment of 0.10% and 0.0326% is applicable to borrowings in U.S. dollars and pounds sterling, respectively.

(5) Amount includes borrowing in Euros, Canadian dollars, pounds sterling and Australian dollars. Euro balance outstanding of €260 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.07 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD32 has been converted to U.S. dollars at an exchange rate of CAD1.00 to \$0.74 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Pounds sterling balance outstanding of £39 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.21 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of AUD112 has been converted to U.S. dollars at an exchange rate of AUD1.00 to \$0.68 as of December 31, 2022 to reflect total amount outstanding in U.S. dollars.

(6) The amount available for borrowing under the Senior Secured Revolving Credit Facility is reduced by any standby letters of credit issued under the Senior Secured Revolving Credit Facility. As of December 31, 2022, \$12 of such letters of credit have been issued.

(7) As of December 31, 2022, the fair value of the 4.625% notes, the 1.650% notes, the 4.125% notes, the 4.250% notes, the 8.625% notes, the 3.400% notes, the 2.625% notes, the 3.250% notes and the 3.125% notes was approximately \$388, \$452, \$442, \$446, \$255, \$888, \$334, \$421 and \$606, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.

(8) As of December 31, 2022, there were \$281.4 of Class A-1R notes outstanding at L+1.85%, \$20.5 of Class A-2R notes outstanding at L+2.25%, \$32.4 of Class B-1R notes outstanding at L+2.60% and \$17.4 of Class B-2R notes outstanding at 3.011%.

(9) As of June 16, 2021, the Company assumed all of FSKR's obligations under its notes and credit facilities, and FSKR's wholly-owned special purpose financing subsidiaries became wholly-owned special purpose financing subsidiaries of the Company, in each case, as a result of the consummation of the 2021 Merger.

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Note 9. Financing Arrangements (continued)

As of December 31, 2021					
Arrangement	Type of Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
Ambler Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.15% ⁽¹⁾	\$ 150	\$ 50	November 22, 2025
Burholme Prime Brokerage Facility ⁽²⁾⁽⁹⁾	Prime Brokerage Facility	L+1.25% ⁽¹⁾	—	—	June 28, 2022
CCT Tokyo Funding Credit Facility ⁽²⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽¹⁾⁽³⁾	300	—	January 2, 2025
Darby Creek Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	250	—	February 26, 2025
Dunlap Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	L+1.85% ⁽¹⁾	485	15	February 26, 2025
Meadowbrook Run Credit Facility ⁽²⁾⁽⁹⁾	Revolving Credit Facility	SOFR+2.05% ⁽¹⁾	300	—	November 22, 2024
Senior Secured Revolving Credit Facility ⁽²⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽¹⁾⁽⁴⁾ SONIA+0.0326% ⁽¹⁾⁽⁴⁾	2,647 ⁽⁵⁾	1,544 ⁽⁶⁾	December 23, 2025
4.750% Notes due 2022 ⁽⁷⁾	Unsecured Notes	4.75%	450	—	May 15, 2022
4.625% Notes due 2024 ⁽⁷⁾	Unsecured Notes	4.63%	400	—	July 15, 2024
1.650% Notes due 2024 ⁽⁷⁾	Unsecured Notes	1.65%	500	—	October 12, 2024
4.125% Notes due 2025 ⁽⁷⁾	Unsecured Notes	4.13%	470	—	February 1, 2025
4.250% Notes due 2025 ⁽⁷⁾⁽⁹⁾	Unsecured Notes	4.25%	475	—	February 14, 2025
8.625% Notes due 2025 ⁽⁷⁾	Unsecured Notes	8.63%	250	—	May 15, 2025
3.400% Notes due 2026 ⁽⁷⁾	Unsecured Notes	3.40%	1,000	—	January 15, 2026
2.625% Notes due 2027 ⁽⁷⁾	Unsecured Notes	2.63%	400	—	January 15, 2027
3.125% Notes due 2028 ⁽⁷⁾	Unsecured Notes	3.13%	750	—	October 12, 2028
CLO-1 Notes ⁽²⁾⁽⁸⁾	Collateralized Loan Obligation	L+1.85% - 3.01% ⁽¹⁾	352	—	January 15, 2031
Total			\$ 9,179	\$ 1,609	

- (1) The benchmark rate is subject to a 0% floor.
- (2) The carrying amount outstanding under the facility approximates its fair value.
- (3) The spread over the benchmark rate is determined by reference to the amount outstanding under the facility.
- (4) The spread over the benchmark rate is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company.
- (5) Amount includes borrowing in Euros, Canadian dollars, pounds sterling and Australian dollars. Euro balance outstanding of €260 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.14 as of December 31, 2021 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD40 has been converted to U.S. dollars at an exchange rate of CAD1.00 to \$0.79 as of December 31, 2021 to reflect total amount outstanding in U.S. dollars. Pounds sterling balance outstanding of £130 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.35 as of December 31, 2021 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of AUD116 has been converted to U.S. dollars at an exchange rate of AUD1.00 to \$0.73 as of December 31, 2021 to reflect total amount outstanding in U.S. dollars.
- (6) The amount available for borrowing under the Senior Secured Revolving Credit Facility is reduced by any standby letters of credit issued under the Senior Secured Revolving Credit Facility. As of December 31, 2021, \$9 of such letters of credit have been issued.
- (7) As of December 31, 2021, the fair value of the 4.750% notes, the 4.625% notes, the 1.650% notes, the 4.125% notes, the 4.250% notes, the 8.625% notes, the 3.400% notes, the 2.625% notes, and the 3.125% notes was approximately \$455, \$421, \$491, \$492, \$497, \$276, \$1,016 \$395 and \$747, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.
- (8) As of December 31, 2021, there were \$281.4 of Class A-1R notes outstanding at L+1.85%, \$20.5 of Class A-2R notes outstanding at L+2.25%, \$32.4 of Class B-1R notes outstanding at L+2.60% and \$17.4 of Class B-2R notes outstanding at 3.011%.
- (9) As of June 16, 2021, the Company assumed all of FSKR's obligations under its notes and credit facilities, and FSKR's wholly-owned special purpose financing subsidiaries became wholly-owned special purpose financing subsidiaries of the Company, in each case, as a result of the consummation of the 2021 Merger.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

For the years ended December 31, 2022, 2021 and 2020, the components of total interest expense for the Company's financing arrangements were as follows:

Arrangement ⁽¹⁾	Year Ended December 31,								
	2022			2021			2020		
	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount / Premium	Total Interest Expense	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense
Ambler Credit Facility ⁽²⁾	\$ 6	\$ 0	\$ 6	\$ 2	\$ 0	\$ 2	\$ —	\$ —	\$ —
Burholme Prime Brokerage Facility ⁽²⁾	—	—	—	—	—	—	—	—	—
CCT Tokyo Funding Credit Facility ⁽²⁾	11	1	12	4	1	5	6	1	7
Darby Creek Credit Facility ⁽²⁾	10	0	10	3	0	3	—	—	—
Dunlap Credit Facility ⁽²⁾	19	0	19	6	0	6	—	—	—
Juniata River Credit Facility ⁽²⁾	—	—	—	6	—	6	—	—	—
Locust Street Funding Credit Facility ⁽²⁾	—	—	—	—	—	—	13	3	16
Meadowbrook Run Credit Facility ⁽²⁾	9	0	9	4	0	4	—	—	—
Senior Secured Revolving Credit Facility ⁽²⁾	106	4	110	38	3	41	41	3	44
4.750% Notes due 2022	6	0	6	21	1	22	21	0	21
5.000% Notes due 2022	—	—	—	11	—	11	12	—	12
4.625% Notes due 2024	19	1	20	19	1	20	19	1	20
1.650% Notes due 2024	8	2	10	2	0	2	—	—	—
4.125% Notes due 2025	19	1	20	19	2	21	19	3	22
4.250% Notes due 2025	20	(7)	13	11	(4)	7	—	—	—
8.625% Notes due 2025	22	2	24	22	1	23	15	1	16
3.400% Notes due 2026	34	5	39	35	4	39	2	0	2
2.625% Notes due 2027	11	1	12	6	0	6	—	—	—
3.250% Notes due 2027	15	2	17	—	—	—	—	—	—
3.125% Notes due 2028	23	1	24	5	0	5	—	—	—
CLO-1 Notes	13	1	14	8	0	8	10	0	10
Total	\$ 351	\$ 14	\$ 365	\$ 222	\$ 9	\$ 231	\$ 158	\$ 12	\$ 170

- (1) Borrowings of each of the Company's wholly-owned, special-purpose financing subsidiaries are considered borrowings of the Company for purposes of complying with the asset coverage requirements applicable to BDCs under the 1940 Act.
- (2) Direct interest expense includes the effect of non-usage fees.

The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the year ended December 31, 2022 were \$9,449 and 3.72%, respectively. As of December 31, 2022, the Company's weighted average effective interest rate on borrowings, including the effect of non-usage fees, was 4.78%.

The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the year ended December 31, 2021 were \$6,380 and 3.45%, respectively. As of December 31, 2021, the Company's weighted average effective interest rate on borrowings, including the effect of non-usage fees, was 3.04%.

Under its financing arrangements, the Company has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar financing arrangements. The Company was in compliance with all covenants required by its financing arrangements as of December 31, 2022 and December 31, 2021.

Ambler Credit Facility

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

On November 22, 2019, Ambler Funding LLC, or Ambler Funding, a wholly-owned special-purpose financing subsidiary of the Company, entered into a revolving credit facility, or the Ambler Credit Facility, with Ally Bank, as administrative agent and arranger, Wells Fargo, as collateral administrator and collateral custodian, and the lenders from time to time party thereto. The Ambler Credit Facility provides for borrowings in U.S. dollars in an initial aggregate principal amount of up to \$200 on a committed basis.

Ambler Funding may elect at one or more times, subject to certain conditions, including the consent of Ally Bank, to increase the maximum committed amount up to \$250. The end of the reinvestment period and the maturity date for the Ambler Credit Facility are November 22, 2023 and November 22, 2025, respectively. Borrowings under the Ambler Credit Facility are subject to compliance with a borrowing base test.

Under the Ambler Credit Facility, borrowings bear interest at the rate of Term SOFR or Daily Simple SOFR, as elected by Ambler Funding, plus 2.15% per annum. Interest is payable quarterly in arrears. After an initial 3-month ramp-up period, Ambler Funding is subject to a quarterly non-usage fee ranging from 0.25% to 0.50% per annum on the average daily unborrowed portion of the committed facility amount.

Under the Ambler Credit Facility, Ambler Funding has made certain representations and warranties and must comply with various covenants, reporting requirements and other requirements customary for facilities of this type. In addition, after an initial specified period, Ambler Funding must maintain an adjusted interest coverage ratio of at least 150%, measured as of the end of each fiscal month. The Ambler Credit Facility contains events of default customary for similar financing transactions. Upon the occurrence and during the continuation of an event of default, Ally Bank may declare the outstanding advances and all other obligations under the Ambler Credit Facility immediately due and payable.

Ambler Funding's obligations under the Ambler Credit Facility are secured by a first priority security interest in substantially all of the assets of Ambler Funding, including its portfolio of assets; and a pledge by the Company of the equity of Ambler Funding. The obligations of Ambler Funding under the Ambler Credit Facility are non-recourse to the Company, and the Company's exposure under the Ambler Credit Facility is limited to the value of its investment in Ambler Funding and the equity of Ambler Funding.

Burholme Prime Brokerage Facility

On October 17, 2014, Burholme Funding LLC, or Burholme Funding, a wholly-owned financing subsidiary of the Company, entered into a committed facility arrangement, or as subsequently amended, the Burholme Prime Brokerage Facility, with BNP Paribas Prime Brokerage International, Ltd., or BNPP. The Burholme Prime Brokerage Facility provides for borrowings in U.S. dollars on a committed basis up to an aggregate principal amount equal to the average outstanding borrowings over the past ten business days.

Burholme Funding may terminate the Burholme Prime Brokerage Facility upon 179 days' notice. Absent a default or facility termination event (or the ratings decline described in the following sentence), BNPP is required to provide Burholme Funding with 179 days' notice prior to terminating or materially amending the Burholme Prime Brokerage Facility. The Burholme Prime Brokerage Facility will automatically terminate if BNP Paribas' long-term credit rating declines three or more notches below its highest rating by any of S&P, Moody's or Fitch IBCA, during the term of the Burholme Prime Brokerage Facility.

Under the Burholme Prime Brokerage Facility, borrowings bear interest at the rate of LIBOR plus 1.25% per annum. Interest is payable monthly in arrears.

Under the Burholme Prime Brokerage Facility, Burholme Funding has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other requirements customary for facilities of this type. The value of securities required to be pledged by Burholme Funding is determined in accordance with the margin requirements described in the Burholme Prime Brokerage Facility agreements. The Burholme Prime Brokerage Facility agreements contain events of default and termination events customary for similar financing transactions.

Burholme Funding's obligations under the Burholme Prime Brokerage Facility are secured by a first priority security interest in substantially all of the assets of Burholme Funding, including its portfolio of assets. The obligations of Burholme Funding under the Burholme Prime Brokerage Facility are non-recourse to the Company and the Company's exposure under the Burholme Prime Brokerage Facility is limited to the value of its investment in Burholme Funding.

CCT Tokyo Funding Credit Facility

On December 2, 2015, CCT Tokyo Funding LLC, or CCT Tokyo Funding, a wholly owned special purpose financing subsidiary of the Company, entered into a revolving credit facility, or as amended the CCT Tokyo Funding Credit Facility, pursuant to a loan and

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

servicing agreement with Sumitomo Mitsui Banking Corporation, or SMBC, as the administrative agent, collateral agent, and lender, and the Company, which succeeded CCT as the servicer and transferor.

The CCT Tokyo Funding Credit Facility provides for borrowings in an aggregate principal amount up to \$300, including a \$200 funded term loan and a \$100M committed revolving credit facility. The end of the reinvestment period and the maturity date for the CCT Tokyo Funding Credit Facility are December 1, 2023 and June 2, 2026, respectively. CCT Tokyo Funding may elect to extend both the reinvestment period and maturity date by up to an additional one year to December 1, 2024 and June 2, 2027, respectively, subject to satisfaction of certain conditions. Advances under the CCT Tokyo Funding Credit Facility are subject to a borrowing base test.

Advances outstanding under the CCT Tokyo Funding Credit Facility bear interest at a rate equal to (i) for loans for which CCT Tokyo Funding elects the base rate option, the higher of (A) the “Prime Rate” (as publicly announced by SMBC), (B) the sum of (x) federal funds effective rate plus (y) 0.50%, (C) three-month term SOFR plus 1% per annum, and (D) —% plus an applicable margin of (x) 0.90% per annum in the case of term loan advances and (y) 1.05% per annum in the case of revolving advances, or (ii) for loans for which CCT Tokyo Funding elects the term SOFR option, the greater of (a) three-month term SOFR and (b) —%, plus an applicable margin of (x) 1.90% in the case of term loan advances and (y) 2.05% in the case of revolving advances. Effective November 14, 2022, through the end of the reinvestment period, CCT Tokyo Funding pays a non-usage fee of 0.50% per annum (based on the immediately preceding quarter's average usage) on the unused portion of the revolving credit facility.

In connection with the CCT Tokyo Funding Credit Facility, CCT Tokyo Funding has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The CCT Tokyo Funding Credit Facility contains customary events of default for similar financing transactions. Upon the occurrence and during the continuance of an event of default, the administrative agent may declare the outstanding advances and all other obligations under the CCT Tokyo Funding Credit Facility immediately due and payable.

CCT Tokyo Funding's obligations to SMBC under the CCT Tokyo Funding Credit Facility are secured by a first priority security interest in substantially all of the assets of CCT Tokyo Funding, including its portfolio of assets. The obligations of CCT Tokyo Funding under the CCT Tokyo Credit Facility are non-recourse to the Company.

Darby Creek Credit Facility

On February 20, 2014, Darby Creek LLC, or Darby Creek, a wholly-owned special-purpose financing subsidiary of the Company, entered into a revolving credit facility, or as subsequently amended, the Darby Creek Credit Facility, with Deutsche Bank AG, New York Branch, or Deutsche Bank, as administrative agent, each of the lenders from time to time party thereto, the other agents party thereto and Wells Fargo, as collateral agent and collateral custodian. The Darby Creek Credit Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies in an aggregate principal amount up to \$250 on a committed basis. The end of the reinvestment period and the maturity date for the Darby Creek Credit Facility are February 26, 2023 and February 26, 2025, respectively. Borrowings under the Darby Creek Credit Facility are subject to compliance with a borrowing base test.

Under the Darby Creek Credit Facility, borrowings bear interest at the rate of LIBOR (or the relevant reference rate for any foreign currency borrowings) plus, during the reinvestment period, 1.85% per annum, and after the reinvestment period, 1.95% per annum. Interest is payable quarterly in arrears. During the reinvestment period, Darby Creek is subject to a non-usage fee of 0.375% per annum on the average daily unused portion of the committed facility amount. In addition, Darby Creek is subject to (i) a make-whole fee on a quarterly basis effectively equal to a specified portion of the spread that would have been payable if the full amount available under the Darby Creek Credit Facility had been borrowed, less the non-usage fee accrued during such quarter and (ii) administration fees.

Under the Darby Creek Credit Facility, Darby Creek has made certain representations and warranties and must comply with various covenants, reporting requirements and other requirements customary for facilities of this type. In addition, Darby Creek must maintain a specified minimum equity threshold. The Darby Creek Credit Facility contains events of default customary for similar financing transactions. Upon the occurrence and during the continuation of an event of default, Deutsche Bank may declare the outstanding advances and all other obligations under the Darby Creek Credit Facility immediately due and payable.

Darby Creek's obligations under the Darby Creek Credit Facility are secured by a first priority security interest in substantially all of the assets of Darby Creek, including its portfolio of assets. The obligations of Darby Creek under the Darby Creek Credit

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

Facility are non-recourse to the Company and the Company's exposure under the Darby Creek Credit Facility is limited to the value of its investment in Darby Creek.

Dunlap Credit Facility

On December 2, 2014, Dunlap Funding LLC, or Dunlap Funding, a wholly-owned special-purpose financing subsidiary of the Company, entered into a revolving credit facility, or as subsequently amended, the Dunlap Credit Facility, with Deutsche Bank, as administrative agent, each of the lenders from time to time party thereto, and Wells Fargo, as collateral agent and collateral custodian. The Dunlap Credit Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies in an aggregate principal amount up to \$500 on a committed basis. The end of the reinvestment period and the maturity date for the Dunlap Credit Facility are February 26, 2023 and February 26, 2025, respectively. Borrowings under the Dunlap Credit Facility are subject to compliance with a borrowing base test.

Under the Dunlap Credit Facility, borrowings bear interest at the rate of LIBOR (or the relevant reference rate for any foreign currency borrowings) plus, during the reinvestment period, 1.85% per annum, and after the reinvestment period, 1.95% per annum. Interest is payable quarterly in arrears. During the reinvestment period, Dunlap Funding is subject to a non-usage fee of 0.25% per annum on the average daily unused portion of the committed facility amount. In addition, Dunlap Funding is subject to (i) a make-whole fee on a quarterly basis effectively equal to a specified portion of the spread that would have been payable if the full amount available under the Dunlap Credit Facility had been borrowed, less the non-usage fee accrued during such quarter and (ii) administration fees.

Under the Dunlap Credit Facility, Dunlap Funding has made certain representations and warranties and must comply with various covenants, reporting requirements and other requirements customary for facilities of this type. In addition, Dunlap Funding must maintain a specified minimum equity threshold. The Dunlap Credit Facility contains events of default customary for similar financing transactions. Upon the occurrence and during the continuation of an event of default, Deutsche Bank may declare the outstanding advances and all other obligations under the Dunlap Credit Facility immediately due and payable. Dunlap Funding's obligations under the Dunlap Credit Facility are secured by a first priority security interest in substantially all of the assets of Dunlap Funding, including its portfolio of assets. The obligations of Dunlap Funding under the Dunlap Credit Facility are non-recourse to the Company, and the Company's exposure under the Dunlap Credit Facility is limited to the value of its investment in Dunlap Funding.

Meadowbrook Run Credit Facility

On November 22, 2019, Meadowbrook Run LLC, or Meadowbrook Run, a wholly-owned special-purpose financing subsidiary of the Company, entered into a revolving credit facility, or the Meadowbrook Run Credit Facility, with Morgan Stanley Senior Funding, Inc., or Morgan Stanley, as administrative agent, Wells Fargo, as collateral agent, account bank and collateral custodian, and the lenders from time to time party thereto. The Meadowbrook Run Credit Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies in an initial aggregate principal amount up to \$300 on a committed basis. Meadowbrook Run may elect at one or more times, subject to certain conditions, including the consent of Morgan Stanley, to increase the maximum committed amount up to \$400. The end of the reinvestment period and the maturity date for the Meadowbrook Run Credit Facility are February 22, 2023 and November 22, 2024, respectively. Borrowings under the Meadowbrook Run Credit Facility are subject to compliance with a borrowing base test.

Under the Meadowbrook Run Credit Facility, borrowings bear interest at the rate of Term SOFR (or the relevant reference rate for any foreign currency borrowings) plus, during the reinvestment period, 2.05% per annum, and after the reinvestment period, 2.55% per annum. Interest is payable quarterly in arrears. After the initial four-month ramp-up period and prior to the end of the reinvestment period, Meadowbrook Run is required to utilize a minimum of 70% of the committed facility amount, or the Minimum Utilization Amount. Any unborrowed amounts below the Minimum Utilization Amount accrue interest at a rate equal to the applicable margin in effect for such period. In addition, Meadowbrook Run is subject to (i) during the reinvestment period, a non-usage fee on the average daily unutilized portion of the committed facility amount in excess of the Minimum Utilization Amount, equal to, during the ramp-up period, 0.25% per annum, and thereafter until the end of the reinvestment period, 0.50% per annum.

Under the Meadowbrook Run Credit Facility, Meadowbrook Run has made certain representations and warranties and must comply with various covenants, reporting requirements and other requirements customary for facilities of this type. The Meadowbrook Run Credit Facility contains events of default customary for similar financing transactions. Upon the occurrence and during the continuation of an event of default, Morgan Stanley may declare the outstanding advances and all other obligations under the Meadowbrook Run Credit Facility immediately due and payable.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

Meadowbrook Run's obligations under the Meadowbrook Run Credit Facility are secured by a first priority security interest in substantially all of the assets of Meadowbrook Run, including its portfolio of assets. The obligations of Meadowbrook Run under the Meadowbrook Run Credit Facility are non-recourse to the Company, and the Company's exposure under the Meadowbrook Run Credit Facility is limited to the value of its investment in Meadowbrook Run.

Senior Secured Revolving Credit Facility

On August 9, 2018, the Company entered into a senior secured revolving credit facility, or as subsequently amended and restated the Senior Secured Revolving Credit Facility, with FS KKR Capital Corp. II (formerly known as FS Investment Corporation II, as a borrower in its own right and as successor by merger to FS Investment Corporation III), or FSK II, (and prior to the 2018 Merger, CCT), as borrowers, JPMorgan, as administrative agent, ING Capital LLC, or ING, as collateral agent and the lenders party thereto. The Senior Secured Revolving Credit Facility provides for the Company to succeed to all of the rights and obligations thereunder as the sole borrower upon the consummation of the 2021 Merger.

The Senior Secured Revolving Credit Facility provides for borrowings in U.S. dollars and certain agreed upon foreign currencies in an aggregate amount of up to \$4,655 with an option for the Company to request, at one or more times, that existing and/or new lenders, at their election, provide up to \$2,320 of additional commitments. The Senior Secured Revolving Credit Facility provides for a sublimit for the issuance of letters of credit in an aggregate face amount of up to \$400 (including commitments from certain lenders to issue letters of credit in an aggregate face amount of up to \$175), in each case, subject to increase or reduction from time to time pursuant to the terms of the Senior Secured Revolving Credit Facility. As of December 31, 2022, \$12 of such letters of credit have been issued.

Availability under the Senior Secured Revolving Credit Facility will terminate on May 17, 2026, or the Revolver Termination Date, and the outstanding loans under the Senior Secured Revolving Credit Facility will mature on May 17, 2027.

Borrowings under the Senior Secured Revolving Credit Facility are subject to compliance with a borrowing base test. Interest under the Senior Secured Revolving Credit Facility for (i) loans for which the Company elects the base rate option, (A) if the value of the gross borrowing base is equal to or greater than 1.60 times the aggregate amount of certain outstanding indebtedness of the Company, or the Combined Debt Amount, is payable at an "alternate base rate" (which is the greatest of (a) the prime rate as publicly announced by JPMorgan, (b) the sum of (x) the greater of (I) the federal funds effective rate and (II) the overnight bank funding rate plus (y) 0.5%, and (c) term SOFR plus 1% per annum) plus 0.75% and, (B) if the value of the borrowing base is less than 1.60 times the Combined Debt Amount, the alternate base rate plus 0.875%; and (ii) loans for which the Company elects the Eurocurrency option (A) if the value of the gross borrowing base is equal to or greater than 1.60 times the Combined Debt Amount, is payable at a rate equal to term SOFR plus 1.75% and (B) if the value of the borrowing base is less than 1.60 times the Combined Debt Amount, is payable at a rate equal to term SOFR plus 1.875%. The Company will pay a commitment fee of up to 0.375% per annum (based on the immediately preceding quarter's average usage) on the unused portion of its sublimit under the Senior Secured Revolving Credit Facility during the revolving period. The Company also will be required to pay letter of credit participation fees and a fronting fee on the average daily amount of any lender's exposure with respect to any letters of credit issued at the request of the Company under the Senior Secured Revolving Credit Facility.

In connection with the Senior Secured Revolving Credit Facility, the Company has made certain representations and warranties and must comply with various covenants and reporting requirements customary for facilities of this type. In addition, the Company must comply with the following financial covenants: (a) the Company must maintain a minimum shareholders' equity, measured as of each fiscal quarter end; and (b) the Company must maintain at all times a 150% asset coverage ratio (or, if greater, the statutory requirement then applicable to the Company).

The Senior Secured Revolving Credit Facility contains events of default customary for facilities of this type. Upon the occurrence of an event of default, JPMorgan, at the instruction of the lenders, may terminate the commitments and declare the outstanding advances and all other obligations under the Senior Secured Revolving Credit Facility immediately due and payable.

The Company's obligations under the Senior Secured Revolving Credit Facility are guaranteed by certain of the Company's subsidiaries. The Company's obligations under the Senior Secured Revolving Credit Facility are secured by a first priority security interest in substantially all of the assets of the Company and the subsidiary guarantors thereunder.

*Unsecured Notes*4.625% Notes due 2024

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)

On July 15, 2019, the Company issued \$400 aggregate principal amount of 4.625% notes due 2024, or the 4.625% notes. The 4.625% notes will mature on July 15, 2024 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the indenture governing the 4.625% notes. The 4.625% notes bear interest at a rate of 4.625% per year, payable semi-annually.

4.125% Notes due 2025

On November 20, 2019, the Company issued \$425 aggregate principal amount of 4.125% notes due 2025, or the 4.125% notes. On December 17, 2019, the Company issued an additional \$45 aggregate principal amount of the 4.125% notes due 2025. The 4.125% notes will mature on February 1, 2025 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the indenture governing the 4.125% notes. The 4.125% notes bear interest at a rate of 4.125% per year, payable semi-annually.

4.250% Notes due 2025

As of June 16, 2021, the Company assumed \$475 aggregate principal amount of 4.250% notes due 2025, or the 4.250% notes. The 4.250% notes will mature on February 14, 2025 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the indenture governing the 4.250% notes. The 4.250% notes bear interest at a rate of 4.250% per year, payable semi-annually.

8.625% Notes due 2025

On April 30, 2020, the Company issued \$250 aggregate principal amount of 8.625% notes due 2025, or the 8.625% notes. The 8.625% notes will mature on May 15, 2025 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the indenture governing the 8.625% notes. The 8.625% notes bear interest at a rate of 8.625% per year, payable semi-annually.

3.400% Notes due 2026

On December 10, 2020, the Company issued \$1,000 aggregate principal amount of 3.400% notes due 2026, or the 3.40% notes. The 3.40% notes will mature on January 15, 2026 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the indenture governing the 3.40% notes. The 3.40% notes bear interest at a rate of 3.400% per year, payable semi-annually.

2.625% Notes due 2027

On June 17, 2021, the Company issued \$400 aggregate principal amount of 2.625% notes due 2027, or the 2.625% notes. The 2.625% notes will mature on January 15, 2027 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The 2.625% notes bear interest at a rate of 2.625% per year, payable semi-annually.

3.250% Notes due 2027

On January 18, 2022, the Company issued \$500 aggregate principal amount of 3.250% notes due 2027, or the 3.250% notes. The 3.250% notes will mature on July 15, 2027 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The 3.250% notes bear interest at a rate of 3.250% per year, payable semi-annually.

1.650% Notes due 2024 and 3.125% Notes due 2028

On October 12, 2021, the Company issued \$500 aggregate principal amount of its 1.650% notes due 2024, or the 1.650% notes and \$750 aggregate principal amount of its 3.125% notes due 2028, or the 3.125% notes and together with the 4.625% notes, the 4.125% notes, the 4.250% notes, the 8.625% notes, the 3.400% notes, the 2.625% notes and the 3.250% notes, the Unsecured Notes.

The 1.650% notes will mature on October 12, 2024 and the 3.125% notes will mature on October 12, 2028. The 1.650% notes and the 3.125% notes may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The 1.650% notes bear interest at a rate of 1.650% per year, and the 3.125% notes bear interest at a rate of 3.125% per year, payable semi-annually.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 9. Financing Arrangements (continued)4.750% Notes due 2022

On April 30, 2015, the Company issued \$275 aggregate principal amount of 4.750% notes due 2022, or the 4.750% notes. On July 26, 2019, the Company issued an additional \$175 aggregate principal amount of the 4.750% notes due 2022. On April 15, 2022 the Company redeemed the 4.750% notes in full for 100% of the aggregate principal amount, plus the accrued and unpaid interest through, but excluding, April 15, 2022.

The Unsecured Notes are general unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the Unsecured Notes, rank *pari passu* with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

The Unsecured Notes contains certain covenants, including covenants requiring the Company to comply with the asset coverage requirements of Section 18(a)(1)(A) as modified by Section 61(a)(1) and (2) of the Investment Company Act of 1940, as amended, whether or not it is subject to those requirements, and to provide financial information to the holders of the Unsecured Notes if the Company is no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended. These covenants are subject to important limitations and exceptions that are described in the indenture governing the Unsecured Notes.

In addition, on the occurrence of a "change of control repurchase event," as defined in the indenture governing the Unsecured Notes, the Company will generally be required to make an offer to purchase the outstanding Unsecured Notes at a price equal to 100% of the principal amount of such Unsecured Notes plus accrued and unpaid interest to the repurchase date.

CLO-1 Notes

On June 25, 2019, FS KKR MM CLO 1 LLC, a Delaware limited liability company and a wholly owned and consolidated special purpose financing subsidiary of the Company, or the Issuer, completed a \$378.7 term debt securitization, or the CLO Transaction. The notes offered by the Issuer in the CLO Transaction, originally and then as refinanced with the CLO Reset Notes (as described below), or the CLO-1 Notes, are secured by a diversified portfolio of the Issuer consisting primarily of middle market loans and participation interests in middle market loans and may also include some broadly syndicated loans.

On December 22, 2020, the Issuer refinanced the CLO Transaction through a private placement of \$383.7 of senior secured notes consisting of: (i) \$281.4 of Class A-1R Senior Secured Floating Rate Notes, which bear interest at LIBOR plus 1.85% per annum; (ii) \$20.5 of Class A-2R Senior Secured Floating Rate Notes, which bear interest at LIBOR plus 2.25% per annum; (iii) \$32.4 of Class B-1R Senior Secured Floating Rate Notes, which bear interest at LIBOR plus 2.60% per annum; (iv) \$17.4 of Class B-2R Senior Secured Fixed Rate Notes, which bear interest at 3.011% per annum; and (v) \$32.0 of Class C-R Secured Deferrable Floating Rate Notes (the "Class C Notes"), which bear interest at LIBOR plus 3.10% per annum (collectively, the "CLO Reset Notes"). The Company holds 100% of the Class C Notes. The CLO Reset Notes are scheduled to mature on January 15, 2031 and the reinvestment period ends January 15, 2023. On the original closing date of the CLO Transaction, in consideration of the Company's transfer to the Issuer of the initial closing date loan portfolio, which included loans distributed to the Company by certain of the Company's wholly owned subsidiaries, the Issuer transferred to the Company a portion of the net cash proceeds received from the original sale of the CLO-1 Notes. To the extent that the fair market value of the initial closing date loan portfolio sold to the Issuer exceeds the cash purchase price paid by the Issuer in consideration of such loan portfolio, such excess will be deemed a capital contribution made by the Company to the Issuer in respect of the Membership Interests that the Company holds in the Issuer. The obligations of the Issuer under the CLO Transaction are non-recourse to the Company.

Note 10. Commitments and Contingencies

The Company enters into contracts that contain a variety of indemnification provisions. The Company's maximum exposure under these arrangements is unknown; however, the Company has not had prior claims or losses pursuant to these contracts. The Advisor has reviewed the Company's existing contracts and expects the risk of loss to the Company to be remote.

The Company is not currently subject to any material legal proceedings and, to the Company's knowledge, no material legal proceedings are threatened against the Company. From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company's rights under contracts with its

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 10. Commitments and Contingencies (continued)

portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Company does not expect that any such proceedings will have a material effect upon its financial condition or results of operations.

Unfunded commitments to provide funds to portfolio companies are not recorded in the Company's consolidated statements of assets and liabilities. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Company has sufficient liquidity to fund these commitments. As of December 31, 2022, the Company's unfunded commitments consisted of the following:

Category / Company ⁽¹⁾	Commitment Amount
Senior Secured Loans—First Lien	
3Pillar Global Inc	\$ 9.2
3Pillar Global Inc	24.9
48Forty Solutions LLC	10.6
Advanced Dermatology & Cosmetic Surgery	2.2
Advanced Dermatology & Cosmetic Surgery	3.6
Affordable Care Inc	28.4
Affordable Care Inc	11.4
Alacrity Solutions Group LLC	10.6
American Vision Partners	7.8
Amerivet Partners Management Inc	8.4
Amerivet Partners Management Inc	50.1
Arcfield Acquisition Corp	7.1
Arcos LLC/VA	4.5
AxiomSL Ltd	2.4
AxiomSL Ltd	2.3
Barbri Inc	9.1
BGB Group LLC	19.9
CFC Underwriting Ltd	5.7
Clariance Technologies LLC	25.3
Community Brands Inc	3.8
Community Brands Inc	1.9
Corsearch Intermediate Inc	4.4
CSafe Global	34.9
Dental Care Alliance Inc	1.7
DOC Generici Srl	2.3
Encora Digital Inc	19.4
EnviroTainer Ltd	2.7
Excelitas Technologies Corp	1.0
Excelitas Technologies Corp	4.7
Follett Software Co	9.9
Foundation Consumer Brands LLC	6.6
Foundation Risk Partners Corp	4.1
Galway Partners Holdings LLC	11.8
Galway Partners Holdings LLC	1.3
Gigamon Inc	9.3
Heniff Transportation Systems LLC	17.6
Higginbotham Insurance Agency Inc	6.0
HKA	0.2

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 10. Commitments and Contingencies (continued)

Category / Company ⁽¹⁾	Commitment Amount
HM Dunn Co Inc	2.0
Individual FoodService	4.7
Individual FoodService	1.4
iNova Pharmaceuticals (Australia) Pty Limited	2.2
Insight Global LLC	12.6
Insight Global LLC	26.8
J S Held LLC	5.2
J S Held LLC	19.2
Karman Space Inc	1.0
Lakefield Veterinary Group	35.2
Lakeview Farms Inc	10.8
Lakeview Farms Inc	2.3
Lexitas Inc	8.4
Lipari Foods LLC	27.3
Lloyd's Register Quality Assurance Ltd	12.6
Magna Legal Services LLC	2.2
Magna Legal Services LLC	5.2
Med-Metrix	25.0
Med-Metrix	7.8
Monitronics International Inc	23.9
Motion Recruitment Partners LLC	59.6
Net Documents	2.9
New Era Technology Inc	2.1
Novotech Pty Ltd	5.6
NPD Group Inc/The	0.9
Oxford Global Resources LLC	8.3
Oxford Global Resources LLC	4.1
PartsSource Inc	4.3
PartsSource Inc	22.7
Radwell International LLC/PA	6.9
Revere Superior Holdings Inc	1.7
Rise Baking Company	3.9
RSC Insurance Brokerage Inc	7.6
SAMBA Safety Inc	2.4
SavATree LLC	4.0
SavATree LLC	6.3
Source Code LLC	15.0
Spins LLC	16.5
Spins LLC	7.9
Summit Interconnect Inc	9.4
Sungard Availability Services Capital Inc	1.2
Sweeping Corp of America Inc	4.7
Time Manufacturing Co	14.8
Version1 Software Ltd	2.4
VetCor Professional Practices LLC	10.9

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 10. Commitments and Contingencies (continued)

Category / Company ⁽¹⁾	Commitment Amount
VetCor Professional Practices LLC	4.9
Wealth Enhancement Group LLC	3.3
Wealth Enhancement Group LLC	2.1
Woolpert Inc	3.7
Worldwise Inc	15.5
Worldwise Inc	6.8
Zendesk Inc	14.4
Zendesk Inc	6.0
Senior Secured Loans—Second Lien	
Valeo Foods Group Ltd	3.1
Asset Based Finance	
Byrider Finance LLC, Structured Mezzanine	6.8
Callo dine Commercial Finance LLC, 2L Term Loan B	36.1
Jet Edge International LLC, Term Loan	0.7
Total	\$ 952.4
Unfunded equity/other commitments	\$ 475.3

(1) May be commitments to one or more entities affiliated with the named company.

As of December 31, 2022, the Company's debt commitments are comprised of \$411.9 revolving credit facilities and \$540.5 delayed draw term loans, which generally are used for acquisitions or capital expenditures and are subject to certain performance tests. Such unfunded debt commitments have a fair value representing unrealized appreciation (depreciation) of \$(21.3). The Company's unfunded Asset Based Finance/Other commitments generally require certain conditions to be met or actual approval from the Advisor prior to funding.

The Senior Secured Revolving Credit Facility provides for the issuance of letters of credit in an initial aggregate face amount of up to \$175, subject to increase or reduction from time to time pursuant to the terms of the Senior Secured Revolving Credit Facility. As of December 31, 2022, \$12 of such letters of credit have been issued.

As of December 31, 2022, the Company also has an unfunded commitment to provide \$560.2 of capital to COPJV. The capital commitment can be satisfied with contributions of cash and/or investments. The capital commitments cannot be drawn without an affirmative vote by both the Company's and SCRS's representatives on COPJV's board of managers.

While the Company does not expect to fund all of its unfunded commitments, there can be no assurance that it will not be required to do so.

In the normal course of business, the Company may enter into guarantees on behalf of portfolio companies. Under such arrangements, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. The Company has no such guarantees outstanding at December 31, 2022 and December 31, 2021.

Note 11. Senior Securities Asset Coverage

Information about the Company's senior securities is shown in the table below for the years ended December 31, 2022, 2021, 2020, 2019 and 2018:

Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 11. Senior Securities Asset Coverage

Year Ended December 31,	Total Amount Outstanding Exclusive of Treasury Securities	Asset Coverage per Unit ⁽¹⁾	Involuntary Liquidation Preference per Unit ⁽²⁾	Average Market Value per Unit ⁽³⁾ (Exclude Bank Loans)
2018	\$ 3,397	2.23	—	N/A
2019	\$ 4,195	1.92	—	N/A
2020	\$ 4,042	1.77	—	N/A
2021	\$ 9,179	1.84	—	N/A
2022	\$ 8,731	1.80	—	N/A

(1) Asset coverage per unit is the ratio of the carrying value of the Company's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

(2) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the Company in preference to any security junior to it. The "—" in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(3) Not applicable because senior securities are not registered for public trading on an exchange.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 12. Financial Highlights

The following is a schedule of financial highlights of the Company for the years ended December 31, 2022, 2021, 2020, 2019 and 2018:

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per Share Data:⁽¹⁾					
Net asset value, beginning of period	\$ 27.17	\$ 25.02	\$ 30.54	\$ 31.35	\$ 37.20
Results of operations⁽²⁾					
Net investment income (loss)	3.05	2.76	2.66	3.16	3.28
Net realized gain (loss) and unrealized appreciation (depreciation)	(2.74)	4.28	(5.85)	(1.27)	(5.73)
Net increase (decrease) in net assets resulting from operations	0.31	7.04	(3.19)	1.89	(2.45)
Stockholder distributions⁽³⁾					
Distributions from net investment income	(2.66)	(2.47)	(2.56)	(3.04)	(3.40)
Distributions from net realized gain on investments	—	—	—	—	—
Net decrease in net assets resulting from stockholder distributions	(2.66)	(2.47)	(2.56)	(3.04)	(3.40)
Capital share transactions					
Issuance of common stock ⁽⁴⁾	—	(2.20)	—	—	0.00
Repurchases of common stock ⁽⁵⁾	0.07	0.01	0.23	0.34	0.16
Deduction of deferred costs ⁽⁶⁾⁽⁷⁾	—	(0.23)	—	—	(0.16)
Net increase (decrease) in net assets resulting from capital share transactions	0.07	(2.42)	0.23	0.34	—
Net asset value, end of period	\$ 24.89	\$ 27.17	\$ 25.02	\$ 30.54	\$ 31.35
Per share market value, end of period	\$ 17.50	\$ 20.94	\$ 16.56	\$ 24.52	\$ 20.72
Shares outstanding, end of period	281,731,750	284,543,091	123,755,965	126,581,766	132,869,685
Total return based on net asset value ⁽⁸⁾	1.40 %	18.47 %	(9.69)%	7.14 %	(6.56)%
Total return based on market value ⁽⁹⁾	(4.61)%	41.45 %	(19.73)%	33.80 %	(20.15)%
Ratio/Supplemental Data:					
Net assets, end of period	\$ 7,012	\$ 7,730	\$ 3,096	\$ 3,866	\$ 4,166
Ratio of net investment income to average net assets ⁽¹⁰⁾	11.42 %	10.36 %	10.44 %	10.09 %	9.15 %
Ratio of total operating expenses to average net assets ⁽¹⁰⁾	10.96 %	9.35 %	9.71 %	9.09 %	8.57 %
Ratio of net operating expenses to average net assets ⁽¹⁰⁾	10.17 %	8.82 %	9.71 %	9.09 %	8.44 %
Portfolio turnover	28.61 %	49.82 %	32.95 %	38.49 %	19.92 %
Total amount of senior securities outstanding, exclusive of treasury securities	\$ 8,731	\$ 9,179	\$ 4,042	\$ 4,195	\$ 3,397
Asset coverage per unit ⁽¹¹⁾	1.80	1.84	1.77	1.92	2.23

- (1) The share information utilized to determine per share data has been retroactively adjusted to reflect the Reverse Stock Split discussed in Note 3. Per share data may be rounded in order to recompute the ending net asset value per share.
- (2) The per share data was derived by using the weighted average shares outstanding during the applicable period.
- (3) The per share data for distributions reflect the actual amount of distributions paid per share during the applicable period.
- (4) During the year ended December 31, 2021, the issuance of common stock on a per share basis reflects the incremental net asset value changes as a result of the issuance of shares of common stock pursuant to the 2021 Merger at the fair value of FSK's common stock issued based on the shares outstanding resulting from the 2021 Merger. During the year ended December 31, 2018, the issuance of common stock on a per share basis reflects the incremental net asset value changes as a result of the issuance of shares of common stock pursuant to the Company's distribution reinvestment plan. The issuance of common stock at a price that is greater than the net asset value per share results in an increase in net asset value per share. The per share impact of the Company's distribution reinvestment plan was an increase to the net asset value of less than \$0.01 per share during the year ended December 31, 2018.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 12. Financial Highlights (continued)

- (5) Represents the incremental impact of the Company's respective share repurchase programs by buying shares in the open market at a price lower than net asset value per share for each of the years presented.
- (6) Represents the impact on NAV of merger accounting by the permanent write-off of the Company's deferred merger costs and FSKR's deferred costs and prepaid assets as well as the mark-to-market of FSKR's 4.25% Notes.
- (7) As a result of the purchase price allocation for the 2018 Merger, the Company permanently wrote off approximately \$22 of deferred costs and prepaid assets from CCT's balance sheet.
- (8) The total return based on net asset value for each year presented was calculated by taking the net asset value per share as of the end of the applicable year, adding the cash distributions per share that were declared during the applicable calendar year and dividing the total by the net asset value per share at the beginning of the applicable year. Total return based on net asset value does not consider the effect of any sales commissions or charges that may be incurred in connection with the sale of shares of the Company's common stock. The historical calculation of total return based on net asset value in the table should not be considered a representation of the Company's future total return based on net asset value, which may be greater or less than the return shown in the table due to a number of factors, including the Company's ability or inability to make investments in companies that meet its investment criteria, the interest rates payable on the debt securities the Company acquires, the level of the Company's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Company encounters competition in its markets and general economic conditions. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods. The total return calculations set forth above represent the total return on the Company's investment portfolio during the applicable period and do not represent an actual return to stockholders.
- (9) The total return based on market value for each period presented was calculated based on the change in market price during the applicable period, including the impact of distributions reinvested in accordance with the Company's DRP. Total return based on market value does not consider the effect of any sales commissions or charges that may be incurred in connection with the sale of shares of the Company's common stock. The historical calculation of total return based on market value in the table should not be considered a representation of the Company's future total return based on market value, which may be greater or less than the return shown in the table due to a number of factors, including the Company's ability or inability to make investments in companies that meet its investment criteria, the interest rates payable on the debt securities the Company acquires, the level of the Company's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Company encounters competition in its markets, general economic conditions and fluctuations in per share market value. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.
- (10) Weighted average net assets during the applicable period are used for this calculation. The following is a schedule of supplemental ratios for the years ended December 31, 2022, 2021, 2020, 2019 and 2018:

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Ratio of accrued capital gains incentive fees to average net assets	—	—	—	—	—
Ratio of subordinated income incentive fees to average net assets	1.31 %	0.83 %	—	1.40 %	1.16 %
Ratio of interest expense to average net assets	4.82 %	4.10 %	5.36 %	4.19 %	3.75 %
Ratio of excise taxes to average net assets	0.25 %	0.21 %	0.32 %	0.17 %	0.31 %

- (11) Asset coverage per unit is the ratio of the carrying value of the Company's total consolidated assets, less liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

Note 13. Acquisition of FSKR

On June 16, 2021, the Company completed its acquisition of FSKR, pursuant the 2020 Merger Agreement. Pursuant to the 2020 Merger Agreement, Merger Sub merged with and into FSKR, with FSKR continuing as the surviving company and as a wholly-owned subsidiary of the Company, or the First Merger, and, immediately thereafter, FSKR merged with and into the Company, with the Company continuing as the surviving company, or together with the First Merger, the 2021 Merger.

In accordance with the terms of the 2020 Merger Agreement, each outstanding share of FSKR common stock was converted into the right to receive 0.9498 shares of the Company's common stock. This exchange ratio was determined based on the closing net asset value, or NAV, per share of \$26.77 and \$25.42 for the Company and FSKR, respectively, as of June 14, 2021, to ensure that the NAV of shares investors would in FSK was equal to the NAV of the shares they held in FSKR. As a result, the Company issued an aggregate of approximately 161,374,028 shares of its common stock to former FSKR stockholders.

The 2021 Merger was considered a tax-free reorganization. The 2021 Merger was accounted for in accordance with the asset acquisition method of accounting as detailed in Accounting Standards Codification 805-50, *Business Combinations—Related Issues*.

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 13. Acquisition of FSKR (continued)

The fair value of the consideration paid by the Company in the 2021 Merger was allocated to the assets acquired and liabilities assumed based on their relative fair values as of the date of acquisition and did not give rise to goodwill.

The following table summarized the allocation of the purchase price to the assets acquired and liabilities assumed as a result of the 2021 Merger:

Common stock purchased	\$3,650
Total purchase price	\$3,650
Assets acquired, at fair value:	
Investments	\$7,227
Cash and cash equivalents	293
Other assets	221
Total assets acquired	\$7,741
Debt	3,794
Distributions payable	93
Other liabilities assumed	204
Total purchase price	\$3,650

The company incurred \$8 of professional fees and other costs associated with the 2021 Merger. Such costs were capitalized by the Company and included in the purchase price of the 2021 Merger. Deferred costs and prepaid assets of \$19 were permanently written off. Additionally, the Company marked-to-market the fair value of FSKR's 4.25% Notes, which was \$26 greater than its carrying amount.

Note 14. Subsequent Events*Burholme Prime Brokerage Facility*

On January 25, 2023, Burholme Funding entered into an eighth amendment to the Burholme Prime Brokerage Facility with BNP Paribas Prime Brokerage International, Ltd., or BNPP to amend the interest rate on borrowings thereunder from LIBOR plus 1.25% per annum to SOFR plus 1.35% per annum. Interest remains payable monthly in arrears.

Darby Creek Credit Facility

On February 23, 2023, Darby Creek entered into an Eleventh Amendment (the "Eleventh Amendment to the Darby Creek Credit Facility") to the Darby Creek Credit Facility, with Deutsche Bank AG, New York Branch, as facility agent, each of the lenders from time to time party thereto, the other agents parties thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian.

The Eleventh Amendment to the Darby Creek Credit Facility, among other things, (i) extended the end of the revolving period from February 26, 2023 to April 26, 2023, (ii) converted the applicable benchmark for calculating interest thereunder for borrowings in U.S. dollars from LIBOR to Term SOFR and (iii) increased the margin over the applicable benchmark that would be charged after the revolving period to 2.90% per annum, plus Term SOFR (or the relevant reference rate for any foreign currency borrowings).

Dunlap Credit Facility

On February 23, 2023, Dunlap Funding entered into Amendment No. 15 ("Amendment No. 15 to the Dunlap Credit Facility") to the Dunlap Credit Facility with Deutsche Bank AG, New York Branch, as facility agent, each of the lenders from time to time party thereto, the other agents parties thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian.

Amendment No. 15 to the Dunlap Credit Facility, among other things, (i) extended the end of the revolving period from February 26, 2023 to April 26, 2023 (ii) converted the applicable benchmark for calculating interest thereunder for borrowings in U.S. dollars from LIBOR to Term SOFR and (iii) increased the margin over the applicable benchmark that would be charged after the revolving period to 2.90% per annum, plus Term SOFR (or the relevant reference rate for any foreign currency borrowings).

FS KKR Capital Corp.
Notes to Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 15. Selected Quarterly Financial Data (Unaudited)

The following is the quarterly results of operations for the years ended December 31, 2022 and 2021. The following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Quarter Ended			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Investment income	\$ 449	\$ 411	\$ 379	\$ 396
Operating expenses				
Net expenses and excise taxes	223	195	176	176
Net investment income	226	216	203	220
Realized and unrealized gain (loss)	(159)	(343)	(276)	5
Net increase (decrease) in net assets resulting from operations	<u>\$ 67</u>	<u>\$ (127)</u>	<u>\$ (73)</u>	<u>\$ 225</u>
Per share information-basic and diluted				
Net investment income	\$ 0.80	\$ 0.76	\$ 0.71	\$ 0.77
Net increase (decrease) in net assets resulting from operations	<u>\$ 0.24</u>	<u>\$ (0.45)</u>	<u>\$ (0.26)</u>	<u>\$ 0.79</u>
Weighted average shares outstanding	<u>282,680,262</u>	<u>283,175,526</u>	<u>283,876,365</u>	<u>284,323,542</u>
	Quarter Ended			
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Investment income	\$ 364	\$ 360	\$ 206	\$ 151
Operating expenses				
Net expenses and excise taxes	175	159	90	73
Net investment income	189	201	116	78
Realized and unrealized gain (loss)	(8)	69	749	121
Net increase (decrease) in net assets resulting from operations	<u>\$ 181</u>	<u>\$ 270</u>	<u>\$ 865</u>	<u>\$ 199</u>
Per share information-basic and diluted				
Net investment income	\$ 0.66	\$ 0.71	\$ 0.77	\$ 0.63
Net increase (decrease) in net assets resulting from operations	<u>\$ 0.64</u>	<u>\$ 0.95</u>	<u>\$ 5.75</u>	<u>\$ 1.61</u>
Weighted average shares outstanding	<u>284,866,835</u>	<u>285,124,920</u>	<u>150,356,079</u>	<u>123,755,965</u>

The sum of quarterly per share amounts does not necessarily equal per share amounts reported for the years ended December 31, 2022 and 2021. This is due to changes in the number of weighted-average shares outstanding and the effects of rounding for each period.

For the year ended December 31, 2022, 68.8% of distributions qualified as interest related dividends for FSK stockholders which are exempt from U.S. withholding tax applicable to non U.S. shareholders. For the year ended December 31, 2022, 92.5% of distributions qualified as excess interest income for purposes of Internal Revenue Code Section 163(j).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Exchange Act Rule 13(a)-15(b), we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were (a) designed to ensure that the information we are required to disclose in our reports under the Exchange Act is recorded, processed and reported in an accurate manner and on a timely basis and the information that we are required to disclose in our Exchange Act reports is accumulated and communicated to management to permit timely decisions with respect to required disclosure and (b) operating in an effective manner.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rules 13a-15(f) and 15d-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Our internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's transactions and the dispositions of assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and board of directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's report on internal control over financial reporting is set forth above under the heading "Management's Report on Internal Control over Financial Reporting" in Item 8 of this annual report on Form 10-K.

Attestation Report of the Registered Public Accounting Firm

Our registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report appears on page 65.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2022, there was no change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) or 15d-15(f)) that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

We will file a definitive Proxy Statement for our 2023 Annual Meeting of Stockholders with the SEC, pursuant to Regulation 14A promulgated under the Exchange Act, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of our definitive Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 is hereby incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is hereby incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 is hereby incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is hereby incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

Item 14. Principal Accountant Fees and Services.

The information required by Item 14 is hereby incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days following the end of our fiscal year.

PCAOB ID: 34

Auditor Name: Deloitte & Touche LLP

Auditor Location: San Francisco, California

PART IV

Item 15. Exhibits, Financial Statement Schedules.

a. Documents Filed as Part of this Report

The following financial statements are set forth in Item 8:

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Management's Report on Internal Control over Financial Reporting	65
Report of Independent Registered Public Accounting Firm	66
Report of Independent Registered Public Accounting Firm	67
Consolidated Balance Sheets as of December 31, 2022 and 2021	69
Consolidated Statements of Operations for the years ended December 31, 2022, 2021 and 2020	70
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2022, 2021 and 2020	72
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020	73
Consolidated Schedules of Investments as of December 31, 2022 and 2021	75
Notes to Consolidated Financial Statements	117

b. Exhibits

Please note that the agreements included as exhibits to this annual report on Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

The following exhibits are filed as part of this annual report or hereby incorporated by reference to exhibits previously filed with the SEC:

- 2.1 [Agreement and Plan of Merger, dated as of November 23, 2020, by and among FS KKR Capital Corp., FS KKR Capital Corp. II, Rocky Merger Sub, Inc. and FS/KKR Advisor, LLC. \(Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on November 24, 2020.\)](#)
- 2.2 [Agreement and Plan of Merger, dated as of May 31, 2019, by and among FS Investment Corporation II, Corporate Capital Trust II, FS Investment Corporation III, FS Investment Corporation IV, NT Acquisition 1, Inc., NT Acquisition 2, Inc., NT Acquisition 3, Inc. and FS/KKR Advisor, LLC. \(Incorporated by reference to Exhibit 2.1 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on June 3, 2019.\)](#)
- 3.1 [Second Articles of Amendment and Restatement of FS Investment Corporation. \(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 16, 2014.\)](#)
- 3.2 [Articles of Amendment of FS Investment Corporation. \(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 3, 2018.\)](#)
- 3.3 [Articles of Amendment of FS Investment Corporation. \(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 19, 2018.\)](#)
- 3.4 [Articles of Amendment of FS KKR Capital Corp. \(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 15, 2020.\)](#)
- 3.5 [Articles of Amendment of FS KKR Capital Corp. \(Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on June 15, 2020.\)](#)
- 3.6 [Third Amended and Restated Bylaws of FS KKR Capital Corp. \(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 24, 2020.\)](#)
- 4.1 [Distribution Reinvestment Plan, effective as of June 2, 2014. \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 23, 2014.\)](#)
- 4.2 [Indenture, dated as of July 14, 2014, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed on August 14, 2014.\)](#)

- 4.3 [Third Supplemental Indenture, dated as of April 30, 2015, relating to the 4.750% Notes due 2022, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 30, 2015.\)](#)
- 4.4 [Form of 4.750% Notes due 2022. \(Included as Exhibit A to the Third Supplemental Indenture in Exhibit 4.3\) \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 30, 2015.\)](#)
- 4.5 [Fourth Supplemental Indenture, dated as of July 15, 2019, relating to the 4.625% Notes due 2024, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2019.\)](#)
- 4.6 [Form of 4.625% Notes due 2024. \(Included as Exhibit A to the Fourth Supplemental Indenture in Exhibit 4.5\) \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2019.\)](#)
- 4.7 [Fifth Supplemental Indenture, dated as of November 20, 2019, relating to the 4.125% Notes due 2025, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 20, 2019.\)](#)
- 4.8 [Form of 4.125% Notes due 2025. \(Included as Exhibit A to the Fifth Supplemental Indenture in Exhibit 4.7\) \(Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 20, 2019.\)](#)
- 4.9 [Sixth Supplemental Indenture, dated as of April 30, 2020 relating to the 8.625% Notes due 2025, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.9 filed with the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed on May 6, 2020.\)](#)
- 4.10 [Form of 8.625% Notes due 2025. \(Included as Exhibit A to the Sixth Supplemental Indenture in Exhibit 4.9\) \(Incorporated by reference to Exhibit 4.9 filed with the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed on May 6, 2020.\)](#)
- 4.11 [Seventh Supplemental Indenture, dated as of December 10, 2020 relating to the 3.400% Notes due 2026, by and between the Company and U.S. Bank National Association, as trustee. \(Incorporated by reference to Exhibit 4.1 filed with the Company's Current Report on Form 8-K for filed on December 10, 2020.\)](#)
- 4.12 [Form of 3.400% Notes due 2026. \(Included as Exhibit A to the Seventh Supplemental Indenture in Exhibit 4.11\) \(Incorporated by reference to Exhibit 4.1 filed with the Company's Current Report on Form 8-K for filed on December 10, 2020.\)](#)
- 4.13 [Indenture, dated June 28, 2017, by and between The Bank of New York Mellon Trust Company, N.A. and Corporate Capital Trust, Inc. \(Incorporated by reference to Exhibit 4.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on July 5, 2017.\)](#)
- 4.14 [Form of 5.00% Notes due 2022. \(Included as Exhibit A to the Indenture in Exhibit 4.13\) \(Incorporated by reference to Exhibit 4.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on July 5, 2017.\)](#)
- 4.15 [Indenture, dated as of February 14, 2020, by and between FS KKR Capital Corp. II and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on February 14, 2020.\)](#)
- 4.16 [First Supplemental Indenture, dated as of February 14, 2020, relating to the 4.250% Notes due 2025, by and between FS KKR Capital Corp. II and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on February 14, 2020.\)](#)
- 4.17 [Second Supplemental Indenture, dated as of June 16, 2021, relating to the 4.250% Notes due 2025, by and between FS KKR Capital Corp. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on June 16, 2021.\)](#)
- 4.18 [Form of 4.250% Notes due 2025 \(included as Exhibit A to Exhibit 4.16 hereto\) \(incorporated by reference to Exhibit 4.2 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on February 14, 2020.\)](#)
- 4.19 [Eighth Supplemental Indenture, dated as of June 17, 2021, relating to the 2.625% Notes due 2027, by and between FS KKR Capital Corp. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 17, 2021.\)](#)
- 4.20 [Form of 2.625% Notes due 2027 \(included as Exhibit A to Exhibit 4.19 hereto\) \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 17, 2021.\)](#)

- 4.21 [Ninth Supplemental Indenture, dated October 12, 2021, relating to the 1.650% Notes due 2024, by and between FS KKR Capital Corp. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on October 13, 2021.\)](#)
- 4.22 [Form of 1.650% Notes due 2024 \(included as Exhibit A to Exhibit 4.21 hereto\) \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on October 13, 2021.\)](#)
- 4.23 [Tenth Supplemental Indenture, dated October 12, 2021, relating to the 3.125% Notes due 2028, by and between FS KKR Capital Corp. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on October 13, 2021.\)](#)
- 4.24 [Form of 3.125% Notes due 2028 \(included as Exhibit A to Exhibit 4.23 hereto\) \(incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on October 13, 2021.\)](#)
- 4.25 [Eleventh Supplemental Indenture, dated January 18, 2022, relating to the 3.250% Notes due 2027, by and between FS KKR Capital Corp. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on January 19, 2022.\)](#)
- 4.26 [Form of 3.250% Notes due 2027 \(included as Exhibit A to Exhibit 4.25 hereto\) \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on January 19, 2022.\)](#)
- 4.27* [Description of Securities.](#)
- 10.1 [Amended and Restated Investment Advisory Agreement, dated as of June 16, 2021, by and between FS KKR Capital Corp. and FS/KKR Advisor, LLC. \(Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 16, 2021.\)](#)
- 10.2 [Administration Agreement, dated as of April 9, 2018, by and between FS Investment Corporation and FS/KKR Advisor, LLC. \(Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on April 9, 2018.\)](#)
- 10.3 [Custodian Agreement, dated as of November 14, 2011, by and between the Company and State Street Bank and Trust Company. \(Incorporated by reference to Exhibit 10.9 filed with the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 filed on November 14, 2011.\)](#)
- 10.4 [Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of December 23, 2020, by and among the Company, and FS KKR Capital Corp. II, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, ING Capital LLC, as collateral agent, and the lenders, documentation agents, joint bookrunners, and joint lead arrangers party thereto. \(Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 30, 2020.\)](#)
- 10.5† [Amendment No. 1 to Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 27, 2021, by and among the Company \(include as successor by merger of FS KKR Capital Corp. II\), as borrower, and JPMorgan Chase Bank, N.A., as administrative agent. \(Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 filed on November 8, 2021.\)](#)
- 10.6 [Loan and Servicing Agreement, dated as of December 2, 2015, among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.42 to Corporate Capital Trust, Inc.'s Annual Report on Form 10-K filed on March 21, 2016.\)](#)
- 10.7 [First Amendment to Loan and Servicing Agreement, dated September 20, 2017, by an among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.3 to Corporate Capital Trust, Inc.'s Quarterly Report on Form 10-Q filed on November 9, 2017.\)](#)
- 10.8 [Second Amendment to Loan and Servicing Agreement, dated as of November 28, 2017, by and among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on November 28, 2017.\)](#)
- 10.9 [Fourth Amendment to Loan and Servicing Agreement, dated as of November 30, 2018, by and among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc., and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K filed on February 28, 2019.\)](#)
- 10.10 [Fifth Amendment to Loan and Servicing Agreement, dated as of December 2, 2019, by and among CCT Tokyo Funding LLC, the Company, and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 5, 2019.\)](#)

- 10.11 [Sixth Amendment to Loan and Servicing Agreement, dated December 1, 2020, by and among CCT Tokyo Funding LLC, FS KKR Capital Corp., and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 2, 2020.\)](#)
- 10.12 [Seventh Amendment to Loan and Servicing Agreement, dated November 9, 2021, by and among CCT Tokyo Funding LLC, FS KKR Capital Corp., and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 15, 2021.\)](#)
- 10.13 [Eighth Amendment to Loan and Servicing Agreement, dated November 14, 2022, by and among CCT Tokyo Funding LLC, FS KKR Capital Corp., and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to Company's Current Report on Form 8-K filed on November 17, 2022.\)](#)
- 10.14 [Indenture, dated June 25, 2019, by and between FS KKR MM CLO 1 LLC and US Bank National Association. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2019.\)](#)
- 10.15 [Amended and Restated Indenture, dated December 22, 2020, by and between FS KKR MM CLO 1 LLC and U.S. Bank National Association. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 30, 2020.\)](#)
- 10.16 [Loan Financing and Servicing Agreement, dated as of February 20, 2014, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.5 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on February 25, 2014.\)](#)
- 10.17 [Amendment No. 1 to Loan Financing and Servicing Agreement, dated as of January 12, 2015, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.27 to FS KKR Capital Corp. II's Annual Report on Form 10-K filed on March 25, 2016.\)](#)
- 10.18 [Amendment No. 2 to Loan Financing and Servicing Agreement, dated as of February 3, 2015, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.28 to FS KKR Capital Corp. II's Annual Report on Form 10-K filed on March 25, 2016.\)](#)
- 10.19 [Amendment No. 3 to Loan Financing and Servicing Agreement, dated as of May 7, 2015, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.29 to FS KKR Capital Corp. II's Annual Report on Form 10-K filed on March 25, 2016.\)](#)
- 10.20 [Amendment No. 4 to Loan Financing and Servicing Agreement, dated as of October 8, 2015, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.30 to FS KKR Capital Corp. II's Annual Report on Form 10-K filed on March 25, 2016.\)](#)
- 10.21 [Amendment No. 6 to Loan Financing and Servicing Agreement, dated as of August 19, 2016, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.1 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on August 22, 2016.\)](#)
- 10.22 [Amendment No. 7 to Loan Financing and Servicing Agreement, dated as of February 15, 2019, by and among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.16 to FS KKR Capital Corp. II's Quarterly Report on Form 10-K filed on March 19, 2019.\)](#)
- 10.23 [Omnibus Amendment, dated as of February 20, 2019, between Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent, each lender party thereto, each agent party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.1 to FS KKR Capital Corp. III's Current Report on Form 8-K filed on February 25, 2019.\)](#)

- 10.24 [Ninth Amendment to Loan Financing and Servicing Agreement, dated as of October 8, 2021, among Darby Creek LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.26 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 filed on November 8, 2021\).](#)
- 10.25 [Tenth Amendment to Loan Financing and Servicing Agreement, dated December 28, 2021, by and among Darby Creek LLC, Deutsche Bank AG, New York Branch, as facility agent, and each of the lenders from time to time party thereto. \(Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 4, 2022\).](#)
- 10.26 [Loan Financing and Servicing Agreement, dated as of December 2, 2014, by and among Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, Wells Fargo Bank, National Association, as collateral agent and collateral custodian, and the other lenders and lender agents from time to time party thereto. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on December 8, 2014\).](#)
- 10.27* [Eleventh Amendment to Loan Financing and Servicing Agreement, dated February 23, 2023, by and among Darby Creek LLC, Deutsche Bank AG, New York Branch, as facility agent, and each of the lenders from time to time party thereto.](#)
- 10.28 [Amendment No. 1 to Loan Financing and Servicing Agreement, dated as of February 24, 2015, between Dunlap Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as administrative agent. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on March 2, 2015\).](#)
- 10.29 [Amendment No. 2 to Loan Financing and Servicing Agreement, dated as of March 24, 2015, between Dunlap Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as administrative agent. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on March 26, 2015\).](#)
- 10.30 [Amendment No. 3 to Loan Financing and Servicing Agreement, dated as of May 1, 2015, between Dunlap Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as administrative agent. \(Incorporated by reference to Exhibit 10.29 to FS Investment Corporation III's Annual Report on Form 10-K filed on March 11, 2016\).](#)
- 10.31 [Amendment No. 4 to Loan Financing and Servicing Agreement, dated as of September 22, 2015, between Dunlap Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as administrative agent. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on September 24, 2015\).](#)
- 10.32 [Amendment No. 5 to Loan Financing and Servicing Agreement, dated as of October 8, 2015, between Dunlap Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as administrative agent. \(Incorporated by reference to Exhibit 10.31 to FS Investment Corporation III's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed on March 11, 2016\).](#)
- 10.33 [Amendment No. 7 to Loan Financing and Servicing Agreement, dated as of January 12, 2017, between Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, each lender party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.1 to the FS Investment Corporation III's Current Report on Form 8-K filed on January 19, 2017\).](#)
- 10.34 [Amendment No. 8 to Loan Financing and Servicing Agreement, dated as of April 5, 2017, between Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as administrative agent, each lender party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.37 to FS Investment Corporation III's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, filed on May 10, 2017\).](#)
- 10.35 [Amendment No. 9 to Loan Financing and Servicing Agreement, dated as of March 12, 2018, between Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent \(formerly administrative agent\), each lender party thereto, and Wells Fargo, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on March 15, 2018\).](#)
- 10.36 [Amendment No. 10 to Loan Financing and Servicing Agreement, dated as of June 20, 2018, among Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent \(formerly administrative agent\), each lender party thereto, each agent party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.48 to FS Investment Corporation III's Quarterly Report on Form 10-Q filed on August 14, 2018\).](#)

- 10.37 [Waiver, Assignment and Amendment No. 11 to Loan Financing and Servicing Agreement, dated as of September 17, 2018, among Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent \(formerly administrative agent\), each lender party thereto, each agent party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.46 to FS Investment Corporation III's Quarterly Report on Form 10-Q filed on November 14, 2018\).](#)
- 10.38 [Amendment No. 12 to Loan Financing and Servicing Agreement, dated as of December 21, 2018, among Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent, each lender party thereto, each agent party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.43 to FS Investment Corporation III's Annual Report on Form 10-K filed on March 19, 2019\).](#)
- 10.39 [Amendment No. 13 to Loan Financing and Servicing Agreement, dated as of October 8, 2021, among Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.44 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, filed on November 8, 2021\).](#)
- 10.40 [Amendment No. 14 to Loan Financing and Servicing Agreement, dated December 28, 2021, by and among Dunlap Funding LLC, Deutsche Bank AG, New York Branch, as facility agent and as lender. \(Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 4, 2022\).](#)
- 10.41 [Omnibus Amendment, dated as of February 19, 2019, between Dunlap Funding LLC, as borrower, Deutsche Bank AG, New York Branch, as facility agent, each lender party thereto, each agent party thereto, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation II's Current Report on Form 8-K filed on February 25, 2019\).](#)
- 10.42* [Amendment No. 15 to Loan Financing and Servicing Agreement, dated February 23, 2023, by and among Dunlap Funding LLC, Deutsche Bank AG, New York Branch, as facility agent and as lender.](#)
- 10.43 [Committed Facility Agreement, dated as of October 17, 2014, by and between Burholme Funding LLC and BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on October 23, 2014\).](#)
- 10.44 [U.S. PB Agreement, dated as of October 17, 2014, by and between Burholme Funding LLC and BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities. \(Incorporated by reference to Exhibit 10.2 to FS Investment Corporation III's Current Report on Form 8-K filed on October 23, 2014\).](#)
- 10.45 [Special Custody and Pledge Agreement, dated as of October 17, 2014, by and among Burholme Funding LLC, BNP Paribas Prime Brokerage, Inc. and State Street Bank and Trust Company, as custodian. \(Incorporated by reference to Exhibit 10.3 to FS Investment Corporation III's Current Report on Form 8-K filed on October 23, 2014\).](#)
- 10.46 [First Amendment Agreement, dated as of March 11, 2015, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities, and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on March 13, 2015\).](#)
- 10.47 [Second Amendment Agreement, dated as of October 21, 2015, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.21 to FS Investment Corporation III's Annual Report on Form 10-K filed on March 11, 2016\).](#)
- 10.48 [Third Amendment Agreement, dated as of March 16, 2016, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.23 to FS Investment Corporation III's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 filed on November 14, 2016\).](#)
- 10.49 [Fourth Amendment Agreement, dated as of August 29, 2016, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on September 2, 2016\).](#)
- 10.50 [Fifth Amendment Agreement, dated as of November 15, 2016, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage, Inc., on behalf of itself and as agent for the BNPP Entities and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on November 21, 2016\).](#)

- 10.51 [Sixth Amendment Agreement, dated as of May 29, 2018, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage International, Ltd. And Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.34 to the Registrant's Quarterly Report on Form 10-Q filed on August 14, 2018\).](#)
- 10.52 [Seventh Amendment Agreement, dated as of June 12, 2019, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage International, Ltd. and Burholme Funding LLC. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation III's Current Report on Form 8-K filed on June 17, 2019\).](#)
- 10.53* [Eighth Amendment Agreement, dated as of January 25, 2023, to the Committed Facility Agreement, dated as of October 17, 2014, between BNP Paribas Prime Brokerage International, Ltd. and Burholme Funding, LLC.](#)
- 10.54 [Loan and Security Agreement, dated as of November 22, 2019, by and among Ambler Funding LLC, as borrower, Ally Bank, as administrative agent and arranger, Wells Fargo Bank, N.A., as collateral administrator and collateral custodian, and the lenders from time to time party thereto. \(Incorporated by reference to Exhibit 10.1 to FS Investment Corporation IV's Current Report on Form 8-K filed on November 26, 2019\).](#)
- 10.55 [First Amendment to Loan and Security Agreement, dated December 28, 2021, by and among Ambler Funding LLC, Ally Bank and Wells Fargo, National Association. \(Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 4, 2022\).](#)
- 10.56 [Loan and Servicing Agreement, dated as of November 22, 2019, by and among Meadowbrook Run LLC, as borrower, Morgan Stanley Senior Funding, Inc., as administrative agent, Wells Fargo Bank, N.A., as collateral agent, account bank and collateral custodian, and the lenders from time to time party thereto. \(Incorporated by reference to Exhibit 10.1 to FS KKR Capital Corp. II's Current Report on Form 8-K filed on November 29, 2019\).](#)
- 10.57 [First Amendment to Loan and Servicing Agreement and Omnibus Amendment to Transaction Documents, dated as of March 3, 2020, by and among Meadowbrook Run LLC, as borrower, Morgan Stanley Senior Funding, Inc., as lender and administrative agent, and FS KKR Capital Corp. II, as servicer. \(Incorporated by reference to Exhibit 10.49 to FS KKR Capital Corp. II's Quarterly Report on Form 10-Q filed on May 12, 2020\).](#)
- 10.58 [Second Amendment to Loan and Servicing Agreement, dated as of June 16, 2020, by and among Meadowbrook Run LLC, as borrower, FS KKR Capital Corp. II, as servicer, Morgan Stanley Bank, N.A., as lender, and Morgan Stanley Senior Funding, Inc., as administrative agent \(Incorporated by reference to Exhibit 10.50 to FS KKR Capital Corp. II's Quarterly Report on Form 10-Q filed on August 10, 2020\).](#)
- 10.59 [Third Amendment to Loan and Servicing Agreement and Omnibus Amendment to Transaction Documents, dated as of December 28, 2021, among Meadowbrook Run LLC, as the borrower, FS KKR Capital Corp., as the servicer, Morgan Stanley Bank, N.A., as the lender, and Morgan Stanley Senior Funding, Inc., as administrative agent. \(Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on January 4, 2022\).](#)
- 10.60* [Fourth Amendment to Loan and Servicing Agreement, dated November 28, 2022, by and among Meadowbrook Run LLC, as borrower, FS KKR Capital Corp., as the servicer, Morgan Stanley Bank, N.A., as the lender, and Morgan Stanley Senior Funding, Inc., as administrative agent.](#)
- 10.61 [Amendment No. 2, dated as of May 17, 2022, by and among FS KKR Capital Corp., as borrower, JPMorgan Chase Bank, N.A., as administrative agent, ING Capital LLC, as collateral agent, and the lenders party thereto. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 18, 2022\).](#)
- 21.1* [Subsidiaries of the Company.](#)
- 23* [Consent of Deloitte & Touche LLP](#)
- 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 Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2* [Certification of Chief Financial Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* [Inline XBRL Instance Document](#)

101.SCH*	Inline XBRL Taxonomy Extension Schema Document	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† Pursuant to Item 601(a)(5) of Regulation S-K, certain exhibits and schedules have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted attachment to the SEC upon request.

c. Financial Statement Schedules

No financial statement schedules are filed herewith because (1) such schedules are not required or (2) the information has been presented in the aforementioned financial statements.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 27, 2023

FS KKR CAPITAL CORP.

/s/ MICHAEL C. FORMAN

Michael C. Forman

Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacity and on the dates indicated.

Date: February 27, 2023

/s/ MICHAEL C. FORMAN

Michael C. Forman
Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 27, 2023

/s/ STEVEN LILLY

Steven Lilly
Chief Financial Officer
(Principal Financial Officer)

Date: February 27, 2023

/s/ WILLIAM GOEBEL

William Goebel
Chief Accounting Officer
(Principal Accounting Officer)

Date: February 27, 2023

/s/ BARBARA ADAMS

Barbara Adams
Director

Date: February 27, 2023

/s/ BRIAN R. FORD

Brian R. Ford
Director

Date: February 27, 2023

/s/ RICHARD GOLDSTEIN

Richard Goldstein
Director

Date: February 27, 2023

/s/ MICHAEL J. HAGAN

Michael J. Hagan
Director

Date: February 27, 2023

/s/ JEFFREY K. HARROW

Jeffrey K. Harrow
Director

Date: February 27, 2023

/s/ JEREL A. HOPKINS

Jerel A. Hopkins
Director

Date: February 27, 2023

/s/ OSAGIE IMASOGIE

Osagie Imasogie
Director

Date: February 27, 2023

/s/ JAMES H. KROPP

James H. Kropp
Director

Date: February 27, 2023

/s/ DANIEL PIETRZAK

Daniel Pietrzak
Director

Date: February 27, 2023

/s/ ELIZABETH SANDLER

Elizabeth Sandler
Director

DESCRIPTION OF SECURITIES

As of December 31, 2022, FS KKR Capital Corp. (“we,” “our,” or the “Company”) had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock, par value \$0.001 per share (“common stock”).

Common Stock, par value \$0.001 per share

Our charter authorizes us to issue up to 800,000,000 shares of stock, of which 750,000,000 shares are classified as common stock, par value \$0.001 per share, and 50,000,000 shares are classified as preferred stock, par value \$0.001 per share. A majority of the board of directors, without any action by our stockholders, may amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Our common stock trades on the New York Stock Exchange under the ticker symbol “FSK”. There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans.

Our charter also contains a provision permitting the board of directors to classify or reclassify any unissued shares of common stock or preferred stock in one or more classes or series of common stock or preferred stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, or terms or conditions of redemption of the common stock or preferred stock. We believe that the power to classify or reclassify unissued shares of capital stock and thereafter issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and investments and in meeting other needs that might arise.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, conversion or redemption rights and will be freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock will be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as may be provided by our board of directors in setting the terms of classified or reclassified stock, the holders of our common stock will possess exclusive voting power. There will be no cumulative voting. As permitted by the MGCL, our charter provides that the presence of stockholders entitled to cast one-third of the votes entitled to be cast at a meeting of stockholders will constitute a quorum.

Preferred Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

Limitation on Liability of Directors and Officers; Indemnification and Advancement of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision expanding or limiting the liability of its directors and officers to the corporation and its stockholders for money damages, but a corporation may not include any provision that restricts or limits the liability of directors or officers to the corporation or its stockholders:

- (a) to the extent that it is proved that the person actually received an improper benefit or profit in money, property or services; or
- (b) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person’s action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Our charter contains a provision which limits directors’ and officers’ liability to us and our stockholders for money damages, to the maximum extent permitted by Maryland law. In addition, we have obtained directors’ and officers’ liability insurance.

Under the MGCL, a Maryland corporation may indemnify its directors, officers and certain other parties against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service to the corporation or at its request, unless it is established that (i) the act or omission of the indemnified party was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the director actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, the indemnified party had reasonable cause to believe that the act or omission was unlawful. Maryland law does not permit indemnification in respect of any proceeding in which the party seeking indemnification shall have been adjudged to be liable to the corporation. Further, a party may not be indemnified for a proceeding brought by that party against the corporation, except (i) for a proceeding brought to enforce indemnification or (ii) if the charter or bylaws, a resolution of the corporation's board of directors or an agreement approved by the corporation's board of directors to which the corporation is a party expressly provides otherwise.

Our charter permits us to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any individual (a) who is a present or former director or officer of ours and who is made or threatened to be made a party to a proceeding by reason of his or her service in that capacity, or (b) who, while a director or officer of ours and at our request, serves or has served as a director, officer, partner, member, manager or trustee of any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to a proceeding by reason of his or her service in such capacity and from and against any claim or liability to which such person may become subject or such person may incur, in each case to the fullest extent permitted by Maryland law.

Our charter provides that any provisions of the charter relating to limiting liability of directors and officers or to indemnifying directors and officers are subject to any applicable limitations in the Investment Company Act of 1940, as amended (the "1940 Act").

Our bylaws obligate us to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any individual who (a) is a present or former director or officer of ours and who is made or threatened to be made a party to a proceeding by reason of his or her service in that capacity, or (b) while a director or officer of ours and at our request, serves or has served as a director, officer, partner, member, manager or trustee of any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to a proceeding by reason of his or her service in such capacity and from and against any claim or liability to which such person may become subject or such person may incur, in each case to the fullest extent permitted by Maryland law and the 1940 Act. Our charter and bylaws also permit us to provide such indemnification and advancement for expenses to a person who served a predecessor of ours in any of the capacities described in (a) or (b) above and to any employee or agent of ours or a predecessor of ours. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Board of Directors

Our charter provides that the number of directors will be ten, and may be increased or decreased by our board of directors in accordance with our bylaws. Our bylaws provide that the number of directors may not be less than the minimum number required by the MGCL or more than twelve. Our charter also provides that the directors, other than any director elected solely by holders of one or more classes or series of preferred stock, shall be classified, with respect to the terms for which they severally hold office, into three classes, as nearly equal in number as possible as determined by the board of directors. Generally, at each annual meeting of stockholders, the successors to the class of directors whose term expires at such meeting shall be elected for a three-year term and until their successors are duly elected and qualify. Our directors may be elected to an unlimited number of successive terms.

Our bylaws provide that a director shall be elected only if such director receives the affirmative vote of a majority of the total votes cast for and affirmatively withheld as to such director at a meeting of stockholders duly called and at which a quorum is present. However, directors shall be elected by a plurality of votes cast at a meeting of stockholders duly called and at which a quorum is present if the number of nominees is greater than the number of directors to be elected at the meeting.

Except as may be provided by our board of directors in setting the terms of any class or series of preferred stock, pursuant to an election in our charter as permitted by the MGCL, any and all vacancies on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Pursuant to our charter, subject to the rights, if any, of holders of one or more classes or series of preferred stock to elect or remove one or more directors, any director may be removed from office at any time only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to cast generally in the election of directors. Pursuant to our bylaws, any director may resign at any time by delivering his or her resignation to the board of directors, the chairman of the board or the secretary, which resignation shall take effect immediately upon its receipt or at such later time specified in the resignation.

We currently have a total of eleven members of the board of directors, nine of whom are independent directors. A director is considered independent if he or she is not an “interested person” as that term is defined under Section 2(a)(19) of the 1940 Act. Our charter provides that a majority of our board of directors must be independent directors except for a period of up to 60 days after the death, removal or resignation of an independent director pending the election of his or her successor.

Action by Stockholders

The MGCL provides that stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the charter permits the consent in lieu of a meeting to be less than unanimous, which our charter does not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only (a) pursuant to our notice of the meeting, (b) by our board of directors or (c) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to our board of directors at a special meeting may be made only (x) pursuant to our notice of the meeting, (y) by our board of directors or (z) provided that our board of directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of a different forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL, or our charter or bylaws or (d) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Our bylaws also provide that, unless we consent in writing to the selection of a different forum, to the fullest extent permitted by law, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our board of directors and certain of our officers. In addition, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, sell all or substantially all of its assets or engage in a share exchange, unless the transaction is advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Under our charter, provided that our directors then in office have approved and declared the action advisable and submitted such action to the stockholders, action that requires stockholder approval, including amending our charter, our dissolution, a

merger, consolidation or a sale of all or substantially all of our assets must be approved by the affirmative vote of stockholders entitled to cast at least a majority of all the votes entitled to be cast on the matter. Notwithstanding the foregoing, the affirmative vote of the holders of shares entitled to cast at least 80% of all the votes entitled to be cast on the matter, with each class that is entitled to vote on the matter voting as a separate class, shall be required to effect any amendment to our charter to make our common stock a “redeemable security” or convert us, whether by merger or otherwise, from a “closed-end company” to an “open-end company” (as such terms are defined in the 1940 Act), to cause our liquidation or dissolution or any amendment to our charter to effect any such liquidation or dissolution, or to amend certain charter provisions, provided that, if the Continuing Directors (as defined in our charter), by a vote of at least two-thirds of such Continuing Directors, in addition to approval by the board of directors, approve such amendment, the affirmative vote of only the holders of stock entitled to cast a majority of all the votes entitled to be cast on the matter shall be required.

Our charter and bylaws provide that our board of directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

In certain extraordinary transactions, the MGCL provides the right to dissenting stockholders to demand and receive the fair value of their shares, subject to certain procedures and requirements set forth in the statute. Those rights are commonly referred to as appraisal rights. Except with respect to appraisal rights arising in connection with the Control Share Acquisition Act discussed below, as permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights.

Control Share Acquisitions

The MGCL provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, which we refer to as the Control Share Acquisition Act. Shares owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquirer crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the corporation’s board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The corporation’s right to repurchase control shares is subject to certain conditions and limitations, including compliance with the 1940 Act. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The Control Share Acquisition Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the corporation’s charter or bylaws. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future (before or after a control share acquisition). However, we will amend our bylaws to repeal such provision (so as to be subject to the Control Share

Acquisition Act) only if our board of directors determines that it would be in our best interests and if the staff of the Securities and Exchange Commission (the “SEC”) does not object to our determination that our being subject to the Control Share Acquisition Act does not conflict with the 1940 Act.

Stockholder Liability

The MGCL provides that our stockholders are under no obligation to us or our creditors with respect to their shares other than the obligation to pay to us the full amount of the consideration for which their shares were issued.

Under our charter, our stockholders shall not be liable for any debt, claim, demand, judgment or obligation of any kind by reason of being a stockholder, nor shall any stockholder be subject to any personal liability by reason of being a stockholder.

Business Combinations

Under the MGCL, certain “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. We refer to these provisions as the Business Combination Act. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under the MGCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by our board of directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Additional Provisions of the Maryland General Corporation Law

The MGCL provides that a Maryland corporation that is subject to the Exchange Act and has at least three outside directors can elect by resolution of the board of directors to be subject to some corporate governance provisions that may be inconsistent with the corporation’s charter and bylaws. Under the applicable statute, a board of directors may classify itself without the vote of stockholders. A board of directors classified in that manner cannot be altered by amendment to the charter of the corporation. Further, the board of directors may, by electing into applicable statutory provisions and notwithstanding the charter or bylaws:

- provide that a special meeting of stockholders will be called only at the request of stockholders entitled to cast at least a majority of the votes entitled to be cast at the meeting;
- reserve for itself the right to fix the number of directors;

- provide that a director may be removed only by the vote of the holders of two-thirds of the stock entitled to vote;
- retain for itself sole authority to fill vacancies created by the death, removal or resignation of a director; and
- provide that all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors, in office, even if the remaining directors do not constitute a quorum.

In addition, if the board of directors is classified, a director elected to fill a vacancy under this provision will serve for the balance of the unexpired term instead of until the next annual meeting of stockholders. A board of directors may implement all or any of these provisions without amending the charter or bylaws and without stockholder approval. A corporation may be prohibited by its charter or by resolution of its board of directors from electing any of the provisions of the statute. We are not prohibited from implementing any or all of the statute. Our board of directors has elected into the applicable statutory provisions, which provide that, except as may be provided by the board in setting the terms of any class of preferred stock, any vacancies on the board may be filled only by a majority of the directors then in office, even if less than a quorum, and a director elected to fill a vacancy will serve for the balance of the unexpired term.

Conflict with the 1940 Act

Our bylaws provide that, if and to the extent that any provision of the MGCL, including the Control Share Acquisition Act (if we amend our bylaws to be subject to such act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any mandatory provision of the 1940 Act, the applicable provision of the 1940 Act will control.

ELEVENTH AMENDMENT, dated as of February 23, 2023 (this “Amendment”), among Darby Creek LLC, a Delaware limited liability company (the “Borrower”), Deutsche Bank AG, New York Branch, as facility agent (the “Facility Agent”) and each Lender party here (each, a “Lender”, and collectively, the “Lenders”).

WHEREAS, the Borrower, the Lenders, Wells Fargo Bank, National Association, as collateral agent (the “Collateral Agent”) and the Facility Agent are party to the Loan Financing and Servicing Agreement, dated as of February 20, 2014 (as amended, supplemented, amended and restated and otherwise modified from time to time, the “Loan Agreement”); and

WHEREAS, the Borrower, the Facility Agent and the Lenders have agreed to amend the Loan Agreement in accordance with the terms and conditions set forth herein.

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

A. Definitions

Section 1.1 Defined Terms.

Terms used but not defined herein have the respective meanings given to such terms in the Loan Agreement.

A. Amendments

Section 2.1 Amendments to the Loan Agreement. As of the date of this Amendment, the Loan Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the pages of the Loan Agreement attached as Appendix A hereto.

B. Conditions to Effectiveness

Section 3.1 This Amendment shall become effective as of the date first written above upon:

- a. the execution and delivery of this Amendment by each party hereto; and
- b. the Facility Agent shall have received certified copies of the resolutions of the board of managers (or similar items) of the Borrower approving this Amendment and the transactions contemplated hereby, certified by its secretary or assistant secretary or other authorized officer;
- c. the Facility Agent shall have received the executed legal opinion of Dechert LLP, counsel to the Borrower, in form and substance acceptable to the Lender in its reasonable discretion; and
- d. the payment in full of all fees (including reasonable fees and out-of-pocket, documented expenses of counsel) due to the Lenders and Facility Agent on or prior to the effective date of this Amendment.

A. Representations and Warranties

Section 4.1 The Borrower hereby represents and warrants to the Facility Agent that, as of the date first written above, (i) no Facility Termination Event or Unmatured Facility Termination Event has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

B. Miscellaneous

Section 5.1 Governing Law.

THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 5.2 Severability Clause.

In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 5.3 Ratification.

Except as expressly amended and waived hereby, the Loan Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect.

Section 5.4 Counterparts.

The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof. The parties agree that this Amendment may be executed and delivered by electronic signatures and that the electronic signatures appearing on this Amendment are the same as handwritten signatures for the purposes of validity, enforceability and admissibility.

Section 5.5 Headings.

The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature pages follow]

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

DARBY CREEK LLC, as Borrower
By: /s/ William Goebel Name: William Goebel Title: Chief Financial
Officer

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent and as a
Committed Lender
By: /s/ Peter Sabino Name: Peter Sabino Title: Director
By: /s/ Thorben Wedderien Name: Thorben Wedderien Title: Vice President

TIAA, FSB, as a Committed Lender
By: /s/ Martin O'Brien Name: Martin O'Brien Title: Director

KEYBANK NATIONAL ASSOCIATION, as a Committed Lender
By: /s/ Richard Andersen Name: Richard Andersen Title: Senior Vice
President

CUSTOMERS BANK, as a Committed Lender
By: /s/ Lyle P. Cunningham Name: Lyle P. Cunningham Title: Executive
Vice President

APPENDIX A

LOAN FINANCING AND SERVICING AGREEMENT
 dated as of February 20, 2014
 DARBY CREEK LLC as Borrower
 THE LENDERS FROM TIME TO TIME PARTIES HERETO,
 DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent
 THE OTHER AGENTS PARTIES HERETO,
 and
 WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and as Collateral Custodian

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LOAN FINANCING AND SERVICING AGREEMENT

THIS LOAN FINANCING AND SERVICING AGREEMENT is made and entered into as of February 20, 2014, among DARBY CREEK LLC, a Delaware limited liability company (the "Borrower"), each LENDER (as hereinafter defined) FROM TIME TO TIME PARTY HERETO, the AGENTS for the Lender Groups (as hereinafter defined) from time to time parties hereto (each such party, in such capacity, together with their respective successors and permitted assigns in such capacity, an "Agent"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and Collateral Custodian (each as hereinafter defined), and DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Facility Agent").

RECITALS

WHEREAS, the Borrower desires that each Lender extend financing on the terms and conditions set forth herein; and
WHEREAS, each Lender desires to extend financing on the terms and conditions set forth herein.

NOW, THEREFORE, based upon the foregoing Recitals, the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

A. DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"1940 Act" means the Investment Company Act of 1940, as amended.

"Account" means the Unfunded Exposure Account, the Principal Collection Account and the Interest Collection Account, together with any sub-accounts deemed appropriate or necessary by the Securities Intermediary, for convenience in administering such accounts.

"Account Collateral" has the meaning set forth in Section 12.1(d).

“Account Control Agreement” means the Securities Account Control Agreement, dated as of the Effective Date, by and between the Borrower, as pledgor, the Collateral Agent on behalf of the Secured Parties, as secured party, and the Collateral Custodian, as Securities Intermediary.

“Adjusted Aggregate Eligible Collateral Obligation Balance” means, as of any date, the Aggregate Eligible Collateral Obligation Amount minus the Excess Concentration Amount on such date.

“Advance” has the meaning set forth in Section 2.1(a).

“Advance Date” has the meaning set forth in Section 2.1(a).

“Advance Rate” means, with respect to any Eligible Collateral Obligation on any date of determination, the applicable percentage set forth in the table below:

<u>Loan Type</u>	<u>Advance Rate</u>
First Lien Loan or Senior Secured Bond	70%
First Lien Last Out Loan (Leverage Multiple of 1.0 – 1.5x) (as of the most recent date of determination)	65%
First Lien Last Out Loan (Leverage Multiple of 1.5 – 2.0x) (as of the most recent date of determination)	60%
First Lien Last Out Loan (Leverage Multiple of 2.0 – 2.5x) (as of the most recent date of determination)	55%
Second Lien Loan	45%
Unsecured Loan or Unsecured Bond	35%

“Advance Request” has the meaning set forth in Section 2.2(a).

“Adverse Claim” means any claim of ownership or any Lien, title retention, trust or other charge or encumbrance, or other type of preferential arrangement having the effect or purpose of creating a Lien, other than Permitted Liens.

“Affected Person” has the meaning set forth in Section 5.1.

“Affiliate” of any Person means any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person (excluding any trustee under, or any committee with responsibility for administering, any employee benefit plan). For the purposes of this definition, “Control” shall mean the possession, directly or indirectly (including through affiliated entities), of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “Controlling” and “Controlled” shall have meanings correlative thereto.

“Agent” has the meaning set forth in the Preamble.

“Aggregate Eligible Collateral Obligation Amount” means, as of any date, the sum of the Collateral Obligation Amounts for all Eligible Collateral Obligations.

“Aggregate Funded Spread” means, as of any day, the sum of: (a) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that bears interest at a spread over the Applicable Interest Rate, (i) the sum of (I) the stated interest rate spread on each such Collateral Obligation above such index plus (II) for each such Collateral Obligation that provides for a minimum index amount, the excess, if any, of such minimum index amount over such index multiplied by (ii) the Collateral Obligation Amount of each such Collateral Obligation plus (b) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that bears interest at a spread over an index other than the Applicable Interest Rate, (A) the excess for each such Collateral Obligation of the sum of such spread for each such Collateral Obligation and such index for each such Collateral Obligation over the Applicable Interest Rate for such applicable period of time (which spread or excess may be expressed as a negative percentage) multiplied by (B) the Collateral Obligation Amount of each such Collateral Obligation plus (c) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that is a Fixed Rate Collateral Obligation, (x) the interest rate for such Collateral Obligation minus the Applicable Interest Rate multiplied by (y) the Collateral Obligation Amount of each such Collateral Obligation.

“Aggregate Notional Amount” shall mean, with respect to any date of determination, an amount equal to the sum of the notional amounts or equivalent amounts of all outstanding Hedging Agreements, Replacement Hedging Agreements and Qualified Substitute Arrangements, each as of such date of determination.

“Aggregate Unfunded Amount” shall mean, as of any date of determination, the sum of the unfunded commitments and all other standby or contingent commitments associated with each Variable Funding Asset included in the Collateral as of such date.

“Agreement” means this Loan Financing and Servicing Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“AIF” has the meaning given to the term under the AIFMD Law.

“AIFM” has the meaning given to the term under the AIFMD Law.

“AIFMD” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010, as the same may be amended, supplemented, superseded or re-adopted from time to time (whether with or without qualification).

“AIFMD Law” means (a) the AIFMD and (b) any applicable law of a member state of the European Union implementing the AIFMD.

“Alternate Base Rate” means a fluctuating rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the highest of:

- a. (a) the rate of interest announced publicly by DBNY in New York, New York, from time to time as DBNY’s base commercial lending rate;
- b. (b) ½ of one percent above the Federal Funds Rate; and
- c. (c) zero.

“Amount Available” means, with respect to any Distribution Date, the sum of (a) the amount of Collections with respect to the related Collection Period and any amounts paid into the Collection Account under any Hedging Agreement with respect to the Collection Period ending on the Determination Date preceding such Distribution Date (excluding any Collections necessary to settle the acquisition of Eligible Collateral Obligations), plus (b) any investment income earned on amounts on deposit in the Collection Account since the immediately prior Distribution Date (or since the Effective Date in the case of the first Distribution Date), plus (c) any Repurchase Amounts deposited in the Collection Account with respect to the related Collection Period.

“Anti-Bribery and Corruption Laws” has the meaning set forth in Section 9.30(a).

“Anti-Money Laundering Laws” has the meaning set forth in Section 9.29(b).

“Applicable Conversion Rate” means, with respect to Euros, GBPs, AUDs or CADs (x) for an actual currency exchange, the applicable currency-Dollar spot rate obtained by the Borrower through customary banking channels, including the Collateral Agent’s own banking facilities or (y) for all other purposes, the applicable currency-Dollar spot rate that appeared on the Bloomberg screen for such currency (i) if such date is a Determination Date, at the end of such day or (ii) otherwise, at the end of the immediately preceding Business Day.

“Applicable Exchange Rate” means with respect to any Collateral Obligation denominated and payable in Euros, GBPs, AUDs or CADs on any day, the lesser of (a) the applicable currency-Dollar spot rate used by the Borrower (as determined by the Investment Manager) to acquire such currency on the related Cut-Off Date and (b) the Applicable Conversion Rate for such currency.

“Applicable Interest Rate” means (a) with respect to any Collateral Obligation or any Advance denominated in CAD, the CDOR Rate, (b) with respect to any Collateral Obligation or any Advance denominated in AUD, the BBSW Rate, (c) with respect to any Collateral Obligation or any Advance denominated in Euros, the EURIBOR Rate, (d) with respect to any Collateral Obligation or any Advance denominated in GBP, the sum of (i) Daily Simple SONIA and (ii) the SONIA Adjustment (provided that if such sum is less than 0%, the Applicable Interest Rate determined pursuant to this clause (d) shall be deemed to be 0% for purposes of this Agreement), and (e) with respect to any other Collateral Obligation or any other Advance, ~~the LIBOR Rate~~ Term SOFR.

“Applicable Law” means for any Person all existing and future laws, rules, regulations (including temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders, licenses of and interpretations by any Official Body applicable to such Person (including, without limitation, predatory and abusive lending laws, usury laws, the Federal Truth in Lending Act, the Equal Credit Opportunity

Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson Moss Warranty Act, the Federal Reserve Board's Regulations "B" and "Z", the Servicemembers Civil Relief Act of 2003 and state adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and all other consumer credit laws and equal credit opportunity and disclosure laws) and applicable judgments, decrees, injunctions, writs, awards or orders of any court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

"Applicable Margin" means prior to the occurrence of any Facility Termination Event, (i) during the Revolving Period, 1.85% per annum and (ii) thereafter, ~~1.95~~2.90% per annum; provided that, during any period while a Facility Termination Event has occurred and is continuing, the Applicable Margin otherwise in effect shall be increased by the addition thereto of 2.00% per annum.

"Applicable Time Zone" means (i) with respect to Dollar Advances and CAD Advances, New York City time, (ii) with respect to Euro Advances and GBP Advances, London time and (iii) with respect to AUD Advances, Sydney time.

"Appraised Value" means, with respect to any Asset Based Loan, the appraised value of the *pro rata* portion of the underlying collateral securing such Collateral Obligation as determined by an Approved Valuation Firm.

"Approval Notice" means, with respect to any Collateral Obligation, a copy of a notice executed by the Facility Agent in the form of Exhibit E, evidencing, among other things, the approval of the Facility Agent, in its sole discretion, of such Collateral Obligation, the applicable Eligible Currency and the applicable Discount Factor, the jurisdiction (if other than the United States or any State thereof) of the applicable Obligor, the loan type and lien priority, the Effective LTV, the Original Effective LTV and the Attaching Original Effective LTV (if such Collateral Obligation is an Asset Based Loan), the Original Leverage Multiple and the Attaching Leverage Multiple, other non-cash charges included in EBITDA and each other item listed in Section 6.2(h).

"Approved Appraisal Firm" means an independent third-party appraisal firm, including, Hilco Valuation Services, Gordon Brothers, Great American Group and Tiger Group and, any other independent nationally recognized third-party appraisal firm either (a) specified on the related Asset Approval Request and approved on the related Approval Notice or (b) selected by the Borrower and approved in writing by the Facility Agent (such approval not to be unreasonably withheld or delayed).

"Approved Valuation Firm" means an independent third-party valuation firm, including, (i) for any Asset Based Loan, Hilco Valuation Services, Gordon Brothers, Great American Group and Tiger Group, and (ii) for all other Collateral Obligations, Murray, Devine & Co., Houlihan Lokey, Duff & Phelps, Lincoln Advisors and Valuation Research Corporation and, in each case, any other independent nationally recognized third-party valuation firm either (a) specified on the related Asset Approval Request and approved on the related Approval Notice or (b) selected by the Borrower and approved in writing by the Facility Agent (such approval not to be unreasonably withheld or delayed).

"Asset Approval Request" means a notice in the form of Exhibit C-3 which requests an Approval Notice with respect to one or more Collateral Obligations and shall include (among other things):

- a. (a) the proposed date of each related acquisition;
- b. (b) the Investment Manager's internal risk rating (including all other output and related calculations) for each such Collateral Obligation;
- c. (c) the Original Leverage Multiple and Original Effective LTV (if such Collateral Obligation is an Asset Based Loan) for each such Collateral Obligation, measured as of the date of such notice;
- d. (d) each requested other non-cash charge to be included in EBITDA (if any);
- e. (e) a list, for each such Second Lien Loan, of any Liens permitted under the applicable Underlying Instruments that are permitted to (i) secure borrowed money in excess of \$500,000, whether individually or in the aggregate and (ii) rank in priority senior to or *pari passu* with such Second Lien Loan;
- f. (f) all Obligor Information, including notice of any unavailable items of Obligor Information; and
- g. (g) a related Schedule of Collateral Obligations.

“Asset Based Loan” means any Loan which the Investment Manager identifies on the related Asset Approval Request that (i) was underwritten primarily on the appraised value of the assets securing such Loan and (ii) is governed by a borrowing base.

“Attaching Leverage Multiple” means, with respect to any Collateral Obligation that is an Enterprise Value Loan, the Leverage Multiple of any Loan of the applicable Obligor that is immediately senior in right of payment to such Collateral Obligation.

“Attaching Original Effective LTV” means, with respect to any Collateral Obligation that is an Asset Based Loan, the Original Effective LTV of any Loan of the applicable Obligor that is immediately senior in right of payment to such Collateral Obligation.

“AUD Advance” means each Advance made in AUDs.

“AUD Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of an “AUD Lender”.

“AUDs” means the lawful money of Australia.

“Average Life” means, as of any day and with respect to any Collateral Obligation, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded up to the nearest one hundredth thereof) from such day to the respective dates of each successive Scheduled Collateral Obligation Payment of principal on such Collateral Obligation multiplied by (b) the respective amounts of principal of such Scheduled Collateral Obligation Payments by (ii) the sum of all successive Scheduled Collateral Obligation Payments of principal on such Collateral Obligation.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., as amended.

“Base Rate” for any Advance means a rate per annum equal to the Applicable Interest Rate for such Advance or portion thereof; provided, that in the case of

- a. (a) any day on or after the first day on which a Committed Lender shall have notified the Facility Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Official Body asserts that it is unlawful, for such Committed Lender to fund such Advance at the Base Rate set forth above (and such Committed Lender shall not have subsequently notified the Facility Agent that such circumstances no longer exist), or

b. (b) any period in the event the Applicable Interest Rate is not reasonably available to any Lender for such period, the “Base Rate” shall be a floating rate per annum equal to the Alternate Base Rate in effect on each day of such period.

“Basel III Regulation” shall mean, with respect to any Affected Person, any rule, regulation or guideline applicable to such Affected Person and arising directly or indirectly from (a) any of the following documents prepared by the Basel Committee on Banking Supervision of the Bank of International Settlements: (i) Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring (December 2010), (ii) Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems (June 2011), (iii) Basel III: The Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools (January 2013), or (iv) any document supplementing, clarifying or otherwise relating to any of the foregoing, or (b) any accord, treaty, statute, law, rule, regulation, guideline or pronouncement (whether or not having the force of law) of any governmental authority implementing, furthering or complementing any of the principles set forth in the foregoing documents of strengthening capital and liquidity, in each case as from time to time amended, restated, supplemented or otherwise modified. Without limiting the generality of the foregoing, “Basel III Regulation” shall include Part 6 of the European Union regulation on prudential requirements for credit institutions and

investment firms (the “CRR”) and any law, regulation, standard, guideline, directive or other publication supplementing or otherwise modifying the CRR.

“BBSW Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the average rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) applicable to bankers’ acceptances for a term equivalent to the Collection Period appearing on the Bloomberg Professional Service (or any successor thereto) Bank Bill Swap Reference Bid Rate as of 10:00 a.m. (Sydney, Australia time), on the first day of such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day; provided, however, if such rate does not appear on the Bloomberg Professional Service (or any successor thereto) Bank Bill Swap Reference Bid Rate as contemplated, then the BBSW Rate on any date shall be calculated as the arithmetic mean of the rates of interest quoted as of 10:00 a.m. (Sydney, Australia time) on such day by the Facility Agent on the basis of the discount amount at which the Facility Agent is then offering to purchase AUD denominated bankers’ acceptances that have a comparable aggregate face amount to the Advances outstanding in AUD and the same term to maturity as such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day.

“Borrower” has the meaning set forth in the Preamble.

“Borrower Assigned Agreements” has the meaning set forth in Section 12.1(c).

“Borrowing Base” means, on any day of determination, (i) the product of the lower of (a) the Weighted Average Advance Rate and (b) the Maximum Portfolio Advance Rate multiplied by the Adjusted Aggregate Eligible Collateral Obligation Balance plus (ii) the equivalent in Dollars of the amount on deposit in the Principal Collection Account (as determined by the Investment Manager using the Applicable Conversion Rate) minus (iii) the Aggregate Unfunded Amount plus (iv) the equivalent in Dollars of the amount on deposit in the Unfunded Exposure Account (as determined by the Investment Manager using the Applicable Conversion Rate).

“Borrowing Base Condition” means, both before and after giving pro forma effect to any such distribution, (i) with respect to any distribution permitted under Sections 10.16(a)(A)(1) and 10.16(a)(A)(2), the Borrowing Base is greater than or equal to the Advances outstanding, and (ii) with respect to any distribution permitted under Section 10.16(a)(A)(3), the Borrowing Base is greater than or equal to 110% of the Advances outstanding.

“Business Day” means any day (and, solely for the purposes of determining the Applicable Interest Rate if Term SOFR applies, a day that is also a U.S. Government Securities Business Day) that is not (i) a Saturday or Sunday, (ii) any other day on which banking institutions in New York, New York or the city in which the offices of the Collateral Agent or Collateral Custodian are located are authorized or obligated by law, executive order or government decree to remain closed or (iii) if the applicable Business Day relates to the advance or continuation of, or payment of an Advance bearing interest at the Applicable Interest Rate or the determination of the Applicable Interest Rate, days on which banks are dealing in Dollar deposits in the interbank eurodollar market in London, England, Toronto, Canada or Sydney, Australia are closed. All references to any “day” or any particular day of any “calendar month” shall mean calendar day unless otherwise specified.

“CAD” means the lawful money of Canada.

“CAD Advance” means each Advance made in CAD.

“CAD Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “CAD Lender”.

“Capped Fees/Expenses” means, at any time, the Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses such that the aggregate amount of such Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses paid to the Collateral Agent or the Collateral Custodian under the Transaction Documents in any calendar year do not exceed the sum of (i) 0.03% per annum of the Aggregate Eligible Collateral Obligation Amount plus (ii) \$200,000.

“CDOR Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the average rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) applicable to bankers’ acceptances for a term equivalent to the Collection Period appearing on the Bloomberg Professional Service (or any successor thereto) Canadian Dealer Offered Rate as of 10:00 a.m. (Toronto time), on the first day of such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day; provided,

however, if such rate does not appear on the Bloomberg Professional Service (or any successor thereto) Canadian Dealer Offered Rate as contemplated, then the CDOR Rate on any date shall be calculated as the arithmetic mean of the rates of interest quoted as of 10:00 a.m. (Toronto time) on such day by the Facility Agent on the basis of the discount amount at which the Facility Agent is then offering to purchase CAD denominated bankers' acceptances that have a comparable aggregate face amount to the Advances outstanding in CAD and the same term to maturity as such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day.

“Change of Control” means the Equityholder shall no longer be the sole equityholder of the Borrower; provided, however, that any publicly announced transaction or other series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall not constitute a Change of Control.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” has the meaning set forth in Section 12.1.

“Collateral Agent” means Wells Fargo Bank, National Association, solely in its capacity as Collateral Agent, together with its successors and permitted assigns in such capacity.

“Collateral Agent and Collateral Custodian Fee Letter” means that certain letter agreement between the Collateral Agent and Collateral Custodian and the Borrower, as the same may be amended, supplemented or otherwise modified by the parties thereto with the consent of the Facility Agent.

“Collateral Agent Fees and Expenses” has the meaning set forth in Section 11.11.

“Collateral Custodian” means Wells Fargo Bank, National Association, solely in its capacity as collateral custodian, together with its successors and permitted assigns in such capacity.

“Collateral Custodian Fees and Expenses” has the meaning set forth in Section 18.10.

“Collateral Database” has the meaning set forth in Section 11.3(a)(i).

“Collateral Obligation” means a Loan or participation interest therein owned by the Borrower, excluding the Retained Interest thereon.

“Collateral Obligation Amount” means for any Collateral Obligation, as of any date of determination, an amount equal to the product of (i) the Discount Factor of such Collateral Obligation at such time multiplied by (ii) the Principal Balance of such Collateral Obligation at such time.

The Collateral Obligation Amount of any Collateral Obligation that ceases to be (or otherwise is not) an Eligible Collateral Obligation shall be zero.

“Collateral Obligation File” means, with respect to each Collateral Obligation as identified on the related Document Checklist, (i) if the Collateral Obligation includes a promissory note, (x) an original, executed copy of such promissory note, or (y) in the case of a lost promissory note, a copy of such executed promissory note accompanied by an original executed affidavit and indemnity endorsed by the Borrower in blank, in each case with respect to clause (x) or clause (y) with an unbroken chain of endorsements from each prior holder of such promissory note to the Borrower or in blank (unless such note is in bearer form, in which case delivery alone shall suffice), or (z) in the case of a noteless Collateral Obligation, a copy of each executed document or instrument evidencing the assignment of such Collateral Obligation to the Borrower, (ii) copies (as indicated on the Schedule of Collateral Obligations and the related Document Checklist) of any related loan agreement, security agreement, mortgage, moveable or immovable hypothec, deed of hypothec, guarantees, note purchase agreement, intercreditor and/or subordination agreement, each to the extent in the possession of the Borrower, (iii) copies of the file-stamped (or the electronic equivalent of) UCC financing statements and continuation statements (including amendments or modifications thereof) authorized by the Obligor thereof or by another Person on the Obligor's behalf in respect of such Collateral Obligation, and (iv) any other document included by the Investment Manager on the related Document Checklist.

“Collateral Obligation Schedule” means the list of Collateral Obligations set forth on Schedule 3, as the same may be updated by the Borrower (or the Investment Manager on behalf of the Borrower) from time to time.

“Collateral Quality Tests” means, collectively or individually as the case may be, the Minimum Diversity Test, the Minimum Weighted Average Spread Test and the Maximum Weighted Average Life Test.

“Collection Account” means, collectively, the Principal Collection Account and the Interest Collection Account.

“Collection Period” means, with respect to the first Distribution Date, the period from and including the Effective Date to and including the Determination Date preceding the first Distribution Date; and thereafter, the period from but excluding the Determination Date preceding the previous Distribution Date to and including the Determination Date preceding the current Distribution Date.

“Collections” means the sum of all Interest Collections and all Principal Collections received with respect to the Collateral.

“Commitment” means, for each Committed Lender, (a) prior to the Facility Termination Date, the commitment of such Committed Lender to make Advances to the Borrower in an amount not to exceed, in the aggregate, the amount set forth opposite such Committed Lender’s name on Annex B or pursuant to the assignment executed by such Committed Lender and its assignee(s) and delivered pursuant to Article XV (as such Commitment may be reduced as set forth in Section 2.5), and (b) on and after the earlier to occur of (i) Facility Termination Date and (ii) the end of the Revolving Period, such Committed Lender’s *pro rata* share of all Advances outstanding.

“Committed Lenders” means, for any Lender Group, the Persons executing this Agreement in the capacity of a “Committed Lender” for such Lender Group (or an assignment hereof) in accordance with the terms of this Agreement.

“Competitor” means (a) any Person primarily engaged in the business of private investment management as a business development company, mezzanine fund, private debt fund, hedge fund or private equity fund, which is in direct or indirect competition with the Borrower, the Investment Manager, the advisor of the Investment Manager, or any Affiliate thereof that is an investment advisor, (b) any Person controlled by, or controlling, or under common control with, a Person referred to in clause (a) above, or (c) any Person for which a Person referred to in clause (a) above serves as an investment advisor with discretionary investment authority.

“Corporate Facility” means the Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of December 23, 2020 (as amended, supplemented, amended and restated or otherwise modified from time to time”), among FS KKR Capital Corp., a Maryland corporation (including as successor by merger of FSK Capital Corp. II, the “Borrower”), the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the “Administrative Agent”) and ING Capital LLC, as Collateral Agent, or any such successor or replacement parent loan facility.

“Corporate Trust Office” means the applicable designated corporate trust office of the Collateral Agent or the Collateral Custodian, as applicable, specified on Annex A, or such other address within the United States as it may designate from time to time by notice to the Facility Agent.

“Cut-Off Date” means, with respect to each Collateral Obligation, the date such Collateral Obligation becomes a part of the Collateral.

“Daily Simple SONIA” means, for any day, SONIA for the day that is the fifth Business Day in London England prior to (A) if the relevant date of such setting is a Business Day in London England, such date of setting or (B) if the relevant date of such setting is not a Business Day in London England, the Business Day in London England immediately preceding such date of setting; provided that, if the Facility Agent decides that any such convention is not administratively feasible for the Facility Agent, then the Facility Agent may establish another convention with the consent of the Borrower (not to be unreasonably withheld).

“DBNY” means Deutsche Bank AG, New York Branch, and its successors.

“Defaulted Collateral Obligation” means any Collateral Obligation as to which any one of the following events has occurred:

- a. (a) any Scheduled Collateral Obligation Payment or part thereof is unpaid more than 2 Business Days beyond the grace period (if any) permitted by the related Underlying Instrument;
- b. (b) an Insolvency Event occurs with respect to the Obligor thereof;

- c. (c) the Investment Manager or the Borrower has actual knowledge of a default as to the payment of principal and/or interest that has occurred and continues for more than two Business Days on another loan or other debt obligation of the same Obligor that is (a) senior or pari passu in right of payment to such Collateral Obligation, (b) either a full recourse obligation of the Obligor or secured by the same collateral securing such Collateral Obligation and (c) in an amount (whether separately or in the aggregate) in excess of \$250,000;
- d. (d) a Responsible Officer of the Investment Manager or the Borrower has received written notice or has actual knowledge that a default has occurred under the Underlying Instruments, any applicable grace period has expired and the holders of such Collateral Obligation have accelerated the repayment of such Collateral Obligation (but only until such default is cured or waived) in the manner provided in the Underlying Instruments;
- e. (e) with respect to any Related Collateral Obligation, (i) the Equityholder or any of its subsidiaries fails to comply with any funding obligation under such Variable Funding Asset, and (ii) the Equityholder fails to notify the Facility Agent prior to such failure to fund and in reasonable detail that, to the knowledge of the Equityholder, such failure to comply was not solely as a result of the Equityholder's or such subsidiary's inability to fund such obligation; or
- f. (f) the Investment Manager determines, in its sole discretion, in accordance with the Investment Management Standard, that all or a material portion of such Collateral Obligation is not collectible or otherwise places such Collateral Obligation on non-accrual status.

"Deferrable Collateral Obligation" means a Collateral Obligation that by its terms permits the deferral or capitalization of payment of accrued and unpaid interest.

"Determination Date" means the last day of each calendar month.

"DIP Loan" means any Loan made to a debtor-in-possession pursuant to Section 364 of the Bankruptcy Code having the priority allowed by either Section 364(c) or 364(d) of the Bankruptcy Code and fully secured by senior Liens.

"Discount Factor" means, with respect to each Collateral Obligation and as of any date of determination pursuant to Section 2.7, the value (expressed as a percentage of par) of such Collateral Obligation as determined by the Facility Agent in its sole discretion in accordance with Section 2.7.

"Distribution Date" means the 15th day of each January, April, July and October, or if such date is not a Business Day, the next succeeding Business Day, commencing in October 2014.

"Diversity Score" means, as of any day, a single number that indicates collateral concentration in terms of both issuer and industry concentration, calculated as set forth in Schedule 1 hereto, as such diversity scores shall be updated by written notice to the Borrower at the option of the Facility Agent in its sole discretion if Moody's publishes revised criteria and the application of such revised criteria to this facility is necessary to avoid an increased regulatory capital charge for the Facility Agent or its Affiliates that are Lenders hereunder.

"Document Checklist" means an electronic or hard copy list delivered by the Borrower (or by the Investment Manager on behalf of the Borrower) to the Collateral Custodian that identifies each of the documents contained in each Collateral Obligation File and whether such document is an original or a copy and whether a hard copy or electronic copy will be delivered to the Collateral Custodian related to a Collateral Obligation and includes the name of the Obligor with respect to such Collateral Obligation, in each case as of the related Funding Date.

"Dodd-Frank Regulation" means, with respect to any Affected Person, any rule, regulation or guideline applicable to such Affected Person and arising directly or indirectly from the Dodd-Frank Wall Street Reform and Consumer Protection Act and all laws, regulations requests, rules, guidelines or directives thereunder or issued in connection therewith.

"Dollar(s)" and the sign "\$" mean lawful money of the United States of America.

"EBITDA" means, with respect to any period and any Collateral Obligation, the meaning of "EBITDA," "Adjusted EBITDA" or any comparable definition in the Underlying Instruments for each such Collateral Obligation. In any case that "EBITDA," "Adjusted EBITDA" or such comparable definition is not defined in such Underlying Instruments, an amount, for the related Obligor and any of its parents or Subsidiaries that are obligated with respect to such Collateral Obligation pursuant to its Underlying Instruments (determined on a

consolidated basis without duplication in accordance with GAAP) equal to earnings from continuing operations for such period plus interest expense, income taxes, depreciation, amortization and, to the extent reported pursuant to the related Underlying Instruments and set forth on the related Approval Notice or otherwise approved by the Facility Agent in its sole discretion, other non-cash charges that were deducted in determining earnings from continuing operations for such period and, to the extent approved by the Facility Agent on a Collateral Obligation by Collateral Obligation basis, any other costs and expenses reducing earnings and other extraordinary non-recurring costs and expenses for such period (to the extent deducted in determining earnings from continuing operations for such period).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution to the extent such public administrative authority or Person has the authority to exercise Write-Down and Conversion Powers.

“Effective Date” has the meaning set forth in Section 6.1.

“Effective Equity” means, as of any day, the greater of (x) the sum of the Principal Balances of all Eligible Collateral Obligations *plus* the balances of Principal Collections in the Principal Collection Account *minus* (ii) the outstanding principal amount of all Advances and (y) \$0.

“Effective LTV” means, with respect to any Asset Based Loan as of any date of determination, the product of (i) the Principal Balance of such Collateral Obligation divided by (ii) the Appraised Value of such Collateral Obligation as of such date of determination.

“Eighth Amendment Effective Date” means February 20, 2019.

“Eighth Amendment Extension Fee” means a one-time extension fee payable to each extending Lender, for its own account in an amount equal to 0.50% of such Lender’s extending Commitments by the Borrower on the Eighth Amendment Effective Date.

“Eligible Account” means (i) a segregated trust account or (ii) a segregated direct deposit account, in each case, maintained with a securities intermediary or trust company organized under the laws of the United States of America, or any of the States thereof, or the District of Columbia, having a certificate of deposit, short term deposit or commercial paper rating of at least A-1 by Standard & Poor’s and P-1 by Moody’s. In either case, such depository institution or trust company shall have been approved by the Facility Agent, acting in its reasonable discretion, by written notice to the Borrower. DBNY and Wells Fargo Bank, National Association are deemed to be acceptable securities intermediaries to the Facility Agent.

“Eligible Collateral Obligation” means, on any Measurement Date, each Collateral Obligation that satisfies the following conditions (unless otherwise waived by the Facility Agent and the Majority Lenders (provided, that if there is more than one Lender on such Measurement Date, at least two Lenders) in their respective sole discretion on the applicable Approval Notice; provided, that the Borrower shall be permitted, at its sole expense and effort, to replace any Lender that has not consented to any such proposed waiver in accordance with Section 17.16(b)):

- a. (a) the Facility Agent in its sole discretion has delivered an Approval Notice with respect to such Collateral Obligation;
- b. (b) such Collateral Obligation is a First Lien Loan, a First Lien Last Out Loan, a Second Lien Loan, an Unsecured Loan, a Senior Secured Bond or an Unsecured Bond;
- c. (c) such Collateral Obligation is not a Defaulted Collateral Obligation;
- d. (d) such Collateral Obligation is not an Equity Security and is not convertible into an Equity Security at the option of the applicable Obligor or any other Person other than the Borrower;
- e. (e) such Collateral Obligation is not a Structured Finance Obligation;

- f. (f) such Collateral Obligation is denominated in an Eligible Currency and is not convertible by the Obligor thereof into any currency (other than an Eligible Currency);
- g. (g) such Collateral Obligation is not a single-purpose real estate based loan (unless the related real estate is a hotel, casino or other operating company), a construction loan or a project finance loan;
- h. (h) such Collateral Obligation is not a lease (including a financing lease);
- i. (i) if such Collateral Obligation is a Deferrable Collateral Obligation, it provides for periodic payments of interest thereon in cash no less frequently than semi-annually and the portion of interest required to be paid in cash under the terms of the related Underlying Instruments results in the outstanding principal amount of such Collateral Obligation having an effective rate of current interest paid in cash on such day of not less than (i) if such Deferrable Collateral Obligation is a Fixed Rate Collateral Obligation, 3.00% per annum over the Applicable Interest Rate or (ii) otherwise, 3.00% per annum over the applicable index rate;
- j. (j) reserved;
- k. (k) such Collateral Obligation is not incurred or issued in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a Person, restructuring or similar transaction, which obligation or security by its terms is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (other than any additional borrowing or refinancing if one or more financial institutions has provided the issuer of such obligation or security with a binding written commitment to provide the same, so long as (i) such commitment is equal to the outstanding principal amount of such Collateral Obligation and (ii) such committed replacement facility has a maturity of at least one year and cannot be extended beyond such one year maturity pursuant to the terms thereof);
- l. (l) such Collateral Obligation is not a trade claim;
- m. (m) the Obligor with respect to such Collateral Obligation is an Eligible Obligor;
- n. (n) such Collateral Obligation is not Margin Stock;
- o. (o) such Collateral Obligation is not a security or swap transaction that has payments associated with either payments of interest on and/or principal of a reference obligation or the credit performance of a reference obligation;
- p. (p) such Collateral Obligation provides for the periodic payment of cash interest;
- q. (q) such Collateral Obligation is not subject to substantial non-credit related risk, as determined by the Investment Manager in accordance with the Investment Management Standard, other than non-credit related risks that have previously been disclosed to the Facility Agent during the process of obtaining an Approval Notice with respect to such Collateral Obligation;
- r. (r) the acquisition of which will not cause the Borrower to be deemed to own 5.0% or more of any class of voting securities of any Obligor or 25.0% or more of the total equity of any Obligor or any securities that are immediately convertible into or immediately exercisable or exchangeable for 5.0% or more of any class of voting securities of any Obligor or 25.0% or more of the total equity of any Obligor, in each case as determined by the Investment Manager;
- s. (s) the Underlying Instrument for which does not contain confidentiality provisions that restrict the ability of the Facility Agent to exercise its rights under the Transaction Documents, including, without limitation, its rights to review such debt obligation or participation, the Underlying Instrument and related documents and credit approval file;
- t. (t) the acquisition of which is not in violation of Regulations T, U or X of the FRS Board;
- u. (u) such Collateral Obligation is capable of being transferred to and owned by the Borrower (whether directly or by means of a security entitlement) and of being pledged, assigned or novated by the owner thereof or of an interest therein (a) subject to customary qualifications for instruments similar to such Collateral Obligation, to the Facility Agent, (b) subject to customary qualifications for instruments similar to such Collateral Obligation, to any assignee of the Facility Agent permitted or contemplated under this Agreement, (c) subject to customary

qualifications for instruments similar to such Collateral Obligation, to any Person at any foreclosure or strict sale or other disposition initiated by a secured creditor in furtherance of its security interest, and (d) subject to customary qualifications for instruments similar to such Collateral Obligation, to commercial banks, financial institutions, offshore and other funds (in each case, including transfer permitted by operation of the Uniform Commercial Code);

- v. (v) the proceeds of such Loan will not be used to finance activities of the type engaged in by businesses classified under NAICS Codes 2361 (Residential Building Construction), 2362 (Nonresidential Building Construction), 2371 (Utility System Construction), or 2372 (Land Subdivision); and
- w. (w) the Related Security for such Collateral Obligation is primarily located in the United States or an Eligible Jurisdiction.

“Eligible Currency” means AUDs, CADs, Dollars, Euros and GBPs.

“Eligible Jurisdiction” means Australia, Canada, Cayman Islands, Germany, Ireland, Luxembourg, New Zealand, Sweden, Switzerland, The Netherlands, the United Kingdom and the United States.

“Eligible Obligor” means, on any day, any Obligor that (i) is a business organization (and not a natural person) that is duly organized and validly existing under the laws of, the United States or any State thereof (or any other Eligible Jurisdiction), (ii) is a legal operating entity or holding company, (iii) is not an Official Body and (iv) is not an Affiliate of, or controlled by, the Borrower, the Investment Manager or the Equityholder.

“Enterprise Value Loan” means any Loan that is not an Asset Based Loan.

“Environmental Laws” means any and all foreign, federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, interpretations and orders of courts or any other Official Body, relating to the protection of human health or the environment, including requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials. Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 *et seq.*), the Hazardous Material Transportation Act (49 U.S.C. § 331 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Safe Drinking Water Act (42 U.S.C. § 300, *et seq.*), the Environmental Protection Agency’s regulations relating to underground storage tanks (40 C.F.R. Parts 280 and 281), and the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.*), and the rules and regulations thereunder, each as amended or supplemented from time to time.

“Equityholder” means FS KKR Capital Corp., a Maryland corporation, together with its permitted successors and assigns.

“Equity Security” means any asset that is not a First Lien Loan, a Second Lien Loan, a an Unsecured Loan, a Permitted Investment, a Senior Secured Bond or an Unsecured Bond.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

“EURIBOR Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the rate *per annum* shown by the Reuters Screen (or any applicable successor page) that displays an average European Money Markets Institute Settlement Rate for deposits in Euros for a period equal to such Collection Period as of 11:00 a.m., Brussels time, two Business Days prior to the first day of such Collection Period; provided, that in the event no such rate is shown, the EURIBOR Rate shall be the rate *per annum* based on the rates at which Euro deposits for a period equal to such Collection Period are displayed on page “EURIBOR” of the Reuters Screen (or any applicable successor page) for the purpose of displaying Euro interbank offered rates of major banks as of 11:00 a.m., Brussels time, two Business Days prior to the first day of such Collection Period (it being understood that if at least two such rates appear on such page, the rate will be the arithmetic mean of such displayed rates); provided, further, that in the event fewer than two such rates are displayed, or if no such rate is relevant, the EURIBOR Rate shall be a rate *per annum* at which deposits in Euros are offered by the principal office of the Facility Agent in Brussels, Belgium to prime banks in the euro interbank market at 11:00 a.m.

(Brussels time) two Business Days before the first day of such Collection Period for delivery on such first day and for a period equal to such Collection Period.

“Euro”, “Euros”, “euro” and “€” mean the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the treaty establishing the European Community, as amended from time to time; provided, that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the “Exiting State(s)”), such term shall mean the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s).

“Euro Advance” means each Advance made in Euros.

“Euro Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “Euro Lender”.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Exceptions” has the meaning set forth in Section 18.4(b).

“Excess Concentration Amount” means, as of the most recent Measurement Date (and after giving effect to all Collateral Obligations to be purchased or sold by the Borrower on such date), the sum, without duplication, of the following amounts, in each case multiplied by the Discount Factor applicable to each such individual Collateral Obligation:

- a. (a) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are First Lien Last Out Loans, Second Lien Loans, Unsecured Loans or Unsecured Bonds over 15% of the Excess Concentration Measure; provided, that the sum of the Principal Balances of all Collateral Obligations that are Unsecured Loans or Unsecured Bonds shall not exceed 10% of the Excess Concentration Measure;
- b. (b) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are obligations of any single Obligor (other than an Obligor described in the following proviso) over 5% of the Excess Concentration Measure; provided, that (x) the sum of the Principal Balances of all Collateral Obligations that are obligations of any Obligor that represents Principal Balances in excess of all other single Obligors may be up to 10% of the Excess Concentration Measure and (y) the sums of the Principal Balances of all Collateral Obligations that are obligations of any three Obligors (other than the Obligor specified in clause (x)) that represent Principal Balances in excess of all other single Obligors (other than the Obligor specified in clause (x)) may be up to 7.5% of the Excess Concentration Measure;
- c. (c) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations in any single Moody’s Industry Classification (other than the Moody’s Industry Classifications described in the following proviso) over 15% of the Excess Concentration Measure; provided, that (i) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the largest Moody’s Industry Classification may be up to 22.5% of the Excess Concentration Measure, (ii) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors (other than any Obligor specified in clause (i)) in any two Moody’s Industry Classifications in excess of all other Moody’s Industry Classifications may be up to 20% of the Excess Concentration Measure, (iii) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors (other than any Obligor specified in clause (i) and (ii)) in any one Moody’s Industry Classification in excess of all other Moody’s Industry Classifications may be up to 17.5% of the Excess Concentration Measure, (iv) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the “Utilities: Oil & Gas”, “Corp-Energy: Oil & Gas” and “Corp-Metals & Mining” Moody’s Industry Classifications may be up to 10% of the Excess Concentration Measure and (v) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the “Corp-Retail” Moody’s Industry Classifications may be up to 15% of the Excess Concentration Measure;

- d. (d) the excess, if any, of the sum of the Principal Balances of all Loans that are Fixed Rate Collateral Obligations that are not subject to a qualifying Hedging Agreement pursuant to Section 10.6 over (i) if the Interest Spread Test is not satisfied, 10% or (ii) if the Interest Spread Test is satisfied, 15% of the Excess Concentration Measure;
- e. (f) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in country other than the United States over 40% of the Excess Concentration Measure; provided that, (x) the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in Europe or the United Kingdom may be up to 25% of the Excess Concentration Measure and (y) the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in Australia may be up to 10% of the Excess Concentration Measure;
- f. (g) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations which have an Obligor with either or both of (x) a public rating by Standard & Poor's of "CCC" or lower or (y) a Moody's probability of default rating (as published by Moody's) of "Caa2" or lower over 15% of the Excess Concentration Measure;
- g. (h) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are DIP Loans over 10% of the Excess Concentration Measure;
- h. (i) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are participation interests over 10% of the Excess Concentration Measure;
- i. (j) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are Variable Funding Assets over 10% of the Excess Concentration Measure;
- j. (k) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are CAD denominated Obligors over 10% of the Excess Concentration Measure;
- k. (l) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are EUR or GBP denominated Obligors over 25% of the Excess Concentration Measure;
- l. (m) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are AUD denominated Obligors over 10% of the Excess Concentration Measure; and
- m. (n) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that have a Purchase Price (expressed as a percentage of par) of less than 60% over 15% of the Excess Concentration Measure.

"Excess Concentration Measure" means (a) during the Ramp-up Period, the Target Portfolio Amount, and (b) after the Ramp-up Period, the sum of (x) the Aggregate Eligible Collateral Obligation Amount, (y) all Principal Collections on deposit in the Principal Collection Account and (z) all amounts on deposit in the Unfunded Exposure Account.

"Excluded Amounts" means (i) any amount received in the Collection Account with respect to any Collateral Obligation, which amount is attributable to the reimbursement of payment by the Borrower of any Tax, fee or other charge imposed by any Official Body on such Collateral Obligation or on any Related Security, (ii) 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 Borrower purchased such Collateral Obligation, (iii) any reimbursement of insurance premiums, (iv) any escrows relating to Taxes, insurance and other amounts in connection with Collateral Obligations which are held in an escrow account for the benefit of the Obligor and the secured party pursuant to escrow arrangements under Underlying Instruments, (v) any amount deposited into the Collection Account in error or (vi) payments by the Obligors of indemnification obligations and reimbursements for actually incurred out-of-pocket expenses, in each case that are not received in lieu of principal, interest or fees owed under the related Underlying Instruments.

"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 the Obligations pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Obligations (other than pursuant to Section 17.16) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.3, 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 4.3(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Executive Officer" means, with respect to the Borrower, the Investment Manager or the Equityholder, the Chief Executive Officer, the Chief Operating Officer, the Executive Vice President of such Person or any other Person included on the incumbency of the Borrower, Investment Manager or Equityholder, as applicable, delivered pursuant to Section 6.1(g) and, with respect to any other Person, the President, Chief Financial Officer, Executive Vice President or any Vice President.

"Extension Request" has the meaning set forth in Section 2.6.

"Facility" means the loan facility to be provided to the Borrower pursuant to, and in accordance with, this Agreement.

"Facility Agent" has the meaning set forth in the Preamble.

"Facility Amount" means (a) prior to the end of the Revolving Period, \$250,000,000, unless this amount is permanently (x) increased pursuant to Section 2.8 and/or (y) reduced pursuant to Section 2.5, in which event it means such higher or lower amount, as applicable, and (b) after the end of the Revolving Period, the Advances outstanding.

"Facility Termination Date" means the earlier of (i) the date that is twenty-four months after ~~the last day of~~ the Revolving Period Interim End Date and (ii) the effective date on which the facility hereunder is terminated pursuant to Section 13.2.

"Facility Termination Event" means any of the events described in Section 13.1.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with such sections of the Code and any legislation, law, regulation or practice enacted or promulgated pursuant to such intergovernmental agreement.

"Federal Funds Rate" means, for any period, the greater of (a) 0 and (b) a fluctuating rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Facility Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" has the meaning set forth in Section 8.4.

"Fees" has the meaning set forth in Section 8.4.

"First Lien Last Out Loan" means any Loan that (i) becomes, by its terms, subordinate in right of payment to one or more other obligations of the related Obligor, in each case issued under the same Underlying Instruments as such Loan, in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, (ii) is secured by a pledge of collateral, which security interest is validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar loans, and liens accorded priority by law in favor of any Official Body), and (iii) the Investment Manager determines in good faith that the value of the collateral or the enterprise value securing the Loan on or about the time of origination or acquisition equals or exceeds the outstanding principal balance of the Loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by the same collateral; provided that any Loan that would otherwise be a First Lien Last Out Loan hereunder but, as of the Cut-Off Date, (i) has a Leverage Multiple that attaches less than or equal to 1.0x and (ii) less than 25% of the applicable tranche will be paid after one or more other tranches of first lien loans issued by the same

obligor(s) have been paid in full in accordance with a priority of payments, it shall be deemed to be a First Lien Loan for all purposes hereunder.

“First Lien Loan” means any Loan that (i) is not (and is not expressly permitted by its terms to become) subordinate in right of payment to any obligation of the Obligor in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings (other than any Permitted Working Capital Facility), (ii) is secured by a pledge of collateral, which security interest is validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar loans, and liens accorded priority by law in favor of any Official Body), and (iii) the Investment Manager determines in good faith that the value of the collateral for such loan or the enterprise value securing the loan on or about the time of acquisition equals or exceeds the outstanding principal balance of the loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by a first priority Lien over the same collateral. For the avoidance of doubt, DIP Loans shall constitute First Lien Loans.

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd. and their subsidiaries, including Derivative Fitch Inc. and Derivative Fitch Ltd. and any successor thereto.

“Fixed Rate Collateral Obligation” means any Collateral Obligation that bears a fixed rate of interest.

“Foreign Currency Advance Amount” means, on any Measurement Date, the sum of (a) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in Euros outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate *plus* (b) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in GBPs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, *plus* (c) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in AUDs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, *plus* (d) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in CADs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, in each case after giving effect to all repayments of Advances and the making of new Advances on such date.

“Foreign Currency Sublimit” means, on any Measurement Date and with respect to any Eligible Currency (other than Dollars), a Dollar amount equal to the lesser of (a) the sum of each AUD Lender’s, CAD Lender’s, Euro Lender’s or GBP Lender’s, as applicable, Pro Rata Percentage of the Advances outstanding and (b) 30% of the Facility Amount on such date; provided, that on any Measurement Date and with respect to Euros and GBPs, a Dollar amount equal to the lesser of (x) the sum of each Euro Lender’s and GBP Lender’s, as applicable, Pro Rata Percentage of the Advances outstanding, as determined by the Investment Manager using the Applicable Conversion Rate and (y) 25.0% of the Facility Amount on such date.

“Foreign Lender” means a Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“FRS Board” means the Board of Governors of the Federal Reserve System and, as applicable, the staff thereof.

“Fundamental Amendment” means any amendment, modification, waiver or supplement of or to this Agreement that would have a material and adverse effect on any Lender and (a) increase or extend the term of the Commitments (other than an increase in the Commitment of another Lender or the addition of a new Lender) or change the Facility Termination Date, (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, in each case owing to such Lender, (c) reduce the amount of any such payment of principal or interest owing to such Lender, (d) reduce the rate at which interest is payable to such Lender or any fee is payable hereunder to such Lender, excluding in each case, any such reduction as a result of a full or partial waiver of interest or fees accruing at a default rate imposed during a Facility Termination Event or a result of a waiver of a Facility Termination Event), (e) release any material portion of the Collateral, except in connection with dispositions permitted hereunder, (f) alter the terms of Section 2.4(a), Section 8.3, or Section 17.2 or any related definitions or provisions in a manner that would alter the effect of such Sections, (g) modify the definition of the “Required Lenders” or “Majority Lenders” or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, (h) modify the definition of the terms “Advance Rate”, “Borrowing Base”, “Eligible Collateral Obligation”, “Eligible Jurisdiction”, “Excess Concentration Amount”,

“Facility Termination Date”, “First Lien Loan”, “Fundamental Amendment”, “Maximum Portfolio Advance Rate”, or “Minimum Equity Condition”, or any defined term used therein, in each case in a manner which would have the effect of making more credit available to the Borrower, or make such provision less restrictive on the Borrower in any other material fashion, (i) extend the Revolving Period or (j) modify the form or details of the Monthly Report in a manner that reduces the reporting requirements.

“Funding Date” means any Advance Date or any Reinvestment Date, as applicable.

“FX Evaluation Date” means (a) each Funding Date, (b) each Determination Date, (c) the date on which any Facility Termination Event occurs and (d) each other date requested by any other Lender in its sole discretion.

“FX Reallocation Notice” has the meaning set forth in Section 2.2(d)(ii).

“GAAP” means generally accepted accounting principles in the United States, which are applicable to the circumstances as of any day.

“GBP” means the lawful currency for the time being of the United Kingdom.

“GBP Advance” means each Advance made in GBP.

“GBP Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “GBP Lender”.

“Hazardous Materials” means all materials subject to any Environmental Law, including materials listed in 49 C.F.R. § 172.101, materials defined as hazardous pursuant to § 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, flammable, explosive or radioactive materials, hazardous or toxic wastes or substances, lead-based materials, petroleum or petroleum distillates or asbestos or material containing asbestos, polychlorinated biphenyls, radon gas, urea formaldehyde and any substances classified as being “in inventory”, “usable work in process” or similar classification that would, if classified as unusable, be included in the foregoing definition.

“Hedge Breakage Costs” means, with respect to each Hedge Counterparty upon the early termination of any Hedge Transaction with such Hedge Counterparty, the net amount, if any, payable by the Borrower to such Hedge Counterparty for the early termination of that Hedge Transaction or any portion thereof.

“Hedge Counterparty” means (a) DBNY and its Affiliates and (b) any other entity that (i) on the date of entering into any Hedge Transaction (x) is an interest rate swap dealer that has been approved in writing by the Facility Agent, and (y) has a long-term unsecured debt rating of not less than “A” by S&P, not less than “A2” by Moody’s and not less than “A” by Fitch (if such entity is rated by Fitch) (the “Long-term Rating Requirement”) and a short-term unsecured debt rating of not less than “A-1” by S&P, not less than “P-1” by Moody’s and not less than “F1” by Fitch (if such entity is rated by Fitch) (the “Short-term Rating Requirement”), and (ii) in a Hedging Agreement (x) consents to the assignment hereunder of the Borrower’s rights under the Hedging Agreement to the Facility Agent on behalf of the Secured Parties and (y) agrees that in the event that Moody’s, S&P or Fitch reduces its long-term unsecured debt rating below the Long-term Rating Requirement or reduces its short-term debt rating below the Short-term Rating Requirement, it shall either collateralize its obligations in a manner reasonably satisfactory to the Facility Agent, or transfer its rights and obligations under each Hedging Agreement (excluding, however, any right to net payments or Hedge Breakage Costs under any Hedge Transaction, to the extent accrued to such date or to accrue thereafter and owing to the transferring Hedge Counterparty as of the date of such transfer) to another entity that meets the requirements of clauses (b)(i) and (b)(ii) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer.

“Hedge Transaction” means each interest rate swap, index rate swap or interest rate cap transaction or comparable derivative arrangement between the Borrower and a Hedge Counterparty that is entered into pursuant to Section 10.6 and is governed by a Hedging Agreement.

“Hedging Agreement” means the agreement between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into by the Borrower and such Hedge Counterparty pursuant to Section 10.6, which agreement shall consist of a “Master Agreement” in a form published by the International Swaps and Derivatives Association, Inc., together with a “Schedule” thereto, and each “Confirmation” thereunder confirming the specific terms of each such Hedge Transaction or a “Confirmation” that incorporates the terms of such a “Master Agreement” and “Schedule.”

“Increased Costs” means collectively, any increased cost, loss or liability owing to the Facility Agent and/or any other Affected Person under Article V of this Agreement.

“Indebtedness” means, with respect to any Person, at any day, without duplication: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, deferrable securities or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all obligations of such Person as lessee under capital leases; (v) all non-contingent obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument; (vi) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person; and (vii) all debt of others guaranteed by such Person and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss other than any unfunded commitments of the Borrower with respect to Variable Funding Assets.

“Indemnified Amounts” has the meaning set forth in Section 16.1.

“Indemnified Party” has the meaning set forth in Section 16.1.

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

“Independent Accountants” means a firm of nationally recognized independent certified public accountants.

“Independent Manager” means an individual who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience and who is provided by CT Corporation, Corporation Service Company, Puglisi & Associates, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional Independent Managers, another nationally-recognized company reasonably approved by the Required Lenders, in each case that is not an Affiliate of the Borrower and that provides professional Independent Managers and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Manager and is not, and has never been, and will not while serving as Independent Manager be, any of the following:

- a. (a) a member, partner, equityholder, manager, director, officer or employee of the Borrower, the Equityholder, or any of their respective equityholders or Affiliates (other than as an Independent Manager of the Borrower or an Affiliate of the Borrower that is not in the direct chain of ownership of the Borrower and that is required by a creditor to be a single purpose bankruptcy remote entity; provided that such Independent Manager is employed by a company that routinely provides professional Independent Managers or managers in the ordinary course of its business);
- b. (b) a creditor, supplier or service provider (including provider of professional services) to the Borrower, the Equityholder, or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Managers and other corporate services to the Borrower, the Equityholder or any of their respective Affiliates in the ordinary course of its business);
- c. (c) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or
- d. (d) a Person that controls (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

“Insolvency Event” means, with respect to any Person, (a) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, or the commencement of an involuntary case under the federal bankruptcy laws, as now

or hereinafter in effect, or another present or future federal or state bankruptcy, insolvency or similar law and such case is not dismissed within 60 days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or such Person shall admit in writing its inability to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Instrument” has the meaning given such term in the UCC.

“Interest Collections” means, with respect to the Collateral following the applicable Cut-Off Date, (i) all payments and collections owing to the Borrower in its capacity as lender and attributable to interest on any Collateral Obligation or other Collateral, including scheduled payments of interest and payments of interest relating to principal prepayments, all guaranty payments attributable to interest and proceeds of any liquidations, sales, dispositions or securitizations attributable to interest on such Collateral Obligation or other Collateral, (ii) any commitment, ticking, upfront, underwriting, origination or amendment fees received in respect of any Collateral Obligation (including any proceeds received by the Borrower as a result of exercising any Warrant Asset at any time), (iii) all payments received by the Borrower pursuant to any Hedging Agreement that is an interest rate cap transaction and (iv) the earnings on Interest Collections in the Collection Account that are invested in Permitted Investments, in each case other than Retained Interests.

“Interest Collection Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as interest collection accounts and, in each case, (x) is in the name of the Borrower or the applicable Permitted Subsidiary, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Interest Rate” means, for any Collection Period and any Lender, a rate per annum equal to the sum of (a) the Applicable Margin and (b) the Base Rate for such Collection Period and such Lender.

“Interest Spread Test” means a test that will be satisfied on any day if the excess of Weighted Average Coupon *minus* the Applicable Interest Rate is not less than 2.00%.

“Investment Management Agreement” means the Investment Management Agreement, dated as of the date hereof, by and between the Investment Manager and the Borrower.

“Investment Management Standard” means, with respect to any Collateral Obligations, to service and administer such Collateral Obligations on behalf of the Secured Parties in accordance with Applicable Law, the terms of the Transaction Documents, all customary and usual servicing practices for loans like the Collateral Obligations and, to the extent consistent with the foregoing, (i) with reasonable care, using a degree of skill and diligence not less than that with which the Borrower or Investment Manager, as applicable, services and administers loans for its own account or for the account of its Affiliates having similar lending objectives and restrictions, and (ii) to the extent not inconsistent with clause (i), in a manner consistent with the customary standards, policies and procedures followed by institutional managers of national standing relating to assets of the nature and character of the Collateral Obligations and without regard to any relationship that the Investment Manager or any Affiliate thereof may have with any Obligor or any Affiliate of any Obligor.

“Investment Manager” means initially FS KKR Capital Corp., a Maryland corporation or any successor investment manager appointed pursuant to this Agreement.

“Investment Manager Event of Default” means the occurrence of one of the following events:

(a) any failure by the Investment Manager to deposit or credit, or to deliver for deposit, in the Collection Account any amount required hereunder to be so deposited, credited or delivered or to make any required distributions therefrom;

(b) failure on the part of the Investment Manager duly to observe or to perform in any respect any other covenant or agreement of the Investment Manager set forth in the Investment Management Agreement which failure continues unremedied for a period of 30 days (if such failure can be remedied) after

the date on which written notice of such failure shall have been given to the Investment Manager by the Borrower, the Collateral Agent or the Facility Agent (with a copy to each Agent);

(c) the occurrence of an Insolvency Event with respect to the Investment Manager;

(d) any representation, warranty or statement of the Investment Manager made in the Investment Management Agreement or any certificate, report or other writing delivered pursuant hereto shall prove to be incorrect as of the time when the same shall have been made (i) which incorrect representation, warranty or statement has a material and adverse effect on (1) the validity, enforceability or collectability of the Investment Management Agreement or any other Transaction Document or (2) the rights and remedies of any Secured Party with respect to matters arising under this Agreement or any other Transaction Document, and (ii) within 30 days after written notice thereof shall have been given to the Investment Manager by the Borrower, the Collateral Agent or the Facility Agent, the circumstance or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured;

(e) a Facility Termination Event occurs;

(f) the failure of the Investment Manager to make any payment when due (after giving effect to any related grace period) under one or more agreements for borrowed money to which it is a party in an aggregate amount in excess of \$2,500,000, individually or in the aggregate; or (ii) the occurrence of any event or condition that has resulted in or permits the acceleration of such recourse debt, whether or not waived;

(g) the rendering against the Investment Manager of one or more final, non-appealable judgments, decrees or orders for the payment of money in excess of \$2,500,000, individually or in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of more than sixty (60) consecutive days without a stay of execution;

(h) a Change of Control occurs;

(i) the Equityholder ceases to be a "business development company" within the meaning of the 1940 Act;

(j) a "cause event" (as defined in Section 11(a) of the Investment Management Agreement) occurs; or

(k) either FS KKR Capital Corp. is terminated as, removed from being, or otherwise ceases to be the Investment Manager (including by reason of any failure to renew the term of the Investment Management Agreement), or FS/KKR Advisor, LLC ceases to be the investment advisor to the Investment Manager in each case, for a period of 30 consecutive days; provided, however, that any publicly announced transaction or series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall not constitute an Investment Manager Event of Default.

"IRS" means the United States Internal Revenue Service.

"Lender" means each Committed Lender and each Dollar Lender, each Euro Lender, each CAD Lender, each AUD Lender and each GBP Lender, in each case as the context may require.

"Lender Group" means each Lender and related Agent from time to time party hereto.

"Leverage Multiple" means, with respect to any Collateral Obligation for the most recent relevant period of time for which the Borrower has received the financial statements of the relevant Obligor, the ratio of (i) Indebtedness of the relevant Obligor (other than Indebtedness of such Obligor that is junior in terms of payment or lien subordination (including unsecured Indebtedness) to Indebtedness of such Obligor held by the Borrower) less unrestricted cash of the relevant Obligor to (ii) EBITDA of such Obligor (as such calculation may be updated in connection with a modification of such Collateral Obligation described in clause (j) of the definition of "Material Modification").

~~"LIBOR Rate" means, with respect to any Collection Period, the greater of (a) 0% and (b) the rate *per annum* shown by the BLOOMBERG PROFESSIONAL Service as the London interbank offered rate for deposits in Dollars for a period equal to such Collection Period as of 11:00 a.m., London time, two (2) Business Days prior to the first day of such Collection Period; provided that, in the event no such rate is shown, the LIBOR Rate shall be the rate *per annum* based on the rates at which deposits in Dollars for a period equal to such Collection Period are displayed on page "LIBOR" of the Reuters Monitor Money Rates Service or such~~

~~other page as may replace the LIBOR page on that service for the purpose of displaying London interbank offered rates of major banks as of 11:00 a.m., London time, two (2) Business Days prior to the first day of such Collection Period (it being understood that if at least two such rates appear on such page, the rate will be the arithmetic mean of such displayed rates); provided, further, that in the event fewer than two such rates are displayed, or if no such rate is relevant, the LIBOR Rate shall be a rate *per annum* at which deposits in Dollars are offered by the principal office of the Facility Agent in London, the United Kingdom to prime banks in the London interbank market at 11:00 a.m. (London time) two (2) Business Days before the first day of such Collection Period for delivery on such first day and for a period equal to such Collection Period.~~

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

“Loan” means any commercial loan, bond or note.

“Majority Lenders” means, at any time, Required Lenders; provided that, in addition to the foregoing, if there are more than two (2) Lenders at such time, at least two (2) Lenders shall be required to constitute “Majority Lenders”.

“Make-Whole Fee” means a fee equal to the positive difference, if any, of (x) the product of (1) the Applicable Margin multiplied by (2) the average daily Commitment of the applicable Lender Group during the related Collection Period multiplied by (3) 75% minus (y) the product of (1) the Applicable Margin multiplied by (2) the daily average Advances funded by the applicable Lender Group during such Collection Period minus (z) the Undrawn Fee accrued during such Collection Period with respect to the amount of the unutilized Commitment for which a Make-Whole Fee is owing pursuant to the foregoing clauses (x) and (y).

“Margin Stock” means “Margin Stock” as defined under Regulation U issued by the FRS Board.

“Material Adverse Effect” means a material adverse effect on: (a) the assets, operations, properties, financial condition, or business of the Borrower or the Investment Manager; (b) the ability of the Borrower or the Investment Manager to perform its obligations under this Agreement or any of the other Transaction Documents; (c) the validity or enforceability of this Agreement, any of the other Transaction Documents, or the rights and remedies of the Secured Parties hereunder or thereunder taken as a whole; or (d) the aggregate value of the Collateral or on the collateral assignments and Liens granted by the Borrower in this Agreement.

“Material Modification” means any amendment or waiver of, or modification or supplement to, any Underlying Instrument governing a Collateral Obligation which:

1. reduces or forgives any or all of the principal amount due under such Collateral Obligation;
2. (i) waives one or more interest payments (other than any incremental interest accrued due to a default or event of default with respect to such Collateral Obligation), (ii) permits any interest due in cash to be deferred or capitalized and added to the principal amount of such Collateral Obligation (other than any deferral or capitalization already allowed by the terms of any Deferrable Collateral Obligation as of the related Cut-Off Date) or (iii) reduces the spread or coupon payable on such Collateral Obligation unless (x) the Investment Manager certifies that such reduction results from an increase in the credit quality of the related Obligor and (y) such reduction (when taken together with all other reductions with respect to such Collateral Obligation) is by less than 10% of the spread or coupon payable as of the related Cut-Off Date;
3. contractually or structurally subordinates such Collateral Obligation by operation of (i) any priority of payment provisions, (ii) turnover provisions, (iii) the transfer of assets in order to limit recourse to the related Obligor or (iv) the granting of Liens on any of the collateral securing such Collateral Obligation, each that requires the consent of the Borrower or any lenders thereunder;
4. either (i) extends the maturity date of such Collateral Obligation by more than 120 days past the maturity date as of the related Cut-Off Date or (ii) extends the amortization schedule with respect thereto;
5. substitutes, alters or releases the Related Security securing such Collateral Obligation and such substitution, alteration or release, individually or in the aggregate and as determined

- in the Facility Agent's reasonable discretion, materially and adversely affects the value of such Collateral Obligation;
6. results in any less financial information in respect of reporting frequency, scope or otherwise being provided with respect to the related Obligor or reduces the frequency or total number of any appraisals required thereunder that, in each case, has a material adverse effect on the ability of Investment Manager or the Facility Agent (as determined by the Facility Agent in its reasonable discretion) to make any determinations or calculations required or permitted hereunder; provided, however, that it shall not be a Material Modification if any such amendment, waiver, modification or supplement grants an extension (or extensions) of not more than 30 days of the time for delivery of quarterly or annual financial statements or grants an extension (or extensions) of the time for delivery of, or waives delivery of, financial statements other than quarterly and annual financial statements;
 7. results in any change in the currency or composition of any payment of interest or principal to any currency other than that in which such Collateral Obligation was originally denominated unless the related currency risk is mitigated by a Hedging Agreement acceptable to the Facility Agent in its reasonable discretion;
 8. with respect to an Asset Based Loan, results in a material (as determined by the Facility Agent in its reasonable discretion) change to or grants material (as determined by the Facility Agent in its reasonable discretion) relief from the borrowing base or any related definition;
 9. with respect to an Asset Based Loan, any of (i) if the Borrower has the authority to change the appraiser with respect to such Asset Based Loan as set forth on the related Asset Approval Request, the appraiser is changed to a Person other than an Approved Appraisal Firm or an Approved Valuation Firm without the prior written consent of the Facility Agent, (ii) the frequency of the appraisals is reduced from the frequency set forth on the related Asset Approval Request or (iii) the related appraiser changes the metric for valuing the collateral of such Loan other than in accordance with its ordinary practices, and such change results in an increase in the value of the collateral for such Asset Based Loan; or
 10. results in a modification of the calculation of EBITDA for any Obligor during any period hereunder, by including any other non-cash charges that were deducted in determining earnings of such Obligor from continuing operations for such period, unless (w) such modification or non-cash charges were set forth on the related Approval Notice, (x) such modification or non-cash charges were otherwise approved by the Facility Agent in its sole discretion, (y) the Investment Manager continues to calculate the EBITDA of such Obligor without giving effect to such modification for all purposes under this Agreement, or if the Investment Manager elects to calculate the EBITDA of such Obligor after giving effect to such modification, the Investment Manager shall recalculate the Original Leverage Multiple for such Collateral Obligation by giving pro forma effect to such modification of the calculation of EBITDA or (z) both (1) at the time of such modification, the Equityholder and its Subsidiaries did not collectively possess an ability to prevent the effectiveness of such modification and (2) no Revaluation Event described in clause (g) of the definition thereof occurs with respect to such Collateral Obligation as a result of such modification.

“Maximum Portfolio Advance Rate” means (a) if the Diversity Score is greater than 16, 70%, (b) if the Diversity Score is less than or equal to 16 and greater than 10, 65% and (c) if the Diversity Score is less than or equal to 10, 62.5%.

“Maximum Weighted Average Life Test” means a test that will be satisfied on any day if the Weighted Average Life of all Eligible Collateral Obligations included in the Collateral is less than or equal to 6.0 years.

“Measurement Date” means each of the following, as applicable: (i) the Effective Date; (ii) each Determination Date, (iii) each Funding Date; (iv) the date of any repayment or prepayment pursuant to Section 2.4; (v) the date that the Investment Manager has actual knowledge of the occurrence of any Revaluation Event with respect to any Collateral Obligation; (vi) the date of any optional repurchase or substitution pursuant to Section 7.11; and (vii) the date of any Optional Sale.

“Minimum Diversity Test” means a test that will be satisfied on any date of determination if the Diversity Score of all Eligible Collateral Obligations included in the Collateral is equal to or greater than 10.

“Minimum Equity Condition” means a test that will be satisfied on any date of determination if the Effective Equity is greater than the greater of (a) the sum of the Collateral Obligation Amounts of the five Obligor with Collateral Obligations constituting the highest aggregate Collateral Obligation Amounts and (b) an amount equal to \$30,000,000; provided that, for purposes of calculating clause (a) above, the Collateral Obligation Amount with respect to any Obligor shall be the sum of all Collateral Obligation Amounts with respect to which such Person is an Obligor.

“Minimum Weighted Average Spread Test” means a test that will be satisfied on any day if the Weighted Average Spread of all Eligible Collateral Obligations included in the Collateral on such day is equal to or greater than ~~5.0~~5.50%.

“Monthly Report” means a report prepared by the Collateral Agent, on behalf of the Borrower, substantially in the form of Exhibit D.

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

“Moody’s Industry Classification” means the industry classifications set forth in Schedule 2 hereto, as such industry classifications shall be updated at the option of the Facility Agent in its sole discretion if Moody’s publishes revised industry classifications and the application of such revised industry classifications to this facility is necessary to avoid an increased regulatory capital charge for the Facility Agent or its Affiliates that are Lenders hereunder.

“Net Purchased Loan Balance” means, as of any date of determination, an amount equal to (a) the aggregate Principal Balance of all Collateral Obligations acquired by the Borrower prior to such date minus (b) the aggregate Principal Balance of all Collateral Obligations (other than Warranty Collateral Obligations) repurchased by the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend, in each case prior to such date.

“Note” means a promissory grid note, in the form of Exhibit A, made payable to the order of an Agent, on behalf of the related Lenders.

“Note Agent” has the meaning set forth in Section 14.1.

“Note Register” has the meaning set forth in Section 15.5(a).

“Note Registrar” has the meaning set forth in Section 15.5(a).

“Obligations” means all obligations (monetary or otherwise) of the Borrower to the Lenders, the Agents, the Collateral Agent, the Collateral Custodian, the Facility Agent or any other Affected Person or Indemnified Party arising under or in connection with this Agreement, the Notes and each other Transaction Document.

“Obligor” means any Person that owes payments under any Loan and, solely for purposes of calculating the Excess Concentration Amount pursuant to clause (b) or (c) of the definition thereof, any Obligor that is an Affiliate of another Obligor shall be treated as the same Obligor.

“Obligor Information” means, with respect to any Obligor, (i) the legal name and address; (ii) the jurisdiction in which such Obligor is domiciled; (iii) the audited financial statements for the two prior fiscal years of such Obligor (provided that (x) if the sum of the Principal Balances of all Collateral Obligations that are obligations of such Obligor is less than 5% of the Aggregate Eligible Collateral Obligation Amount, such audited financials need only be provided to the extent available to the Investment Manager, and (y) in the event such Obligor has been in existence for a period of time such that two years of audited financial statements are not yet available, the Investment Manager shall provide such other financial information (such as a quality of earnings report, management budget or other relevant data) and the Facility Agent will review and use commercially reasonable efforts to accept such financial information in lieu of the required financial statements; provided that such financial information will satisfy and fulfill the appropriate diligence); (iv) the Investment Manager shall provide the Investment Manager’s internal credit memo, (1) which is expected to include (a) an

executive deal summary and financial performance of such Obligor, (b) the ownership structure of such Obligor, (c) an analysis of the historical performance of such Obligor, (d) a summary of historical financial statements and performance of such Obligor and (2) which the Investment Manager shall make a good faith effort to provide (e) a company forecast of such Obligor including plans related to capital expenditures, (f) the business model, company strategy and names of known peers of such Obligor, (g) details of the management team of such Obligor and (h) details of any banking facilities and the debt maturity schedule of such Obligor; provided that the items set forth in clauses (a) through (h) above shall not be required (but should be provided upon request) with respect to each such internal credit memo but are indicative of the expected contents of such internal credit memos prepared by the Investment Manager; and (v) such other information reasonably available to the Investment Manager as the Facility Agent may reasonably request.

“OFAC” has the meaning set forth in Section 9.29.

“Officer’s Certificate” means a certificate signed by an Executive Officer.

“Official Body” means any government or political subdivision or any agency, authority, regulatory body, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“Opinion of Counsel” means a written opinion of independent counsel reasonably acceptable in form and substance and from counsel acceptable to the Facility Agent.

“Optional Sale” has the meaning set forth in Section 7.10.

“Original Effective LTV” means, with respect to any Collateral Obligation, the Effective LTV of such Collateral Obligation as calculated by the Facility Agent in accordance with the definitions of Effective LTV and the definitions used therein and set forth in the related Approval Notice.

“Original Leverage Multiple” means, with respect to any Collateral Obligation, the Leverage Multiple applicable to such Collateral Obligation as calculated by the Investment Manager and approved by the Facility Agent in accordance with the definition of Leverage Multiple and the definitions used therein and set forth in the related Approval Notice (as such calculation may be updated in connection with a modification of such Collateral Obligation described in clause (j) of the definition of “Material Modification”).

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a 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, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in the Obligations or any Transaction Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 17.16).

“Participant” has the meaning set forth in Section 15.9(a).

“Participant Register” has the meaning set forth in Section 15.9(c).

“Permitted Investment” means, at any time:

- i. (a) direct interest-bearing obligations of, and interest-bearing obligations guaranteed as to timely payment of principal and interest by, the United States or any agency or instrumentality of the United States, the obligations of which are backed by the full faith and credit of the United States;
- ii. (b) demand or time deposits in, certificates of deposit of, demand notes of, or bankers’ acceptances issued by any depository institution or trust company organized under the laws of the United States or any State thereof (including any federal or state branch or agency of a non-U.S. depository institution or trust company) and subject to supervision and examination by federal and/or state banking authorities (including, if applicable, the Collateral Agent, the Collateral Custodian or Facility Agent or any agent thereof acting in its commercial capacity); provided, that the short-term unsecured debt obligations of such depository institution or trust

company at the time of such investment, or contractual commitment providing for such investment, are rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s;

- iii. (c) repurchase obligations pursuant to a written agreement (i) with respect to any obligation described in clause (a) above, where the Collateral Custodian has taken actual or constructive delivery of such obligation in accordance with Article VIII of this Agreement, and (ii) entered into with (x) the Collateral Custodian or (y) the corporate trust department of a depository institution or trust company organized under the laws of the United States or any State thereof, the deposits of which are insured by the Federal Deposit Insurance Corporation and the short-term unsecured debt obligations of which are rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s (including, if applicable, the Facility Agent, Collateral Agent or any agent thereof acting in its commercial capacity);
- iv. (d) securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any State whose long-term unsecured debt obligations are assigned one of the two highest long-term ratings by each Rating Agency at the time of such investment or contractual commitment providing for such investment; provided, that securities issued by any particular corporation will not be Permitted Investments to the extent that an investment therein will cause the then outstanding principal amount of securities issued by such corporation and held in the Accounts collectively to exceed 10% of the value of Permitted Investments held in such account (with Permitted Investments held in such accounts valued at par);
- v. (e) commercial paper that (i) is payable in an Eligible Currency and (ii) is rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s;
- vi. (f) units of money market funds rated in the highest credit rating category by each Rating Agency;
- vii. (g) cash in any Eligible Currency; or
- viii. (h) any other demand or time deposit, obligation, security or investment (including a hedging arrangement) as may be acceptable to the Facility Agent, as evidenced by a writing to that effect.

Permitted Investments may be purchased by or through the Collateral Custodian or any of its Affiliates. All Permitted Investments shall be held in the name of the Collateral Custodian. No Permitted Investment shall have an “P”, “R”, “p”, “pi”, “q”, “sf” or “t” subscript affixed to its Standard & Poor’s rating. Any such investment may be made or acquired from or through the Collateral Agent or the Facility Agent or any of their respective affiliates, or any entity for whom the Collateral Agent or the Facility Agent or any of their respective affiliates provides services and receives compensation (so long as such investment otherwise meets the applicable requirements of the foregoing definition of Permitted Investment at the time of acquisition); provided, that notwithstanding the foregoing clauses (a) through (h), Permitted Investments may only include obligations or securities that constitute cash equivalents for purposes of the rights and assets in paragraph (c)(8)(i)(B) of the exclusions from the definition of “covered fund” for purposes of the Volcker Rule.

“Permitted Lien” means (i) the Lien in favor of the Collateral Agent for the benefit of the Secured Parties, (ii) Liens for Taxes and mechanics’ or suppliers’ liens for services or materials supplied, in either case, not yet due and payable and for which adequate reserves have been established in accordance with GAAP, (iii) as to Related Security (1) the Lien in favor of the Borrower herein and (2) any Liens on the Related Security permitted pursuant to the applicable Underlying Instruments and (iv) as to agented Loans, Liens in favor of the agent on behalf of all the lenders of the related Obligor.

“Permitted Working Capital Facility” means, in respect of an Obligor and a Collateral Obligation, a working capital facility incurred by the relevant Obligor that (a) has an aggregate commitment equal to not more than 15% of the sum of (i) the aggregate commitment amount of such working capital facility, (ii) the aggregate commitment amount of such Collateral Obligation and (iii) the aggregate commitment amount of any other debt that is *pari passu* with, or senior to, such Collateral Obligation less unrestricted cash; (b) has a ratio of the aggregate commitment amount of such working capital facility to EBITDA of such Obligor (determined on the date such Collateral Obligation is acquired or proposed to be acquired) is not greater than 1.0x; (c) is not

contractually or structurally senior to such Collateral Obligation; and (d) is secured primarily by inventory and account receivables.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

“Prepayment Fee” means if the Facility Amount is permanently reduced in whole or in part prior to the end of the Revolving Period, the Borrower shall pay to each applicable Lender Group a nonrefundable fee equal to the product of (a) the amount of each such permanent reduction in the aggregate amount of the Commitments of such Lender Group multiplied by (b) 1.0%; provided that no Prepayment Fee will apply if such reduction is made from proceeds of any of (x) the Corporate Facility, (y) an unsecured capital markets transaction or (z) an on-balance sheet CLO.

“Prepayment Notice” has the meaning set forth in Section 2.4(b).

“Primary IM Fee” means with respect to any Distribution Date, the fee payable to the Investment Manager or successor investment manager (as applicable) for services rendered during the related Collection Period, which shall be equal to one-fourth of the product of (i) the Primary IM Fee Percentage multiplied by (ii) the average of the values of the aggregate Collateral Obligation Amount of the Eligible Collateral Obligations on the first day and the last day of the related Collection Period. For the avoidance of doubt, the Investment Manager may waive or defer the payment of any Primary IM Fee in its sole discretion.

“Primary IM Fee Percentage” means 0.45%.

“Principal Balance” means with respect to any Collateral Obligation and as of any date, the lower of (x) the Purchase Price paid by the Borrower for such Collateral Obligation and (y) the Dollar equivalent of the outstanding principal balance of such Collateral Obligation (if such Collateral Obligation is denominated and payable in any Eligible Currency other than Dollars and such Collateral Obligation is match-funded by Advances in the same Eligible Currency, then the Dollar equivalent shall be determined by the Applicable Conversion Rate, otherwise it shall be determined by the Applicable Exchange Rate), exclusive of (x) any deferred or capitalized interest on any Deferrable Collateral Obligation that is deferred or capitalized after the Cut-Off Date applicable to such Deferrable Collateral Obligation and (y) any unfunded amounts with respect to any Variable Funding Asset; provided, that for purposes of calculating the “Principal Balance” of any Deferrable Collateral Obligation, principal payments received on such Collateral Obligation shall first be applied to reducing or eliminating any outstanding deferred or capitalized interest; provided, further, that the “Principal Balance” of any revolving loan as of any date shall be equal to the outstanding principal balance thereof plus amounts on deposit in respect thereof in the Unfunded Exposure Account. The “Principal Balance” of any Equity Security shall be zero.

“Principal Collections” means any and all amounts of collections received with respect to the Collateral other than Interest Collections and Excluded Amounts, including (but not limited to) (i) all collections attributable to principal on such Collateral, (ii) the earnings on Principal Collections in the Collection Account that are invested in Permitted Investments, (iii) all payments received by the Borrower pursuant to any Hedging Agreement that is an interest rate swap or index rate swap transaction and (iv) all Repurchase Amounts, in each case other than Retained Interests.

“Principal Collection Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as principal collection accounts and, in each case, (x) is in the name of the Borrower and subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Pro Rata Percentage” means, with respect to any Lender on any date, such Lender’s Commitment as of such date divided by the aggregate Commitments as of such date.

“Purchase Price” means, with respect to any Collateral Obligation, the actual price paid by the Borrower for such Collateral Obligation *minus* all Principal Collections described in clause (i) of the definition thereof in respect of such Collateral Obligation.

“Qualified Substitute Arrangement” has the meaning set forth in Section 10.6(c).

“Ramp-up Period” means the period from and including the Eighth Amendment Effective Date to the earlier of (i) the first date on which the sum of the Principal Balances of all Eligible Collateral Obligations equals or is greater than the Target Portfolio Amount and (ii) the six-month anniversary of the Eighth Amendment Effective Date.

“Rating Agencies” means Standard & Poor’s and Moody’s.

“Recipient” means (a) the Facility Agent, (b) any Agent, (c) any Lender and (d) any other recipient of a payment hereunder.

“Records” means the Collateral Obligation File for any Collateral Obligation and all other documents, books, records and other information prepared and maintained by or on behalf of the Borrower with respect to any Collateral Obligation and the Obligors thereunder, including all documents, books, records and other information prepared and maintained by the Borrower or the Investment Manager with respect to such Collateral Obligation or Obligors.

“Reinvestment” has the meaning given in Section 8.3(b).

“Reinvestment Date” has the meaning given in Section 8.3(b).

“Reinvestment Request” has the meaning given in Section 8.3(b).

“Related Collateral Obligation” means any Collateral Obligation where the Equityholder or any Subsidiary of the Equityholder owns a Variable Funding Asset pursuant to the same Underlying Instruments; provided that any such asset will cease to be a Related Collateral Obligation once all commitments by the Equityholder or any such Subsidiary to make advances or fund such Variable Funding Asset to the related Obligor expire or are irrevocably terminated or reduced to zero.

“Related Property” means, with respect to a Collateral Obligation, any property or other assets designated and pledged or mortgaged as collateral to secure repayment of such Collateral Obligation, including, without limitation, any pledge of the stock, membership or other ownership interests in the related Obligor or its subsidiaries, all Warrant Assets with respect to such Collateral Obligation and all proceeds from any sale or other disposition of such property or other assets.

“Related Security” means, with respect to each Collateral Obligation:

- i. (a) any Related Property securing a Collateral Obligation, all payments paid in respect thereof and all monies due, to become due and paid in respect thereof accruing after the applicable Advance Date and all liquidation proceeds thereof;
- ii. (b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such indebtedness;
- iii. (c) all Collections with respect to such Collateral Obligation and any of the foregoing;
- iv. (d) any guarantees or similar credit enhancement for an Obligor’s obligations under any Collateral Obligation, all UCC financing statements or other filings relating thereto, including all rights and remedies, if any, against any Related Security, including all amounts due and to become due to the Borrower thereunder and all rights, remedies, powers, privileges and claims of the Borrower thereunder (whether arising pursuant to the terms of such agreement or otherwise available to the Borrower at law or in equity);
- v. (e) all Records with respect to such Collateral Obligation and any of the foregoing; and
- vi. (f) all recoveries and proceeds of the foregoing.

“Relevant Governmental Body” means, with respect to Advances denominated in GBP, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto.

“REO Asset Owner” has the meaning specified in the Investment Management Agreement.

“Replacement Hedging Agreement” means one or more Hedging Agreements, which in combination with all other Hedging Agreements then in effect, after giving effect to any planned cancellations of any presently outstanding Hedging Agreements satisfy the Borrower’s covenant contained in Section 10.6, of this Agreement to maintain Hedging Agreements.

“Reporting Date” means the 15th Business Day of each calendar month.

“Repurchase Amount” means, for any Warranty Collateral Obligation for which a payment or substitution is being made pursuant to Section 7.11 as of any time of determination, the sum of (i) the greater of (a) an amount equal to the purchase price paid by the Borrower for such Collateral Obligation (excluding purchased accrued interest and original issue discount) less all payments of principal received in connection with such Collateral Obligation since the date it was added to the Collateral and (b) the Collateral Obligation Amount of such Collateral Obligation, (ii) any accrued and unpaid interest thereon since the last Distribution Date and (iii) all Hedge Breakage Costs owed to any relevant Hedge Counterparty for any termination of one or more Hedge Transactions, in whole or in part, as required by the terms of any Hedging Agreement, incurred in connection with such payment or repurchase and the termination of any Hedge Transactions in whole or in part in connection therewith.

“Repurchase Event” has the meaning set forth in the Sale Agreement.

“Repurchased Collateral Obligation” means, with respect to any Collection Period, any Collateral Obligation as to which the Repurchase Amount has been deposited in the Collection Account by or on behalf of the Borrower or the Investment Manager, as applicable, on or before the immediately prior Reporting Date and any Collateral Obligation purchased by the Equityholder pursuant to the Sale Agreement as to which the Repurchase Amount has been deposited in the Collection Account by or on behalf of the Equityholder.

“Request for Release and Receipt” means a form substantially in the form of Exhibit F-2 completed and signed by the Investment Manager.

“Required Lenders” means, at any time, Lenders holding Advances aggregating greater than 50% of all Advances outstanding or if there are no Advances outstanding, Lenders holding Commitments aggregating greater than 50% of all Commitments.

“Responsible Officer” means, with respect to (a) the Investment Manager or the Borrower, its Chief Executive Officer, Chief Operating Officer, Executive Vice President or any other officer or employee of the Investment Manager or the Borrower directly responsible for the administration or collection of the Collateral Obligations, (b) the Collateral Agent or Collateral Custodian, any officer within the Corporate Trust Office, including any director, vice president, assistant vice president or associate having direct responsibility for the administration of this Agreement, who at the time shall be such officers, respectively, or to whom any matter is referred because of his or her knowledge of and familiarity with the particular subject, or (c) any other Person, the President, any Vice-President or Assistant Vice-President, Corporate Trust Officer or the Controller of such Person, or any other officer or employee having similar functions.

“Retained Interest” means, with respect to any Collateral Obligation included in the Collateral, (a) such obligations to provide additional funding with respect to such Collateral Obligation that have been retained by the other lender(s) of such Collateral Obligation, (b) all of the rights and obligations, if any, of the agent(s) under the Underlying Instruments, (c) any unused commitment fees associated with the additional funding obligations that are being retained in accordance with clause (a) above, and (d) any agency or similar fees associated with the rights and obligations of the agent(s) that are being retained in accordance with clause (b) above.

“Revaluation Event” means each occurrence of any of the following with respect to any Collateral Obligation during the time such Collateral Obligation is Collateral:

(a) the occurrence of a default as to the payment of principal and/or interest has occurred and is continuing with respect to such Collateral Obligation (after giving effect to the shorter of any grace period applicable thereto and five (5) Business Days from the due date);

(b) the Borrower, the Facility Agent or the Investment Manager obtains actual knowledge that a default as to the payment of principal and/or interest has occurred and is continuing (after giving effect to any grace period applicable thereto) with respect to another debt obligation of the same Obligor that is (i) secured by the same collateral, (ii) senior to or *pari passu* with in right of payment to such Collateral Obligation and (iii) in an amount in excess of \$250,000;

(c) the occurrence of an Insolvency Event with respect to any related Obligor;

(d) the Investment Manager determines, in its sole discretion, in accordance with the Investment Management Standard, that all or a portion of such Collateral Obligation is not collectible or otherwise places such Collateral Obligation on non-accrual status;

(e) the occurrence (without the prior approval of the Facility Agent) of a Material Modification with respect to such Collateral Obligation;

(f) the Obligor thereunder fails to deliver to the Borrower or the Investment Manager any financial reporting information as required by the Underlying Instruments of such Collateral Obligation (including any grace periods thereunder) but in no event less frequently than quarterly, that in each case has an adverse effect on the ability of the Investment Manager or the Facility Agent (as determined by the Facility Agent in its reasonable discretion) to make any determinations or calculations required hereunder; provided, however, that the Borrower (or the Investment Manager on its behalf) may, on a single occasion (or any other additional occasions approved by the Facility Agent in its sole discretion) with respect to any Obligor, grant an extension of up to 30 days for the delivery of such financial statements by such Obligor;

(g) with respect to any Enterprise Value Loan, the Leverage Multiple with respect to such Collateral Obligation increases by 1x or more over the Original Leverage Multiple with respect to such Collateral Obligation; provided that each subsequent increase of an additional 1x over the applicable Original Leverage Multiple shall be an additional Revaluation Event;

(h) with respect to any Asset Based Loan, (A) the Borrower fails (or fails to cause the Obligor to) retain either an Approved Appraisal Firm or an Approved Valuation Firm to re-calculate the Appraised Value of (x) with respect to any such Asset Based Loan that has intellectual property, equipment or real property, as the case may be, in its borrowing base, the collateral securing such Asset Based Loan that at least once every twelve (12) months that such Loan is included in the Collateral (subject to a 30 day grace period with respect to any such review) and (y) with respect to all other Asset Based Loans included in the Collateral, the collateral securing such Loan at least once every six (6) months that such Loan is included in the Collateral (subject to a 30 day grace period with respect to any such review) or (B) the Borrower (or the related Obligor, as applicable) changes the Approved Appraisal Firm or Approved Valuation Firm, as applicable, with respect to any Asset Based Loan that or the related Approved Appraisal Firm or Approved Valuation Firm changes the metric for valuing the collateral of such Loan, each without the written approval of the Facility Agent;

(j) with respect to any Asset Based Loan, the Effective LTV of such Collateral Obligation increases by more than an amount equal to 15% of the Original Effective LTV of such Collateral Obligation; provided that each subsequent increase of an additional 15% over the applicable Original Effective LTV shall be an additional Revaluation Event;

(k) if such Collateral Obligation is rated by either S&P or Moody's and is not a DIP Loan, such Collateral Obligation has (x) a rating by Standard & Poor's of "CCC-" or below or (y) a Moody's probability of default rating (as published by Moody's) of "Caa3" or below or, in each case, had such ratings before they were withdrawn by Standard & Poor's or Moody's, as applicable; or

(l) the Investment Manager or the Borrower has actual knowledge that such Collateral Obligation is *pari passu* or junior in right of payment as to the payment of principal and/or interest to another debt obligation of the same issuer which has (i) a public rating by Standard & Poor's of "CC" or below, or "SD" or (ii) a Moody's probability of default rating (as published by Moody's) of "D" or "LD", and in each case such other debt obligation remains outstanding (provided that both the Collateral Obligation and such other debt obligation are full recourse obligations of the applicable Obligor).

"Revolving Loan" means a Collateral Obligation that specifies a maximum aggregate amount that can be borrowed by the related Obligor and permits such Obligor to re-borrow any amount previously borrowed and subsequently repaid during the term of such Collateral Obligation.

"Revolving Period" means the period of time starting on the Effective Date and ending on the earliest to occur of (i) ~~February~~ April 26, 2023 (if such date is not a Business Day, the next Business Day) or, if such date is extended pursuant to Section 2.6, the date mutually agreed upon by the Borrower and each Agent, (ii) the date on which the Facility Amount is terminated in full pursuant to Section 2.5 or (iii) the termination of the Revolving Period pursuant to Section 13.2.

"Revolving Period Interim End Date" means February 26, 2023.

"Sale Agreement" means the Sale and Contribution Agreement, dated as of the date hereof, by and between the Equityholder, as seller, and the Borrower, as purchaser.

"Sanctioned Countries" has the meaning set forth in Section 9.29(a).

“Sanctions” has the meaning set forth in Section 9.29(a).

“Schedule of Collateral Obligations” means the list or lists of Collateral Obligations attached to each Asset Approval Request. Each such schedule shall identify the assets that will become Collateral Obligations, shall set forth such information with respect to each such Collateral Obligation as the Borrower or the Facility Agent may reasonably require and shall supplement any such schedules attached to previously-delivered Asset Approval Requests.

“Scheduled Collateral Obligation Payment” means each periodic installment payable by an Obligor under a Collateral Obligation for principal and/or interest in accordance with the terms of the related Underlying Instrument.

“Second Lien Loan” means any Loan that (i) is not (and that by its terms is not permitted to become) subordinate in right of payment to any other obligation of the related Obligor other than a First Lien Loan with respect to the liquidation of such Obligor or the collateral for such Loan and (ii) is secured by a valid second priority perfected Lien to or on specified collateral securing the related Obligor’s obligations under the Loan, which Lien is not subordinate to the Lien securing any other debt for borrowed money other than a First Lien Loan on such specified collateral (subject to Liens permitted under the applicable Underlying Instrument that are reasonable for similar loans and, if permitted to secure borrowed money in excess of \$500,000 and rank in priority senior to or *pari passu* with such Second Lien Loan, whether individually or in the aggregate, are set forth on the related Asset Approval Request).

“Secondary IM Fee” means with respect to any Distribution Date, the fee payable to the Investment Manager or successor investment manager (as applicable) for services rendered during the related Collection Period, which shall be equal to one-fourth of the product of (i) the Secondary IM Fee Percentage multiplied by (ii) the average of the values of the aggregate Collateral Obligation Amount of the Eligible Collateral Obligations on the first day and the last day of the related Collection Period. For the avoidance of doubt, the Investment Manager may waive or defer the payment of any Secondary IM Fee in its sole discretion.

“Secondary IM Fee Percentage” means 0.30%.

“Secured Parties” means, collectively, the Collateral Agent, the Collateral Custodian, each Lender, the Facility Agent, each Agent, each other Affected Person, Indemnified Party and Hedge Counterparty and their respective permitted successors and assigns.

“Securities Intermediary” means the Collateral Custodian, or any subsequent institution acceptable to the Facility Agent at which the Accounts are kept.

“Senior Secured Bond” means a debt security (that is not a loan) that is (a) issued by a corporation, limited liability company, partnership or trust and (b) secured by a valid first priority perfected security interest on specified collateral.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SONIA” means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator’s Website.

“SONIA Adjustment” means, for a period equal to three (3) months, 0.1193% per annum; provided that the Facility Agent and the Borrower may update such SONIA Adjustment from time to time giving due consideration to any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment for syndicated credit facilities denominated in the applicable currency at such time; provided, further, that such adjustment is displayed on a screen or other information service that publishes such SONIA Adjustment from time to time as selected by the Facility Agent with the consent of the Borrower (not to be unreasonably withheld).

“SONIA Administrator” means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

“SONIA Administrator’s Website” means the Bank of England’s website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor or successors thereto.

“Structured Finance Obligation” means any obligation owing or issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any Obligor, including collateralized debt obligations and mortgage-backed securities, including (but not limited to) collateral debt obligations, collateral loan obligations, asset backed securities and commercial mortgage backed securities or any resecuritization thereof.

“Subsidiary” means, with respect to any Person, a corporation, partnership or other entity of which such Person and/or its other Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

“Substituted Collateral Obligation” means, with respect to any Collection Period, any Warranty Collateral Obligation with respect to which the Equityholder has substituted in a replacement Eligible Collateral Obligation pursuant to Section 7.11 and the Sale Agreement.

“Tangible Net Worth” means, with respect to any Person, the consolidated net worth of such Person and its consolidated Subsidiaries calculated in accordance with GAAP after subtracting therefrom the aggregate amount of the intangible assets of such Person and its consolidated Subsidiaries, including, without limitation, goodwill, franchises, licenses, patents, trademarks, tradenames, copyrights and service marks.

“Target Portfolio Amount” means (i) during the Ramp-up Period, \$400,000,000, and (ii) thereafter, the sum of (x) the Aggregate Eligible Collateral Obligation Amount, (y) all Principal Collections on deposit in the Principal Collection Account and (z) all amounts on deposit in the Unfunded Exposure Account.

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

“Term SOFR” means, for any calculation with respect to an Advance in Dollars (other than an Advance bearing interest at the Alternate Base Rate), the greater of (i) 0.26% and (ii) the Term SOFR Reference Rate for a tenor of three (3) months on the day (such day, the “Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of the relevant Accrual Period, as such rate is published by the Term SOFR Administrator.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Facility Agent in its reasonable discretion).

“Term SOFR Determination Day” has the meaning set forth in the definition of “Term SOFR” in this Section 1.1.

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Transaction Documents” means this Agreement, the Notes, the Sale Agreement, the Investment Management Agreement, the Collateral Agent and Collateral Custodian Fee Letter, each Fee Letter, the Account Control Agreement, and the other documents to be executed and delivered in connection with this Agreement, specifically excluding from the foregoing, however, Underlying Instruments delivered by the Borrower or the Investment Manager in connection with this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

“Underlying Instrument” means the loan agreement, credit agreement or other customary agreement pursuant to which a Collateral Obligation has been created or issued and each other agreement that governs the terms of or secures the obligations represented by such Collateral Obligation or of which the holders of such Collateral Obligation are the beneficiaries.

“Undrawn Fee” a fee payable pursuant to Section 3.1(b) for each day of the related Collection Period during the Revolving Period equal to the product of (x) the difference between the aggregate Commitments on

such day minus the aggregate principal amount of outstanding Advances on such day, times (y) the Undrawn Fee Rate times (z) 1/360.

“Undrawn Fee Rate” means, during the Revolving Period, 0.375%.

“Unfunded Exposure Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as unfunded exposure accounts and, in each case, (x) is in the name of the Borrower or the applicable Permitted Subsidiary, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Unfunded Exposure Shortfall” has the meaning set forth in Section 8.1(a).

“Unmatured Facility Termination Event” means any event that, if it continues uncured, will, with lapse of time or notice or lapse of time and notice, constitute a Facility Termination Event.

“Unmatured Investment Manager Event of Default” means any event that, if it continues uncured, will, with lapse of time or notice or lapse of time and notice, constitute an Investment Manager Event of Default.

“Unsecured Bond” means any bond that is (a) not secured by a pledge of collateral and (b) senior or *pari passu* in right of payment to any other unsecured indebtedness of the related Obligor.

“Unsecured Loan” means any loan that is (a) not secured by a pledge of collateral and (b) senior or *pari passu* in right of payment to any other unsecured indebtedness of the related Obligor.

“USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107 56.

“U.S. Borrower” means a Borrower that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Government Securities Business Day” means any day except for a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 4.3(f).

“Variable Funding Asset” means any Revolving Loan or other asset that by its terms may require one or more future advances to be made to the related Obligor by any lender thereon or owner thereof.

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Warrant Asset” means any equity purchase warrants or similar rights convertible into or exchangeable or exercisable for any equity interests received by the Borrower as an “equity kicker” from the Obligor in connection with a Collateral Obligation.

“Warranty Collateral Obligation” has the meaning set forth in Section 7.11.

“Weighted Average Advance Rate” means, as of any date of determination with respect to all Eligible Collateral Obligations included in the Adjusted Aggregate Eligible Collateral Obligation Balance, the number obtained by (i) summing the products obtained by multiplying (a) the Advance Rate of each such Eligible Collateral Obligation by (b) such Eligible Collateral Obligation’s contribution to the Adjusted Aggregate Eligible Collateral Obligation Balance and (ii) dividing such sum by the Adjusted Aggregate Eligible Collateral Obligation Balance.

“Weighted Average Coupon” means, as of any day, the number expressed as a percentage obtained by dividing (i) the sum for each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that is a Fixed Rate Collateral Obligation of (x) the interest rate for each such Collateral Obligation minus the Applicable Interest Rate multiplied by (y) the Collateral Obligation Amount of each such Collateral Obligation by (ii) the Adjusted Aggregate Eligible Collateral Obligation Balance for Fixed Rate Collateral Obligations.

“Weighted Average Life” means, as of any day with respect to all Eligible Collateral Obligations included in the Collateral, the number of years following such date obtained by (i) summing the products obtained by multiplying (a) the Average Life at such time of each such Eligible Collateral Obligation by (b) the Collateral Obligation Amount of such Collateral Obligation and (ii) dividing such sum by the aggregate Collateral Obligation Amounts of all Eligible Collateral Obligations included in the Collateral.

“Weighted Average Spread” means, as of any day, the number expressed as a percentage equal to (i) the Aggregate Funded Spread divided by (ii) the Aggregate Eligible Collateral Obligation Amount (excluding any interest that has been deferred and capitalized on any Deferrable Collateral Obligation).

“Withholding Agent” means the Borrower, the Facility Agent, and the Investment Manager.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“written” or “in writing” (and other variations thereof) means any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

“Yield” means, with respect to any period, the daily interest accrued on Advances during such period as provided for in Article III.

Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement have the meanings as so defined herein when used in the Notes or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto or thereto.

- i. Each term defined in the singular form in Section 1.1 or elsewhere in this Agreement shall mean the plural thereof when the plural form of such term is used in this Agreement, the Notes or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto or thereto, and each term defined in the plural form in Section 1.1 shall mean the singular thereof when the singular form of such term is used herein or therein.
- ii. The words “hereof,” “herein,” “hereunder” and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, the term “including” means “including without limitation,” and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Agreement unless otherwise specified.
- iii. The following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Certificated Securities, Chattel Paper, Control, Documents, Equipment, Financial Assets, Funds-Transfer system, General Intangibles, Indorse and Indorsed, Instruments, Inventory, Investment Property, Proceeds, Securities Accounts, Securities Intermediary, Security Certificates, Security Entitlements, Security Interest and Uncertificated Securities.
- iv. For the avoidance of doubt, on each Measurement Date, the Borrower shall cause the Investment Manager to re-determine the status of each Eligible Collateral Obligation as of such calculation date and to provide notice of any change in the status of any Eligible Collateral Obligation to the Collateral Agent and, as a consequence thereof, (A) Collateral Obligations that were previously Eligible Collateral Obligations on a prior Measurement Date may be excluded from the Aggregate Eligible Collateral Obligation Amount on such Measurement Date and (B) Collateral Obligations that were previously excluded from the Aggregate Eligible Collateral Obligation Amount on a prior Measurement Date may, upon receipt of a related Approval Notice, be included in the Aggregate Eligible Collateral Obligation Amount on such Measurement Date.
- v. Unless otherwise specified, each reference in this Agreement or in any other Transaction Document to a Transaction Document shall mean such Transaction Document as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms of the Transaction Documents.
- vi. All calculations required to be made hereunder with respect to the Collateral Obligations and the Borrowing Base (including, without limitation, to determine whether an

Unmatured Facility Termination Event or Facility Termination Event shall have occurred) shall be made on a settlement date basis and after giving effect to (x) all purchases or sales to be entered into on such settlement date and (y) all Advances requested to be made on such settlement date plus the balance of all unfunded Advances to be made in connection with the Borrower's purchase of previously requested (and approved) Collateral Obligations.

- vii. For all purposes under this Agreement, "knowledge" shall mean actual knowledge after reasonable inquiry.
- viii. Notwithstanding anything to the contrary set forth in this Agreement, (A) each reference to notice being delivered to "each Agent" shall mean notice delivered by the applicable party to the Collateral Agent, who shall then promptly (but in no event later than the following Business Day) deliver notice to each Agent and (B) each reference to notice being delivered to both the Facility Agent and the Collateral Agent shall mean notice delivered by the applicable party to the Collateral Agent, who shall then promptly (but in no event later than the following Business Day) deliver notice to the Facility Agent; provided that each Advance Request and each voluntary prepayment notice shall be delivered by the Borrower to the Facility Agent, the Collateral Agent and each Agent (in the manner and at the times specified in the relevant provisions of this Agreement), and, in doing so, the Borrower shall be entitled to rely solely on the information contained in the Note Register and on Annex A and shall have no liability for any errors or omissions in either thereof.
- ix. For purposes of any calculation required by this Agreement, any amount owing by the Agents or any Lender to the Borrower may be calculated by the Agents or such Lender, as the case may be, in the currency in which the amount payable by the Borrower to the Agents or such Lender, as the case may be, under this Agreement is denominated at the rate of exchange at which the Agents or such Lender, as the case may be, would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

B. THE FACILITY, ADVANCE PROCEDURES AND NOTES

Section 2.1 Advances.

(a) On the terms and subject to the conditions set forth in this Agreement, each Lender Group hereby agrees to make advances to or on behalf of the Borrower (individually, an "Advance" and collectively the "Advances") from time to time on any date (each such date on which an Advance is made, an "Advance Date") during the period from the Effective Date to the end of the Revolving Period; provided that there shall be no more than two (2) Advance Dates during any calendar week. The AUD Advances shall be made solely by the AUD Lenders, the CAD Advances shall be made solely by the CAD Lenders, the Dollar Advances shall be made solely by the Dollar Lenders, the Euro Advances shall be made solely by the Euro Lenders and the GBP Advances shall be made solely by the GBP Lenders, in each case in accordance with Section 2.2(d).

- i. Under no circumstances shall any Lender make an Advance if, after giving effect to such Advance and any purchase of Eligible Collateral Obligations in connection therewith, (x) the aggregate outstanding principal amount of all Advances would exceed the lower of (i) the Facility Amount and (ii) the Borrowing Base on such day or (y) the Foreign Currency Advance Amount would exceed the Foreign Currency Sublimit on such day. Subject to the terms of this Agreement, during the Revolving Period, the Borrower may borrow, reborrow, repay and prepay (subject to the provisions of Section 2.4) one or more Advances.

Section 2.2 Funding of Advances.

(a) Subject to the satisfaction of the conditions precedent set forth in Section 6.2, the Borrower may request Advances hereunder by giving notice to the Facility Agent, each Agent and the Collateral Agent of the proposed Advance at or prior to 10:00 a.m., in the Applicable Time Zone, at least (x) in the case of Advances of more than 20% of the then-current Facility Amount, sixty-one (61) days or (y) in the case of Advances up to

20% of the then-current Facility Amount, two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) prior to the proposed Advance Date. Such notice (herein called the "Advance Request") shall be in the form of Exhibit C-1 and shall include (among other things) the proposed Advance Date and amount of such proposed Advance, and shall, if applicable, be accompanied by an Asset Approval Request setting forth the information required therein with respect to the Collateral Obligations to be acquired by the Borrower on the Advance Date (if applicable). Following receipt of an Advance Request, the Collateral Agent shall promptly distribute to the other parties hereto the allocation of such Advance among the Lenders in accordance with the Lenders' respective Commitments. In the event of any change to the wiring instructions of the Collateral Agent set forth on Schedule 1 to the Advance Request, the Collateral Agent shall provide written notice of such change to each Agent at least two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) prior to any proposed Advance Date. The amount of any Advance shall at least be equal to the least of (w) 1,000,000 AUDs, 1,000,000 CADs, \$1,000,000, 1,000,000 Euros or 1,000,000 GBPs, as applicable, (x) the (1) Borrowing Base on such day *minus* (2) the Advances outstanding on such day, (y) the Foreign Currency Sublimit on such day *minus* the Foreign Currency Advance Amount on such day and (z) the (1) Facility Amount on such day *minus* (2) the Advances outstanding on such day before giving effect to the requested Advance as of such date. Any Advance Request given by the Borrower pursuant to this Section 2.2, shall be irrevocable and binding on the Borrower. The Facility Agent shall have no obligation to lend funds hereunder in its capacity as Facility Agent. Subject to receipt by the Collateral Agent of an Officer's Certificate of the Borrower confirming the satisfaction of the conditions precedent set forth in Section 6.2, and the Collateral Agent's receipt of such funds from the Lenders, the Collateral Agent shall make the proceeds of such requested Advances available to the Borrower by deposit to such account as may be designated by the Borrower (in a written notice received by the Facility Agent, each Agent and the Collateral Agent at least one (1) Business Day prior to such Advance Date) in same day funds no later than 2:00 p.m., in the Applicable Time Zone, on such Advance Date. Each Lender shall notify the Borrower within two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) of any Advance Request made pursuant to Section 2.2(a)(x) if it will elect to fund the related Advance on any day prior to the end of the applicable sixty-one (61) day notice period. The Borrower expressly acknowledges and agrees that any election by any Lender on one or more occasions to fund any Advance on any day prior to the full passage of the applicable sixty-one (61) day notice period set forth in Section 2.2(a)(x) shall not constitute or be deemed to be an amendment, waiver or other modification of the requirement for sixty-one (61) days' notice prior to any Lender funding any Advance made in respect of an Advance Request made pursuant to Section 2.2(a)(x).

- i. Committed Lender's Commitment. All Advances shall be made by the Facility Agent on behalf of the applicable Committed Lenders. Notwithstanding anything contained in this Section 2.2(b) or elsewhere in this Agreement to the contrary, no Committed Lender shall be obligated to provide its Agent or the Borrower with funds in connection with an Advance in an amount that would result in the portion of the Advances then funded by it exceeding its Commitment then in effect. The obligation of the Committed Lender in each Lender Group to remit any Advance shall be several from that of the other Lenders, and the failure of any Committed Lender to so make such amount available to its Agent shall not relieve any other Committed Lender of its obligation hereunder.
- ii. Unfunded Commitment Provisions. Notwithstanding anything to the contrary herein, upon the occurrence of the earlier of (i) any acceleration of the maturity of Advances pursuant to Section 13.2 or (ii) the end of the Revolving Period, the Borrower shall request an Advance in the amount, if any, of the Aggregate Unfunded Amount minus the amount then on deposit in the Unfunded Exposure Account. Following receipt of such Advance Request, the Lenders shall fund such requested amount, if any, by depositing such amount directly to the Collateral Custodian to be deposited into the Unfunded Exposure Account, notwithstanding anything to the contrary herein (including, without limitation, the Borrower's failure to satisfy any of the conditions precedent set forth in Section 6.2).

iii. Currency Commitment Provisions.

1. Each Lender hereby agrees that (A) each Advance funded in AUDs shall be funded in its entirety by the AUD Lenders, (B) each Advance funded in CADs shall be funded in its entirety by the CAD Lenders, (C) each Advance funded in Dollars shall be funded in its entirety by the Dollar Lenders, (D) each Advance funded in Euros shall be funded in its entirety by the Euro Lenders and (E) each Advance funded in GBPs shall be funded in its entirety by the GBP Lenders; provided that, no Lender other than DBNY and its Affiliates shall be required to fund any Advances in any Eligible Currency (other than Dollars) in an amount greater than its Pro Rata Percentage of the Advances to be made in such Eligible Currency. On the date of each Advance, each Lender shall purchase and sell Advances in an aggregate amount such that, after giving effect to each such purchase, each Lender owns its Pro Rata Percentage of the Advances outstanding.
2. On each FX Evaluation Date, (A) the Borrower shall calculate the Borrowing Base and deliver such calculation to the Facility Agent and (B) the Facility Agent shall deliver in accordance with Section 17.3, to the Collateral Agent, the Borrower and each Agent such calculation of the Borrowing Base, together with each Pro Rata Percentage and the actual percentage of the Advances outstanding owing to each Lender as of such FX Evaluation Date. If (x) there is on any FX Evaluation Date specified in clauses (a) or (c) of the definition thereof, any difference, (y) there is on any other FX Evaluation Date, a difference of 2.5% or more, in each case between any Lender's actual percentage of the Advances outstanding and such Lender's Pro Rata Percentage or (z) on any date any Lender has provided written notice to the Borrower, the Investment Manager and the Facility Agent that such Lender directs (in its sole discretion) a reallocation under this Section 2.2(d)(ii), the Borrower shall deliver, as applicable, in accordance with Section 17.3, to each Agent (with a copy to the Collateral Agent) a notice in the form of Exhibit C-5 (each, an "FX Reallocation Notice") directing each Lender to sell to, or purchase from, as applicable, the other Lenders Advances in an aggregate amount such that, after giving effect to each such purchase, each Lender owns its Pro Rata Percentage of the Advances outstanding. Each Lender agrees to comply with the direction provided in the FX Reallocation Notice. Each such purchase and sale of Advances outstanding shall occur on the second Business Day following delivery of the related FX Reallocation Notice (or, if the related FX Reallocation Notice is delivered to any Lender after 4:00 p.m. in the Applicable Time Zone, on the third Business Day following delivery of such FX Reallocation Notice).
3. Notwithstanding anything to the contrary herein, at no time shall (v) any AUD Lender have any obligation to fund any Advance in an Eligible Currency other than AUDs, (w) any CAD Lender have any obligation to fund any Advance in an Eligible Currency other than CADs, (x) any Dollar Lender have any obligation to fund any Advance in an Eligible Currency other than Dollars, (y) any Euro Lender have any obligation to fund any Advance in an Eligible Currency other than Euros or (z) any GBP Lender have any obligation to fund any Advance in an Eligible Currency other than GBPs.

Section 2.3 Notes.

The Borrower shall, upon request of any Lender Group, on or after such Lender Group becomes a party hereto (whether on the Effective Date or by assignment or otherwise), execute and deliver a Note evidencing the Advances of such Lender Group. Each such Note shall be payable to the order of the Agent for such Lender Group in a face amount equal to the applicable Lender Group's Commitment as of the Effective Date or the effective date on which such Lender Group becomes a party hereto, as applicable. The Borrower hereby

irrevocably authorizes each Agent to make (or cause to be made) appropriate notations on the grid attached to the Notes (or on any continuation of such grid, or at the option of such Agent, in its records), which notations, if made, shall evidence, *inter alia*, the date of the outstanding principal of the Advances evidenced thereby and each payment of principal thereon. Such notations shall be rebuttably presumptive evidence of the subject matter thereof absent manifest error; provided, that the failure to make any such notations shall not limit or otherwise affect any of the Obligations or any payment thereon.

Section 2.4 Repayment and Prepayments.

(a) The Borrower shall repay the Advances outstanding (i) on each Distribution Date to the extent required to be repaid hereunder and funds are available therefor pursuant to Section 8.3 and (ii) in full on the Facility Termination Date.

- i. Prior to the Facility Termination Date, the Borrower may, from time to time, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Advance using Principal Collections on deposit in the Principal Collection Account or other funds available to the Borrower on such date; provided, that
 1. all such voluntary prepayments shall require prior written notice to the Facility Agent (with a copy to the Collateral Agent and each Agent) by 11:00 a.m. in the Applicable Time Zone two (2) Business Days prior to such voluntary prepayment, which notice (herein called the "Prepayment Notice") shall be in the form of Exhibit C-4 and shall include (among other things) the proposed date of such prepayment and the amount and allocation of such prepayment;
 2. all such voluntary partial prepayments shall be in a minimum amount of 1,000,000 AUDs, 1,000,000 CADs, \$1,000,000, 2,500,000 Euros or 2,500,000 GBPs, individually and as applicable; and
 3. each prepayment shall be applied on the Business Day received by the Collateral Agent if received by 3:00 p.m., in the Applicable Time Zone, on such day by the Collateral Agent as Amount Available constituting Principal Collections pursuant to Section 8.3(a) as if (x) the date of such prepayment were a Distribution Date and (y) such prepayment occurred during the Collection Period to which such Distribution Date relates.

(c) If on any date the Foreign Currency Sublimit has been equal to or greater than the amount which is equal to 105% of the Foreign Currency Advance Amount for each of the preceding thirty (30) days, then the Borrower shall within five (5) Business Days of a written request of the Facility Agent, prepay the Advances such that the Foreign Currency Advance Amount is less than or equal to the Foreign Currency Sublimit; provided that the amount of the Advances outstanding plus the Foreign Currency Advance Amount shall never be greater than the Facility Amount.

Each such prepayment shall be subject to the payment of any amounts required by Section 2.5(b) (if any) resulting from a prepayment or payment.

Section 2.5 Permanent Reduction of Facility Amount.

(a) The Borrower may at any time upon five Business Days' prior written notice to the Facility Agent and each Agent, permanently reduce the Facility Amount (i) in whole upon payment in full (in accordance with Section 2.4) of the aggregate outstanding principal amount of all Advances or (ii) in part by any pro rata amount that the Facility Amount exceeds the aggregate outstanding principal amount of all Advances (after giving effect to any concurrent prepayment thereof). In connection with any permanent reduction of the Facility Amount under this Section 2.5(a), the Commitment of each Committed Lender shall automatically, and without any further action by any party, be reduced pro rata with all other Committed Lenders such that the sum of all Commitments will equal the newly reduced Facility Amount.

- i. Notwithstanding anything to the contrary herein, the Borrower may permanently reduce the Facility Amount at any time, provided that if such reduction occurs at any time other than those specified in Section 2.5(a), it shall, unless (i) after the twelve-month anniversary of the Eighth Amendment Effective Date, any Lender has, prior to the date of such permanent reduction in whole or in part, declined an Extension Request or (ii) the

Facility Agent has updated the Diversity Score in any way which is material and adverse to the Borrower, pay the applicable Prepayment Fee, to the Collateral Agent, for the respective accounts of the Lenders. Notwithstanding anything to the contrary herein, no Prepayment Fee shall be due in respect of any prepayment or permanent reduction occurring after the end of the Revolving Period.

Section 2.6 Extension of Revolving Period.

The Borrower may, at any time after the first anniversary of the Eighth Amendment Effective Date and prior to the date that is thirty (30) days prior to the last date of the Revolving Period, deliver a written notice to each Agent (with a copy to the Facility Agent) requesting an extension of the Revolving Period for an additional twelve months (each qualifying request, an “Extension Request”). Each Lender may approve or decline an Extension Request in its sole discretion; provided, that the Lenders shall respond to an Extension Request in writing not later than 30 days following receipt of such Extension Request, and if any Lender does not respond in writing by the end of such 30 day period it shall be deemed to have denied such Extension Request. No request by the Borrower to extend the Revolving Period shall be considered an “Extension Request” if such request is conditioned on an amendment to any other provision of the Transaction Documents.

Section 2.7 Calculation of Discount Factor.

- ii. In connection with the purchase of each Collateral Obligation and prior to such Collateral Obligation being purchased by the Borrower and included in the Collateral, the Facility Agent will assign (in its sole discretion) a Discount Factor for such Collateral Obligation.
- iii. If, but only if, a Revaluation Event occurs with respect to any Collateral Obligation, the Discount Factor of such Collateral Obligation may be amended by the Facility Agent, in its sole discretion, subject to the Investment Manager’s dispute rights set forth in this Section 2.7(b). The Facility Agent will provide written notice of the revised Discount Factor to the Borrower, the Collateral Agent and the Investment Manager. The Collateral Agent shall forward a copy of such notice to each Agent. To the extent the Investment Manager has actual knowledge or, pursuant to the terms of the applicable Underlying Instruments, has received notice of any Revaluation Event with respect to any Collateral Obligation, the Investment Manager shall give prompt notice thereof to the Facility Agent and the Collateral Agent (but, in any event, not longer than two Business Days after it receives notice or gains actual knowledge thereof). The Collateral Agent shall forward a copy of such notice to each Agent. So long as (i) the then-current Leverage Multiple with respect to the Collateral Obligation subject to such Revaluation Event is no more than 2.00x higher than the related Original Leverage Multiple, (ii) such Collateral Obligation was not previously subject to a Revaluation Event and (iii) such Collateral Obligation is not a Defaulted Collateral Obligation pursuant to clause (a) or (b) of the definition thereof, the Investment Manager may dispute the Discount Factor determined by the Facility Agent and at the expense of the Borrower shall retain an Approved Valuation Firm to determine the Discount Factor no later than sixty (60) days after the date of such initial determination by the Facility Agent (any such determination not to exceed the least of (x) the Purchase Price paid by the Borrower for such Collateral Obligation, (y) the outstanding Principal Balance of such Collateral Obligation and (z) any Discount Factor or haircut (including due to synthetic tranching) that the Facility Agent assigned pursuant to Section 2.7(a) or otherwise in the related Approval Notice). If the Facility Agent disputes the Discount Factor determined by the Borrower’s Approved Valuation Firm in good faith based on its reasonable judgment, the Facility Agent may at the expense of the Borrower elect to retain a different Approved Valuation Firm to determine the Discount Factor in accordance with the Valuation Standard. In either case, the Discount Factor determined by the Facility Agent shall apply during the process of any such dispute. Any determination by any Approved Valuation Firm of the Discount Factor after a Revaluation Event shall be recalculated every six (6) months after the date of such initial determination until the Borrower provides notice pursuant to clause (d) below that such

Revaluation Event is no longer continuing. If any additional Revaluation Event occurs with respect to any Collateral Obligation, the Discount Factor of such Collateral Obligation may be amended by the Facility Agent, in its sole discretion and there shall be no right to dispute such determination. In the event more than one Discount Factor has been determined by Approved Valuation Firms for any Collateral Obligation in accordance with this clause (b), the Discount Factor for such Collateral Obligation shall be recalculated by the Facility Agent as the average of the valuations provided by all such Approved Valuation Firms (such determination not to exceed the least of (x) the Purchase Price paid by the Borrower for such Collateral Obligation, (y) the outstanding Principal Balance of such Collateral Obligation and (z) any Discount Factor or haircut (including due to synthetic tranching) that the Facility Agent assigned pursuant to Section 2.7(a) or otherwise in the related Approval Notice).

- iv. The Facility Agent will provide written notice of each revised Discount Factor to the Borrower, the Investment Manager, each Agent and the Collateral Agent.
- v. Upon notice from the Borrower to the Facility Agent that a Revaluation Event has been cured, the Facility Agent, in its sole discretion, shall revise the Discount Factor to revert to the Discount Factor prevailing immediately prior to the occurrence of the relevant Revaluation Event if the Facility Agent, in its reasonable discretion, is satisfied that such Revaluation Event has been cured.

Section 2.8 Increase in Facility Amount.

The Borrower may, with the prior written consent of the Facility Agent (which consent may be conditioned on one or more conditions precedent in its sole discretion), (i) increase the Commitment of the existing Lender Groups (*pro rata*) with the consent of each such Lender Group, (ii) subject to Section 15.4(b), add additional Lender Groups and/or (iii) increase the Commitment of any Lender Group with the consent of such Lender Group, in each case which shall increase the Facility Amount by the amount of the increased or new Commitment of each such existing or additional Lender Group; provided that the Facility Amount may be increased to \$500,000,000 with the consent of solely the Facility Agent and the Lender Group increasing its Commitment. Each increase in the Facility Amount pursuant to clause (i) above shall be allocated to each participating Lender Group *pro rata* based on their Commitments immediately prior to giving effect to such increase. Notwithstanding the foregoing, no such increase shall be permitted without the prior written consent of DBNY if, after giving effect to any such increase, DBNY's Commitment will no longer be at least 51% of the Facility Amount.

A. YIELD, UNDRAWN FEE, ETC.

Section 3.1 Yield and Undrawn Fee.

(a) The Borrower hereby promises to pay, on the dates specified in Section 3.2, Yield on the unpaid principal amount of each Advance (or each portion thereof) for the period commencing on the applicable Advance Date until such Advance is paid in full. No provision of this Agreement or the Notes shall require the payment or permit the collection of Yield in excess of the maximum permitted by Applicable Law.

- i. The Borrower shall pay the Undrawn Fee on the dates specified in Section 3.2.

Section 3.2 Yield Distribution Dates.

Yield accrued on each Advance (including any previously accrued and unpaid Yield) and Undrawn Fee (as applicable) shall be payable, without duplication:

- i. on the Facility Termination Date;
- ii. on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Advance; and
- iii. on each Distribution Date.

Section 3.3 Yield Calculation.

Each Note shall bear interest on each day during each Collection Period at a rate per annum equal to the product of (a) the Interest Rate for such Collection Period multiplied by (b) the outstanding Advances attributable to such Note on such day. All Yield shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such Yield is payable

over a year comprised of 360 days (other than Yield accruing by the reference rate set forth in clause (a) of the definition of Alternate Base Rate, which shall be computed over a year comprised of 365/366 days and with respect to GBP Advances, AUD Advances and CAD Advances 365 days).

Section 3.4 Computation of Yield, Fees, Etc.

Each Agent (on behalf of its respective Lender Group) and the Facility Agent shall determine the applicable Yield and all Fees to be paid by the Borrower on each Distribution Date for the related Collection Period and shall advise the Collateral Agent thereof in writing no later than the eighth (8th) Business Day prior to such Distribution Date. Such reporting may also include an accounting of any amounts due and payable pursuant to Sections 4.3 and 5.1.

A. PAYMENTS; TAXES

Section 4.1 Making of Payments.

Subject to, and in accordance with, the provisions hereof, all payments of principal of or Yield on the Advances and other amounts due to the Lenders shall be made pursuant to Section 8.3(a) by no later than 3:00 p.m., in the Applicable Time Zone, on the day when due in the Eligible Currency in immediately available funds. Payments received by any Lender or Agent after 3:00 p.m., in the Applicable Time Zone, on any day will be deemed to have been received by such Lender or Agent on its next following Business Day. Each Agent shall allocate to the Lenders in its Lender Group each payment in respect of the Advances received by such Agent as provided by Section 8.3 or Section 2.4. Payments in reduction of the principal amount of the Advances shall be allocated and applied to Lenders pro rata based on their respective portions of such Advances, or in any such case in such other proportions as each affected Lender may agree upon in writing from time to time with such Agent and the Borrower. Payments of Yield and Undrawn Fee shall be allocated and applied to Lenders pro rata based upon the respective amounts of interest and fees due and payable to them.

Section 4.2 Due Date Extension.

If any payment of principal or Yield with respect to any Advance falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day, and additional Yield shall accrue and be payable for the period of such extension at the rate applicable to such Advance.

Section 4.3 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Transaction 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 Official Body in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the 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 4.3) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

- i. Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Official Body in accordance with applicable law, or at the option of the Facility Agent timely reimburse it for the payment of, any Other Taxes.
- ii. Indemnification by the Borrower. The Borrower shall indemnify each Recipient, and its direct and indirect beneficial owners, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.3) payable or paid by such Recipient or such beneficial owners or required to be withheld or deducted from a payment to such Recipient or such beneficial owners 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 Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Facility Agent and each Agent), or by the Facility Agent on its own behalf or on behalf of another Recipient, shall be conclusive absent manifest error.

- iii. Indemnification by the Lenders. Each Lender shall severally indemnify the Facility Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Facility Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 15.9 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 the Facility Agent in connection with any Transaction 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 Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Facility Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Facility Agent to set off and apply any and all amounts at any time owing to such Lender under any Transaction Document or otherwise payable by the Facility Agent to the Lender from any other source against any amount due to the Facility Agent under this Section 4.3(d).
- iv. Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to an Official Body pursuant to this Section 4.3, the Borrower shall deliver to the Facility Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.
- v. Status of Lenders.
 1. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Facility Agent, at the time or times reasonably requested by the Borrower or the Facility Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Facility Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Facility Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Facility Agent as will enable the Borrower or the Facility Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.3(f)(ii)(A), Section 4.3(f)(ii)(B) and Section 4.3(f)(ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.
 2. Without limiting the generality of the foregoing, if the Borrower is a U.S. Borrower:
 - a. any Lender that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Facility Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent) executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;
 - b. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility 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 Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility 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 Transaction Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, 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 Transaction Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, 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 originals 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 Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-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 G-4 on behalf of each such direct and indirect partner;

- a. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility 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 Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent) executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Facility Agent to determine the withholding or deduction required to be made; and
- b. if a payment made to a Lender under any Transaction 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 Code, as applicable), such Lender shall deliver to the Borrower and the Facility Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Facility Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Facility Agent as may be necessary for the Borrower and the Facility Agent to (x) comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or (y) determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 4.3(f)(ii)(D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

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

- i. 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 4.3 (including by the payment of additional amounts pursuant to this Section 4.3), 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 4.3 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 Official Body 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 4.3(g) (plus any penalties, interest or other charges imposed by the relevant Official Body) in the event that such indemnified party is required to repay such refund to such Official Body. Notwithstanding anything to the contrary in this Section 4.3(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 4.3(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 4.3(g) 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 4.3 shall survive the resignation or replacement of the Facility Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Transaction Document.

B. INCREASED COSTS, ETC.

Section 5.1 Increased Costs, Capital Adequacy.

(a) If, due to either (i) the introduction of or any change following the date hereof (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation, administration or application arising following the date hereof of any Applicable Law, in each case whether foreign or domestic or (ii) the compliance with any guideline or request following the date hereof from any central bank or other Official Body (whether or not having the force of law), (A) there shall be any increase in the cost to the Facility Agent, any Agent, any Lender, successor or assign thereof (each of which shall be an "Affected Person") of agreeing to make or making, funding or maintaining any Advance (or any reduction of the amount of any payment (whether of principal, interest, fee, compensation or otherwise) to any Affected Person hereunder), as the case may be, (B) there shall be any reduction in the amount of any sum received or receivable by an Affected Person under this Agreement or under any other Transaction Document, or (C) any Recipient is subject to any Taxes (other than (1) Indemnified Taxes and (2) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, then, in each case, the Borrower shall, from time to time, after written demand by the Facility Agent (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for such demand), on behalf of such Affected Person, pay to the Facility Agent, on behalf of such Affected Person, additional amounts sufficient to compensate such Affected Person for such increased costs or reduced payments within thirty (30) days after such demand; provided, that the amounts payable under this Section 5.1 shall be without duplication of amounts payable under Section 4.3.

- i. If either (i) the introduction of or any change following the date hereof in or in the interpretation, administration or application arising following the date hereof of any law, guideline, rule or regulation, directive or request or (ii) the compliance by any Affected

Person with any law, guideline, rule, regulation, directive or request following the date hereof, from any central bank, any Official Body or agency, including, without limitation, compliance by an Affected Person with any request or directive regarding capital adequacy or liquidity coverage, has or would have the effect of reducing the rate of return on the capital of any Affected Person, as a consequence of its obligations hereunder or any related document or arising in connection herewith or therewith to a level below that which any such Affected Person could have achieved but for such introduction, change or compliance (taking into consideration the policies of such Affected Person with respect to capital adequacy and liquidity coverage), by an amount deemed by such Affected Person to be material, then, from time to time, after demand by such Affected Person (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for such demand), the Borrower shall pay the Facility Agent on behalf of such Affected Person such additional amounts as will compensate such Affected Person for such reduction.

- ii. If an Affected Person shall at any time (without regard to whether any Basel III Regulations or Dodd-Frank Regulations are then in effect) suffer or incur (i) any explicit or implicit charge, assessment, cost or expense by reason of the amount or type of assets, capital or supply of funding such Affected Person or any of its Affiliates is required or expected to maintain in connection with the transactions contemplated herein, without regard to (A) whether such charge, assessment, cost or expense is imposed or recognized internally, externally or inter-company or (B) whether it is determined in reference to a reduction in the rate of return on such Affected Person's or Affiliate's assets or capital, an inherent cost of the establishment or maintenance of a reserve of stable funding, a reduction in the amount of any sum received or receivable by such Affected Person or its Affiliates or otherwise, or (ii) any other imputed cost or expense arising by reason of the actual or anticipated compliance by such Affected Person or any of its Affiliates with the Basel III Regulations or Dodd-Frank Regulations, then, upon demand by or on behalf of such Affected Person through the Facility Agent, the Borrower shall pay to the Facility Agent, for the benefit of such Affected Person, such amount as will, in the determination of such Affected Person, compensate such Affected Person therefor. A certificate of the applicable Affected Person setting forth the amount or amounts necessary to compensate the Affected Person under this Section 5.1(c) shall be delivered to the Borrower and shall be conclusive absent manifest error.
- iii. In determining any amount provided for in this Section 5.1, the Affected Person may use any reasonable averaging and attribution methods. The Facility Agent, on behalf of any Affected Person making a claim under this Section 5.1, shall submit to the Borrower a certificate setting forth in reasonable detail the basis for and the computations of such additional or increased costs, which certificate shall be conclusive absent manifest error.

c. EFFECTIVENESS; CONDITIONS TO ADVANCES

Section 6.1 Effectiveness.

This Agreement shall become effective on the first day (the "Effective Date") on which the Facility Agent, on behalf of the Lenders, shall have received the following, each in form and substance reasonably satisfactory to the Facility Agent:

- i. Transaction Documents. This Agreement and each other Transaction Document, in each case duly executed by each party thereto;
- ii. Notes. For each Lender Group that has requested the same, a Note duly completed and executed by the Borrower and payable to the Agent for such Lender Group;
- iii. Establishment of Account. Evidence that each Account has been established;
- iv. Resolutions. Certified copies of the resolutions of the board of managers (or similar items) of the Borrower and the Investment Manager approving the Transaction

- Documents to be delivered by it hereunder and the transactions contemplated hereby, certified by its secretary or assistant secretary;
- v. Organization Documents. The certificate of formation (or similar organization document) of each of the Borrower and the Investment Manager certified by the Secretary of State of its jurisdiction of organization; and a certified, executed copy of the Borrower's and the Investment Manager's organizational documents;
 - vi. Good Standing Certificates. Good standing certificates for each of the Borrower and the Investment Manager issued by the applicable Official Body of its jurisdiction of organization;
 - vii. Incumbency. A certificate of the secretary or assistant secretary of each of the Borrower and the Investment Manager certifying the names and true signatures of the officers authorized on its behalf to sign this Agreement and the other Transaction Documents to be delivered by it;
 - viii. Filings. Copies of proper financing statements, as may be necessary or, in the opinion of the Facility Agent, desirable under the UCC of all appropriate jurisdictions or any comparable law to perfect the security interest of the Collateral Agent on behalf of the Secured Parties in all Collateral in which an interest may be pledged hereunder;
 - ix. Opinions. Legal opinions of Dechert LLP counsel for the Borrower and the Investment Manager, and Locke Lord LLP and in-house counsel for the Collateral Agent, each in form and substance reasonably satisfactory to the Facility Agent covering such matters as the Facility Agent may reasonably request;
 - x. No Facility Termination Event, etc. Each of the Transaction Documents is in full force and effect and no Facility Termination Event or Unmatured Facility Termination Event has occurred and is continuing or will result from the issuance of the Notes and the borrowing hereunder;
 - xi. Liens. The Facility Agent shall have received (i) the results of a recent search by a Person satisfactory to the Facility Agent, of the UCC, judgment, security interest and tax lien filings which may have been filed with respect to personal property of the Borrower, and bankruptcy and pending lawsuits with respect to the Borrower and the results of such search shall be satisfactory to the Facility Agent and (ii) filed UCC termination statements, if any, necessary to release all security interests and other rights of any Person in any Collateral previously granted by the Borrower and any executed pay-off letters reasonably requested by the Facility Agent;
 - xii. Payment of Fees. The Facility Agent shall have received evidence, to its sole satisfaction, that all Fees due to the Lenders on the Effective Date have been paid in full;
 - xiii. No Material Adverse Effect. No Material Adverse Effect shall have occurred since September 30, 2013 and no litigation shall have commenced which, if successful, could have a Material Adverse Effect;
 - xiv. Financial Statements. The Facility Agent has received the most recently available copies of the financial statements and reports described in Section 7.5(k), certified by a Responsible Officer of the Investment Manager to be true and correct; such financial statements fairly present in all material respects the financial condition of such Person as of the applicable date of issuance; and
 - xv. Other. Such other approvals, documents, opinions, certificates and reports as the Facility Agent may reasonably request.

Section 6.2 Advances and Reinvestments.

The making of any Advance (including the initial Advance hereunder) and any Reinvestment are all subject to the condition that the Effective Date shall have occurred and to the following further conditions precedent that:

- i. No Facility Termination Event, Etc. Each of the Transaction Documents shall be in full force and effect (unless terminated in accordance with their terms) and (i) no Facility

Termination Event or Unmatured Facility Termination Event shall have occurred and be continuing or will result from the making of such Advance or Reinvestment, (ii) no Investment Manager Event of Default or Unmatured Investment Manager Event of Default shall have occurred and be continuing or will result from the making of such Advance or Reinvestment, (iii) the representations and warranties of the Borrower contained herein, of the Investment Manager contained in the Investment Management Agreement and of the Borrower and the Investment Manager in the other Transaction Documents shall be true and correct in all material respects as of the related Funding Date (or if such representations and warranties specifically refer to an earlier date, such earlier date), with the same effect as though made on the date of (and after giving effect to) such Advance or Reinvestment, and (iv) after giving effect to such Advance or Reinvestment (and any purchase of Eligible Collateral Obligations in connection therewith), (x) the aggregate outstanding principal balance of the Advances will not exceed the Borrowing Base and (y) the Foreign Currency Advance Amount will not exceed the Foreign Currency Sublimit;

- ii. Requests. (i) In connection with the funding of any Advance pursuant to Section 2.2(a), the Collateral Agent, each Agent and the Facility Agent shall have received the Advance Request for such Advance in accordance with Section 2.2(a), together with all items required to be delivered in connection therewith and (ii) in connection with any Reinvestment, the Collateral Agent, each Agent and the Facility Agent shall have received the Reinvestment Request for such reinvestment in accordance with Section 8.3(b), together with all items required to be delivered in connection therewith;
- iii. Revolving Period. The Revolving Period shall not have ended;
- iv. Document Checklist. The Facility Agent, each Agent and the Collateral Custodian shall have received a Document Checklist for each Eligible Collateral Obligation to be added to the Collateral on the related Funding Date;
- v. Borrowing Base Confirmation. The Collateral Agent, each Agent and the Facility Agent shall have received an Officer's Certificate of the Borrower or the Investment Manager (which may be included as part of the Advance Request or Reinvestment Request) computed as of the date of such request and after giving effect thereto and to the purchase by the Borrower of the Collateral Obligations to be purchased by it on such date (if any), demonstrating that (x) the aggregate principal amount of all outstanding Advances shall not exceed the Borrowing Base and (y) the Foreign Currency Advance Amount will not exceed the Foreign Currency Sublimit, in each case, as calculated as of the Funding Date as if the Collateral Obligations purchased by the Borrower on such Funding Date were owned by the Borrower;
- vi. Collateral Quality Tests, Minimum Equity Condition. The Collateral Agent, each Agent and the Facility Agent shall have received an Officer's Certificate of the Investment Manager (which may be included as part of the Advance Request or Reinvestment Request) computed as of the date of such requested Advance or Reinvestment, and after giving effect thereto and to the purchase by the Borrower of the Collateral Obligations to be purchased by it on such Funding Date, demonstrating that (i) with respect to each Advance, all of the Collateral Quality Tests and the Minimum Equity Condition are satisfied, or (ii) with respect to each Reinvestment, (A) the Diversity Score is at least 8 and (B) each other Collateral Quality Test is satisfied or, if not satisfied, maintained or improved, and the Minimum Equity Condition is satisfied;
- vii. Hedging Agreements. Beginning on the date that the Interest Spread Test is not satisfied, to the extent the Borrower elects to enter into Hedging Agreements in accordance with Section 10.6, the Facility Agent shall have received evidence of such transactions, in form and substance satisfactory to the Required Lenders;

- viii. Facility Agent Approval. In connection with the acquisition of any Collateral Obligation by the Borrower, the Borrower shall have received a copy of an Approval Notice with respect to such Collateral Obligation;
- ix. Permitted Use. The proceeds of any Advance will be used solely by the Borrower for general corporate purposes consistent with the terms hereof, which, for the avoidance of doubt, include dividends and distributions to the Equityholder permitted pursuant to Section 10.16, or to acquire Collateral Obligations as identified on the applicable Asset Approval Request or to satisfy any unfunded commitments in connection with any Variable Funding Asset;
- x. Appraised Value. In connection with the acquisition of each Asset Based Loan and within the time periods set forth below, the Borrower or the Investment Manager (on behalf of the Borrower) shall have retained or shall have caused the Obligor to retain either an Approved Appraisal Firm or Approved Valuation Firm, as applicable, to calculate the Appraised Value of (A) with respect to any such Collateral Obligation that has intellectual property, equipment or real property, as the case may be, in its borrowing base, the collateral securing such Collateral Obligation within twelve (12) months prior to the acquisition of such Collateral Obligation and inclusion into the Collateral and (B) with respect to all other Asset Based Loans, the collateral securing such Collateral Obligation within six (6) months prior to the acquisition of such Collateral Obligation and inclusion into the Collateral. The Borrower shall cause the Investment Manager to report the Approved Appraisal Firm or Approved Valuation Firm, as applicable, appraisal metric and Appraised Value for such Collateral Obligation to the Facility Agent (with a copy to each Agent) in the Advance Request or Reinvestment Request, as applicable, related to such Collateral Obligation;
- xi. Borrower's Certification. The Borrower shall have delivered to the Collateral Agent, each Agent and the Facility Agent an Officer's Certificate (which may be included as part of the Advance Request or Reinvestment Request) dated the date of such requested Advance or Reinvestment certifying that the conditions described in Sections 6.2(a) through (j) have been satisfied; and
 - i. Other. With respect to any Advance, the Facility Agent shall have received such other approvals, documents, opinions, certificates and reports as they may request, which request is reasonable as to content and timing.

Section 6.3 Transfer of Collateral Obligations and Permitted Investments.

(a) The Collateral Custodian shall hold all Certificated Securities (whether Collateral Obligations or Permitted Investments) and Instruments in physical form at the Corporate Trust Office.

- i. On the Effective Date (with respect to each Collateral Obligation and Permitted Investment owned by the Borrower on such date) and each time that the Borrower shall (or shall cause the Investment Manager to) direct or cause the acquisition of any Collateral Obligation or Permitted Investment, the Borrower shall (or shall cause the Investment Manager to), if such Permitted Investment or, in the case of a Collateral Obligation, the related promissory note or assignment documentation has not already been delivered to the Collateral Custodian in accordance with the requirements set forth in the definition of "Collateral Obligation File", cause the delivery of such Permitted Investment or, in the case of a Collateral Obligation, the related promissory note or assignment documentation in accordance with the requirements set forth in the definition of "Collateral Obligation File" to the Collateral Custodian to be credited by the Collateral Custodian to the Principal Collection Account in accordance with the terms of this Agreement.
- ii. The Borrower shall (or shall cause the Investment Manager to) cause all Collateral Obligations or Permitted Investments acquired by the Borrower to be transferred to the

Collateral Custodian for credit by it to the Principal Collection Account, and shall cause all Collateral Obligations and Permitted Investments acquired by the Borrower to be delivered to the Collateral Custodian by one of the following means (and shall take any and all other actions necessary to create and perfect in favor of the Collateral Agent a valid security interest in each Collateral Obligation and Permitted Investment, which security interest shall be senior (subject to Permitted Liens) to that of any other creditor of the Borrower (whether now existing or hereafter acquired):

1. in the case of an Instrument or a Certificated Security in registered form by having it Indorsed to the Collateral Custodian or in blank by an effective Indorsement or registered in the name of the Collateral Custodian and by (A) delivering such Instrument or Security Certificate to the Collateral Custodian at the Corporate Trust Office and (B) causing the Collateral Custodian to maintain (on behalf of the Collateral Agent for the benefit of the Secured Parties) continuous possession of such Instrument or Certificated Security at the Corporate Trust Office;
2. in the case of an Uncertificated Security, by (A) causing the Collateral Custodian to become the registered owner of such Uncertificated Security and (B) causing such registration to remain effective;
3. in the case of any Security Entitlement, by causing each such Security Entitlement to be credited to the Account in the name of the Borrower; and
4. in the case of General Intangibles (including any Collateral Obligation or Permitted Investment not evidenced by an Instrument) by filing, maintaining and continuing the effectiveness of, a financing statement naming the Borrower as debtor and the Collateral Agent as secured party and describing the Collateral Obligation or Permitted Investment (or a description of "all assets" of the Borrower) as the collateral at the filing office of the Secretary of State of Delaware.

D. ADMINISTRATION AND MANAGEMENT OF COLLATERAL OBLIGATIONS

Section 7.1 Investment Manager.

The management, administration and collection of the Collateral Obligations shall be conducted by the Person designated as Investment Manager from time to time in accordance with the Investment Management Agreement.

Section 7.2 Investment Manager Events of Default.

(a) If an Investment Manager Event of Default shall occur and be continuing, at the election of the Facility Agent (individually or as directed by the Majority Lenders) by written notice to the Borrower (with a copy to each Agent), the Borrower shall (i) not permit the Investment Manager to (w) consent to modifications to Collateral Obligations or Hedging Agreements, (x) cause the Borrower to enter into any Hedging Agreement, (y) consent to any acquisition or disposition of Collateral Obligations under the Investment Management Agreement or (z) take any other action with respect to the Borrower, the Collateral or the Transaction Documents specified by the Facility Agent (or its representative) to the Investment Manager in its sole discretion from time to time (each, a "Specified Transaction"), (ii) cause the Investment Manager to have the prior written consent of the Facility Agent in its sole discretion prior to directing the Borrower to enter into any Specified Transaction and (iii) seek to sell, or cause the Investment Manager to seek to sell, in each case at the direction of the Facility Agent, the Collateral Obligations for fair value on commercially reasonable terms and conditions. The Borrower shall pay the reasonable and documented costs and expenses of any agents and advisers retained by the Facility Agent in connection with the exercise of the foregoing rights; provided, however, that the Borrower's obligations to reimburse any such costs and expenses in respect of any period during which an Investment Manager Event of Default shall have occurred and be continuing shall not exceed an amount equal to 2.00% per annum of the average daily value of the aggregate Collateral Obligation Amount of the Eligible Collateral Obligations during such period. The Investment Manager hereby agrees to work in

good faith with any such agents and advisors. The Investment Management Agreement shall provide that the Investment Manager may not resign until a successor has been chosen and has commenced services.

In addition, upon the occurrence of an Investment Manager Event of Default, the Borrower shall cause the Investment Manager to, if so requested by the Facility Agent acting individually or at the direction of the Majority Lenders, deliver as directed by the Facility Agent copies of its Records within five Business Days after demand therefor and an electronic transmission (the form of such transmission shall be reasonably acceptable to such successor investment manager) containing as of the close of business on the date of demand all of the data maintained by the Investment Manager in computer format in connection with managing the Collateral Obligations.

- i. The Borrower shall not permit the Investment Manager to resign from the obligations and duties imposed on it under the Transaction Documents other than in accordance with Section 11 of the Investment Management Agreement.
- ii. At any time, any of the Facility Agent or any Lender may irrevocably waive any rights granted to such party under Section 7.2(a). Any such waiver shall be in writing and executed by such party that is waiving its rights hereunder. A copy of such waiver shall be promptly delivered by the waiving party to the Investment Manager and the Facility Agent (with a copy to each Agent).

Section 7.3 Duties of the Investment Manager.

In addition to the duties and obligations set forth in the Investment Management Agreement, the Borrower shall cause the Investment Manager to manage, service, administer and make collections on the Collateral Obligations and perform the other actions required by the Investment Manager in accordance with the terms and provisions of the Transaction Documents and the Investment Management Standard.

- i. The Borrower shall cause the Investment Manager to take or cause to be taken all such actions, as may be reasonably necessary or advisable to attempt to recover Collections from time to time, all in accordance with (i) Applicable Law, (ii) the applicable Collateral Obligation and its Underlying Instruments and (iii) the Investment Management Standard.
- ii. The Borrower shall cause the Investment Manager to administer the Collections in respect of the Loan payments in accordance with the procedures described herein. The Borrower shall cause the Investment Manager to (i) instruct all Obligor (and related agents) to deposit Collections directly into the Collection Account and (ii) deposit all Collections received directly by it into the Collection Account within one (1) Business Day of receipt thereof. The Borrower shall cause the Investment Manager to identify all Collections as either Principal Collections or Interest Collections, as applicable. The Borrower shall cause the Investment Manager to make such deposits or payments by electronic funds transfer through the Automated Clearing House system, or by wire transfer. The Investment Manager may, on any date, instruct the Collateral Agent to convert funds on deposit in the Collection Account into any Eligible Currency using the Applicable Conversion Rate if, after giving effect to such exchange, the Borrower is in compliance with the Borrowing Base.
- iii. The Borrower shall cause the Investment Manager to maintain for the Borrower and the Secured Parties in accordance with their respective interests all Records that evidence or relate to the Collections not previously delivered to the Collateral Agent and shall, as soon as reasonably practicable upon demand of the Facility Agent, make available, or, upon the occurrence and during the continuation of an Investment Manager Event of Default, deliver to the Facility Agent (with a copy to each Agent) copies of all material Records in its possession which evidence or relate to the Collections.
- iv. The Borrower shall cause the Investment Manager to, as soon as practicable following receipt thereof, turn over to the applicable Person any cash collections or other cash proceeds received with respect to each Collateral Obligation that does not constitute a Collateral Obligation or was paid in connection with a Retained Interest.

Section 7.4 Reserved.

Section 7.5 Covenants Relating to the Investment Manager.

Until the date on or after the Facility Termination Date on which the Advances shall have been repaid in full, all Yield shall have been paid, and no other amount shall be owing to the Secured Parties under this Agreement:

- i. Compliance with Agreements and Applicable Laws. The Borrower shall cause the Investment Manager to perform each of its obligations under this Agreement and the other Transaction Documents and comply with all Applicable Laws, including those applicable to the Collateral Obligations and all Collections thereof, except to the extent that the failure to so comply would not reasonably be expected to have a Material Adverse Effect.
- ii. Maintenance of Existence and Conduct of Business. The Borrower shall cause the Investment Manager to: (i) do or cause to be done all things necessary to (A) preserve and keep in full force and effect its existence as a corporation and its rights and franchises in the jurisdiction of its formation and (B) qualify and remain qualified as a foreign corporation in good standing and preserve its rights and franchises in each jurisdiction in which the failure to so qualify and remain qualified and preserve its rights and franchises would reasonably be expected to have a Material Adverse Effect; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder or under its organizational documents; and (iii) at all times maintain, preserve and protect all of its licenses, permits, charters and registrations except where the failure to maintain, preserve and protect such licenses, permits, charters and registrations would not reasonably be expected to have a Material Adverse Effect.
- iii. Books and Records. The Borrower shall cause the Investment Manager to keep proper books of record and account in which full and correct entries shall be made of all financial transactions and the assets and business of the Investment Manager in accordance with GAAP, maintain and implement administrative and operating procedures, and keep and maintain all documents, books, records and other information necessary or reasonably advisable for the collection of all Collateral Obligations.
- iv. Reserved.
- v. ERISA. The Borrower shall cause the Investment Manager to give the Facility Agent and each Agent prompt written notice of any event that could result in the imposition of a Lien on the Collateral under Section 430 of the Code or Section 303(k) or 4068 of ERISA. The Borrower shall not permit the Investment Manager or any Affiliates of the Investment Manager to, cause or permit to occur an event that could result in the imposition of a Lien on the Collateral under Section 430 of the Code or Section 303(k) or 4068 of ERISA.
- vi. Compliance with Collateral Obligations and Investment Management Standard. The Borrower shall cause the Investment Manager to, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by the Investment Manager under any Collateral Obligations (except, in the case of a successor Investment Manager, such material provisions, covenants and other provisions shall only include those provisions relating to the collection and managing the Collateral Obligations to the extent such obligations are set forth in a document included in the related Collateral Obligation File) and shall comply with the Investment Management Standard in all material respects with respect to all Collateral Obligations.
- vii. Maintain Records of Collateral Obligations. The Borrower shall cause the Investment Manager to, at its own cost and expense, maintain reasonably satisfactory and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral.
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- Borrower shall cause the Investment Manager to maintain its computer systems so that, from and after the time of sale of any Collateral Obligation to the Borrower, the Investment Manager's master computer records (including any back-up archives) that refer to such Collateral Obligation shall indicate the interest of the Borrower and the Facility Agent in such Collateral Obligation and that such Collateral Obligation is owned by the Borrower and has been pledged to the Facility Agent for the benefit of the Secured Parties pursuant to this Agreement.
- viii. Liens. The Borrower shall not permit the Investment Manager to create, incur, assume or permit to exist any Lien on or with respect to any of its rights under any of the Transaction Documents, whether with respect to the Collateral Obligations or any other Collateral other than Permitted Liens.
- ix. Mergers. The Borrower shall not permit the Investment Manager to directly or indirectly, by operation of law or otherwise, merge with, consolidate with, acquire all or substantially all of the assets or capital stock of, or otherwise combine with or acquire, any Person, except that the Investment Manager shall be permitted to merge with any entity so long as the Investment Manager remains the surviving corporation of such merger and such merger does not result in a Change of Control; provided, however, that any publicly announced transaction or series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall be permitted hereunder, with the surviving entity becoming the Equityholder for purposes of this Agreement and the other Transaction Documents, and the parties hereto agree for the benefit of the Investment Manager that such merger or fundamental change transaction shall be permitted under the Sale Agreement and the Investment Management Agreement, and shall not constitute a "change in control or management of the Investment Manager" for purposes of Section 13 of the Investment Management Agreement. The Borrower shall cause the Investment Manager to give prior written notice of any merger to the Facility Agent and each Agent.
- x. Investment Management Obligations. The Borrower shall not permit the Investment Manager to (i) agree to any amendment, waiver or other modification of any Transaction Document to which it is a party and to which the Facility Agent is not a party without the prior written consent of the Facility Agent, (ii) agree or permit the Borrower to agree to a Material Modification with respect to any Collateral Obligation without the prior written consent of the Facility Agent, (iii) interpose any claims, offsets or defenses it may have as against the Borrower as a defense to its performance of its obligations in favor of any Affected Person hereunder or under any other Transaction Documents or (iv) change its fiscal year so that the reports described in Section 7.5(k) would be delivered to the Facility Agent and each Agent less frequently than every 12 months.
- xi. Financial Reports. The Borrower shall cause the Investment Manager to furnish, or cause to be furnished, to the Facility Agent and each Agent:
1. as soon as available, but in any event within 120 days after the end of each fiscal year of the Equityholder, a copy of the consolidated and consolidating balance sheet of the Equityholder and its consolidated Subsidiaries as at the end of such year, the related consolidated and consolidating statements of income for such year, and the related consolidated statements of changes in net assets and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year; provided, that the financial statements required to be delivered pursuant to this clause (i) which are made available via EDGAR, or any successor system of the Securities and Exchange Commission, in the Equityholder's annual

report on Form 10-K, shall be deemed delivered to the Facility Agent and each Agent on the date such documents are made so available; and

2. as soon as available and in any event within 45 days after the end of each fiscal quarter of each fiscal year (other than the last fiscal quarter of each fiscal year), an unaudited consolidated and consolidating balance sheet of the Equityholder and its consolidated Subsidiaries as of the end of such fiscal quarter and including the prior comparable period (if any), and the unaudited consolidated and consolidating statements of income of the Equityholder and its consolidated Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, and the unaudited consolidated statements of cash flows of the Equityholder and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter; provided, that the financial statements required to be delivered pursuant to this clause (ii) which are made available via EDGAR, or any successor system of the Securities and Exchange Commission, in the Equityholder's quarterly report on Form 10-Q, shall be deemed delivered to the Facility Agent and each Agent on the date such documents are made so available.
- xii. Obligor Reports. The Borrower shall cause the Investment Manager to furnish to the Facility Agent, with respect to each Obligor within 15 Business Days of the completion of the Investment Manager's portfolio review of such Obligor (which, for any individual Obligor, shall occur no less frequently than quarterly), without duplication of any other reporting requirements set forth in this Agreement or any other Transaction Document, the Obligor Information and any financial reporting packages with respect to such Obligor and with respect to each Collateral Obligation for such Obligor (including any attached or included information, statements and calculations) received by the Borrower and/or the Investment Manager as of the date of the completion of such review. In no case, however, shall the Investment Manager be obligated hereunder to deliver such Obligor reports to the Facility Agent more than once per calendar month. Upon demand by the Facility Agent, the Borrower shall cause the Investment Manager to provide such other information as the Facility Agent may reasonably request (on behalf of itself or any Agent) with respect to any Collateral Obligation or Obligor (to the extent reasonably available to the Investment Manager) and not later than the date on which financial statements are due in respect of any fiscal quarter, any updated Obligor Information for such Obligor received during such fiscal quarter, including notice of any unavailable items of Obligor Information.
- xiii. Commingling. The Borrower shall not permit the Investment Manager to, and shall not permit any Affiliate of the Investment Manager to, deposit or permit the deposit of any funds that do not constitute Collections or other proceeds of any Collateral Obligations into the Collection Account.

Section 7.6 Reserved.

Section 7.7 Collateral Reporting.

The Borrower shall cause the Investment Manager to cooperate with the Collateral Agent in the performance of the Collateral Agent's duties under Section 11.3. Without limiting the generality of the foregoing, the Borrower shall cause the Investment Manager to supply in a timely fashion any information maintained by it that the Collateral Agent may from time to time request with respect to the Collateral Obligations and reasonably necessary to complete the reports and certificates required to be prepared by the Collateral Agent hereunder or required to permit the Collateral Agent to perform its obligations hereunder.

Section 7.8 Reserved.

Section 7.9 Procedural Review of Collateral Obligations; Access to Investment Manager and Investment Manager's Records.

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

- i. The Borrower shall, and shall cause the Investment Manager (or its affiliated investment advisor) to, at the Borrower's expense and as applicable, provide to the Facility Agent access to the documentation evidencing the Collateral Obligations and all other documents regarding the Collateral Obligations included as part of the Collateral and the Related Security in each case, in its possession, in such cases where the Facility Agent is required in connection with the enforcement of the rights or interests of the Lenders, or by applicable statutes or regulations, to review such documentation, such access being afforded without charge but only (i) upon two Business Days' prior written notice (so long as no Unmatured Facility Termination Event, Facility Termination Event or Investment Manager Event of Default has occurred and is continuing), (ii) during normal business hours and (iii) up to twice per calendar year (so long as no Unmatured Facility Termination Event, Facility Termination Event or Investment Manager Event of Default has occurred and is continuing). From and after the Effective Date and periodically thereafter at the reasonable discretion of the Facility Agent, the Facility Agent may review the Borrower's and the Investment Manager's collection and administration of the Collateral Obligations in order to assess compliance by the Investment Manager with the Investment Manager's written policies and procedures, as well as this Agreement and may, no more than twice in any calendar year, conduct an audit of the Collateral Obligations and Records in conjunction with such review.
- ii. Nothing in this Section 7.9 shall derogate from the obligation of the Borrower and the Investment Manager to observe any Applicable Law prohibiting disclosure of information regarding the Obligors, and the failure of the Investment Manager to provide access as a result of such obligation shall not constitute a breach of this Section 7.9.

Section 7.10 Optional Sales.

(a) The Borrower shall have the right to sell all or a portion of the Collateral Obligations (each, an "Optional Sale"), subject to the following terms and conditions:

1. immediately after giving effect to such Optional Sale:
 - a. each Collateral Quality Test is satisfied (or, if any Collateral Quality Test is not satisfied, it is maintained or improved);
 - b. the Minimum Equity Condition is satisfied;

- c. (i) the Borrowing Base is greater than or equal to the Advances outstanding and (ii) the Foreign Currency Advance Amount shall not exceed the Foreign Currency Sublimit; and
- d. no Facility Termination Event, Unmatured Facility Termination Event, Unmatured Investment Manager Event of Default or Investment Manager Event of Default shall have occurred and be continuing; provided that, no more than once in any twelve-month period, if an Unmatured Facility Termination Event or Unmatured Investment Manager Event of Default is continuing, the Borrower may make an Optional Sale if, after giving effect to such Optional Sale, such event is cured (although, for the avoidance of doubt, such event shall be continuing for all purposes hereunder until the settlement date of such Optional Sale);

provided, notwithstanding the above, that the Borrower may make (i) any Optional Sale of any Collateral Obligation that, in the Investment Manager's reasonable judgment, has a significant risk of declining in credit quality and, with the lapse of time, becoming a Defaulted Collateral Obligation, if after giving effect to such Optional Sale, (a) no Facility Termination Event is continuing and (b) the aggregate Principal Balance of all such Collateral Obligations sold pursuant to this proviso in any twelve-month period does not exceed 15% of the Aggregate Eligible Collateral Obligation Amount in effect on the date of such sale during such twelve month period or (ii) any Optional Sale of any Collateral Obligation if (x) the sale price is equal to or greater than the Principal Balance of such Collateral Obligation and (y) the proceeds from such Optional Sale are applied to reduce the Advances.

1. at least one (1) Business Day prior to the date of any Optional Sale, the Borrower shall cause the Investment Manager to give the Facility Agent, each Agent, the Collateral Custodian and the Collateral Agent written notice of such Optional Sale, which notice shall identify the related Collateral subject to such Optional Sale and the expected proceeds from such Optional Sale and include (x) an Officer's Certificate computed as of the date of such request and after giving effect to such Optional Sale, demonstrating compliance with clauses (a)(i)(A), (B) and (C) above and all other conditions set forth herein are satisfied and (y) a certificate of the Investment Manager substantially in the form of Exhibit F-3 requesting the release of the related Collateral Obligation File in connection with such Optional Sale;
 2. such Optional Sale shall be made by the Investment Manager, on behalf of the Borrower (A) in accordance with the Investment Management Standard, (B) reflecting arm's length market terms and (C) in a transaction in which the Borrower makes no representations, warranties or covenants and provides no indemnification for the benefit of any other party (other than those which are customarily made or provided in connection with the sale of assets of such type);
 3. if such Optional Sale is to an Affiliate of the Borrower or the Investment Manager and such Optional Sale is not conducted on an arm's length basis, the Facility Agent has given its prior written consent (which shall not be unreasonably withheld, conditioned or delayed); and
 4. on the date of such Optional Sale, all proceeds from such Optional Sale (x) will be deposited directly into the Collection Account and (y) with respect to any sold Collateral Obligation, will be in the same Eligible Currency as such Collateral Obligation.
- iii. In connection with any Optional Sale, following deposit of all proceeds from such Optional Sale into the Collection Account, the Collateral Agent shall be deemed to release and transfer to the Borrower (or the purchaser thereof from the Borrower) without recourse, representation or warranty all of the right, title and interest of the Collateral Agent for the benefit of the Secured Parties in, to and under such Collateral Obligation(s)

- and related Collateral subject to such Optional Sale and such portion of the Collateral so transferred shall be released from the Lien of this Agreement.
- iv. The Borrower hereby agrees to pay the reasonable and documented outside counsel legal fees and out-of-pocket expenses of the Facility Agent, the Collateral Agent, the Collateral Custodian, each Agent and each Lender in connection with any Optional Sale (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, on behalf of the Secured Parties, in the Collateral in connection with such Optional Sale).
 - v. In connection with any Optional Sale, the Collateral Agent shall, at the sole expense of the Borrower, execute such instruments of release with respect to the portion of the Collateral subject to such Optional Sale to the Borrower, in recordable form if necessary, as the Borrower, or the Investment Manager on its behalf, may reasonably request.
 - vi. Notwithstanding the foregoing, the Principal Balance of all Collateral Obligations (other than Warranty Collateral Obligations released to the Equityholder pursuant to a dividend by the Borrower) sold pursuant to Section 7.10(a) to the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend by the Borrower shall not during the term of this Agreement exceed 20% of the Net Purchased Loan Balance measured as of the date of such sale or dividend; provided, that the Principal Balance of all Defaulted Collateral Obligations (other than Warranty Collateral Obligations released to the Equityholder pursuant to a dividend by the Borrower) sold pursuant to Section 7.10(a) to the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend by the Borrower shall not during the term of this Agreement exceed 10% of the Net Purchased Loan Balance measured as of the date of such sale or dividend.

Section 7.11 Repurchase or Substitution of Warranty Collateral Obligations.

- vii. In the event of (x) a Repurchase Event or (y) a breach of Section 9.5, Section 9.13 or Section 9.26 or of a material breach of any other representation, warranty, undertaking or covenant set forth in Article IX, Article X, Section 18.3 or Section 18.5(b) with respect to a Collateral Obligation (or the Related Security and other related collateral constituting part of the Collateral related to such Collateral Obligation) (each such Collateral Obligation, a "Warranty Collateral Obligation"), no later than 30 days after the earlier of (x) knowledge of such breach on the part of the Equityholder or the Investment Manager and (y) receipt by the Equityholder or the Investment Manager of written notice thereof given by the Facility Agent (with a copy to each Agent), the Borrower shall either (a) repay Advances outstanding in the applicable Eligible Currency an amount equal to the aggregate Repurchase Amount of such Warranty Collateral Obligation(s) to which such breach relates on the terms and conditions set forth below or (b) substitute for such Warranty Collateral Obligation one or more Eligible Collateral Obligations with an aggregate Collateral Obligation Amount at least equal to the Repurchase Amount of the Warranty Collateral Obligation(s) being replaced; provided, that no such repayment or substitution shall be required to be made with respect to any Warranty Collateral Obligation (and such Collateral Obligation shall cease to be a Warranty Collateral Obligation) if, on or before the expiration of such 30-day period either (x) such Repurchase Event shall no longer be continuing or (y) the representations and warranties in Article IX with respect to such Warranty Collateral Obligation shall be made true and correct in all material respects with respect to such Warranty Collateral Obligation as if such Warranty Collateral Obligation had become part of the Collateral on such day, as applicable or if the Advances outstanding do not exceed the Borrowing Base, as applicable.

E. ACCOUNTS; PAYMENTS

Section 8.1 Accounts.

(a) On or prior to the Effective Date, the Borrower shall establish each Account in the name of the Borrower and each Account shall be a segregated, non-interest bearing trust account established with the Securities Intermediary, who shall forward funds from the Collection Account to the Collateral Agent for application by the Collateral Agent pursuant to Section 8.3 and the applicable Monthly Report. If at any time a Responsible Officer of the Collateral Agent obtains actual knowledge that any Account ceases to be an Eligible Account (with notice to the Investment Manager, the Facility Agent and each Agent), then the Borrower shall cause the Investment Manager to transfer such account to another institution such that such account shall meet the requirements of an Eligible Account.

Except as set forth below, amounts on deposit in the Unfunded Exposure Account may be withdrawn by the Borrower or at the direction of the Investment Manager (i) to fund any draw requests of the relevant Obligor under any Variable Funding Asset, or (ii) to make a deposit into the Collections Account as Principal Collections if, after giving effect to such withdrawal, the aggregate amount on deposit in the Unfunded Exposure Account in each Eligible Currency is equal to or greater than the Aggregate Unfunded Amount.

Following the Facility Termination Date, the Borrower shall cause the Investment Manager to forward any draw request made by an Obligor under a Variable Funding Asset, along with wiring instructions for the applicable Obligor, to the Collateral Custodian (with a copy to the Facility Agent and each Agent) along with an instruction to the Collateral Custodian to withdraw the applicable amount from the Unfunded Exposure Account and a certification that the conditions to fund such draw are satisfied, and the Collateral Custodian shall fund such draw request in accordance with such instructions from the Investment Manager.

Following the end of the Revolving Period, if the Borrower shall receive any Principal Collections from an Obligor with respect to a Variable Funding Asset and, as of the date of such receipt (and after taking into account such repayment), the aggregate amount on deposit in the Unfunded Exposure Account in each Eligible Currency is less than the Aggregate Unfunded Amount (the amount of such shortfall, in each case, the "Unfunded Exposure Shortfall"), the Borrower shall cause the Investment Manager to direct the Collateral Custodian to and the Collateral Custodian shall deposit into the Unfunded Exposure Account in each Eligible Currency an amount of such Principal Collections equal to the lesser of (a) the aggregate amount of such Principal Collections and (b) the Unfunded Exposure Shortfall.

- i. All amounts held in any Account shall, to the extent permitted by Applicable Laws, be invested by the Collateral Custodian, as directed by the Investment Manager in writing (or, if the Investment Manager fails to provide such direction, such amounts shall remain uninvested), in Permitted Investments that mature (i) with respect to the Collection Account, not later than one Business Day prior to the Distribution Date for the Collection Period to which such amounts relate and (ii) with respect to the Unfunded Exposure Account, on the immediately following Business Day. Any such written direction shall certify that any such investment is authorized by this Section 8.1. Investments in Permitted Investments shall be made in the name of the Collateral Custodian, and, except as specifically required below, such investments shall not be sold or disposed of prior to their maturity. If any amounts are needed for disbursement from the Collection Account and sufficient uninvested funds are not available therein to make such disbursement, the Collateral Custodian shall cause to be sold or otherwise converted to cash a sufficient amount of the investments in such account to make such disbursement in accordance with and upon the written direction of the Investment Manager or, if the Investment Manager shall fail to give such direction, the Facility Agent. The Collateral Custodian shall, upon written request, provide the Facility Agent with all information in its possession regarding transfer into and out of the Collection Account (including, but not limited to, the identity of the counterparty making or receiving such transfer). In no event shall the Collateral Agent or the Collateral Custodian be liable for the selection of any investments or any losses in connection therewith, or for any failure of the Investment Manager or the Facility Agent, as applicable, to timely provide investment instruction to the Collateral Custodian. The Collateral Agent or the Collateral Custodian and their respective

Affiliates shall be permitted to receive additional compensation that could be deemed to be in the Collateral Agent's or the Collateral Custodian's economic self-interest for (i) serving as investment adviser, administrator, shareholder, servicing agent, custodian or sub-custodian with respect to certain of the Permitted Investments, (ii) using affiliates to effect transactions in certain Permitted Investments, and (iii) effecting transactions in certain investments. Such compensation shall not be considered an amount that is reimbursable or payable pursuant to this Agreement.

- ii. Neither the Borrower nor the Investment Manager shall have any rights of direction or withdrawal, with respect to amounts held in the Collection Account, except to the extent explicitly set forth in Section 8.1(a), Section 8.1(b), Section 8.2, or Section 8.3(b).

Subject to the other provisions hereof, the Collateral Agent shall have sole Control (within the meaning of the UCC) over each Account and each such investment and the income thereon, and any certificate or other instrument evidencing any such investment, if any, shall be delivered to the Collateral Agent or its agent, together with each document of transfer, if any, necessary to transfer title to such investment to the Collateral Agent in a manner that complies with this Section 8.1. All interest, dividends, gains upon sale and other income from, or earnings on, investments of funds in the Accounts shall be deposited or transferred to the Collection Account and distributed pursuant to Section 8.3(a).

- i. The Equityholder may, from time to time in its sole discretion (x) deposit amounts into the Principal Collection Account and/or (y) transfer Eligible Collateral Obligations as equity contributions to the Borrower. All such amounts will be included in each applicable compliance calculation under this Agreement, including, without limitation, calculation of the Borrowing Base and the Minimum Equity Condition.

Section 8.2 Excluded Amounts.

The Borrower may cause the Investment Manager to direct the Collateral Agent and the Securities Intermediary to withdraw from the applicable Account and pay to the Person entitled thereto any amounts credited thereto constituting Excluded Amounts if the Investment Manager has, prior to such withdrawal and consent, delivered to the Facility Agent and the Collateral Agent a report setting forth the calculation of such Excluded Amounts in form and substance reasonably satisfactory to the Facility Agent, which report shall include a brief description of the facts and circumstances supporting such request and designate a date for the payment of such reimbursement, which date shall not be earlier than two (2) Business Days following delivery of such notice.

Section 8.3 Distributions, Reinvestment and Dividends.

(a) On each Distribution Date, the Collateral Agent shall distribute from the Collection Account, in accordance with the applicable Monthly Report prepared by the Collateral Agent and approved by the Facility Agent pursuant to Section 8.5, the Amount Available for such Distribution Date in the following order of priority:

- a. FIRST, to the payment of taxes and governmental fees owing by the Borrower, if any, which expenses shall not exceed \$100,000 on any Distribution Date;
- b. SECOND, to the Collateral Agent and the Collateral Custodian, any accrued and unpaid Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses for the related Collection Period pursuant to the Collateral Agent and Collateral Custodian Fee Letter, which expenses shall not exceed the amount of the Capped Fees/Expenses;
- c. THIRD, to the Investment Manager (unless waived or deferred in whole or in part by the Investment Manager), any fees of the Investment Manager in an aggregate amount not to exceed the amount of any accrued and unpaid Primary IM Fee for the related Collection Period;
- d. FOURTH, pro rata, based on the amounts owed to such Persons under this Section 8.3(a)(D), (A) to the Lenders, an amount equal to the Yield on the Advances accrued during the Collection Period with respect to such

Distribution Date (and any Yield with respect to any prior Collection Period to the extent not paid on a prior Distribution Date), (B) to the Facility Agent and the Agents on behalf of their respective Lenders, all accrued and unpaid Fees due to the Lenders, the Agents and the Facility Agent and (C) to the Hedge Counterparties, any amounts owed for the current and prior Distribution Dates to the Hedge Counterparties under Hedging Agreements (other than Hedge Breakage Costs), together with interest accrued thereon;

- e. FIFTH, during the Revolving Period, to the Agents on behalf of their respective Lenders pro rata in accordance with the outstanding Advances, (1) in the amount necessary to reduce the Advances outstanding to an amount not to exceed any Borrowing Base and (2) if the Diversity Score is lower than 8, in the amount necessary to reduce the Advances outstanding to zero;
- f. SIXTH, on and after the occurrence of the Facility Termination Date, to the Agents on behalf of their respective Lenders *pro rata* to repay the Advances outstanding;
- g. SEVENTH, after the end of the Revolving Period, (i) if a Facility Termination Event has occurred, the Minimum Equity Condition is not satisfied or the Diversity Score is less than or equal to 6, to the Agents on behalf of their respective Lenders *pro rata* to repay the Advances outstanding in the amount necessary to reduce such Advances outstanding to zero or (ii) otherwise, the Amount Available constituting Principal Proceeds only to the Agents on behalf of their respective Lenders *pro rata* in the amount necessary to reduce the Advances outstanding to zero;
- h. EIGHTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the Investment Manager (unless waived or deferred in whole or in part by the Investment Manager), any fees of the Investment Manager in an aggregate amount not to exceed the amount of any accrued and unpaid Secondary IM Fee for the related Collection Period, as well as any expenses of the Investment Manager or other amounts owing to the Investment Manager, in each case reimbursable or owing under the terms of the Investment Management Agreement;
- i. NINTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, *pro rata* based on amounts owed to such Persons under this Section 8.3(a)(I), to the Hedge Counterparties, any unpaid Hedge Breakage Costs, together with interest accrued thereon;
- j. TENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to any Affected Persons, any Increased Costs then due and owing;
- k. ELEVENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid pursuant to Section 8.3(a)(A) above, to the payment of taxes and governmental fees owing by the Borrower, if any;
- l. TWELFTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid by or on behalf of the Borrower, to each Indemnified Party, any Indemnified Amounts then due and owing to each such Indemnified Party;
- m. THIRTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, at the election of the Investment

- Manager to pay to the Investment Manager any deferred and unpaid Primary IM Fee or deferred and unpaid Secondary IM Fee;
- n. FOURTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid pursuant to Section 8.3(a)(B) above, to the Collateral Agent and the Collateral Custodian, any Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses due to the Collateral Agent and the Collateral Custodian under the Transaction Documents;
 - o. FIFTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to pay any other amounts due under this Agreement and the other Transaction Documents and not previously paid pursuant to this Section 8.3(a); and
 - p. SIXTEENTH, (A) all remaining Amount Available constituting Interest Collections to the Borrower or, during the Revolving Period at the discretion of the Investment Manager, to remain in the Collection Account and (B) all remaining Amount Available constituting Principal Collections, (x) during the Revolving Period, to remain in the Collection Account as Principal Collections and (y) after the end of the Revolving Period, to the Borrower; provided that, (I) in the case of clause (A), no Unmatured Facility Termination Event shall have occurred and be continuing, or (II) in the case of clause (B), (w) no Unmatured Facility Termination Event shall have occurred and be continuing, (x) during the Revolving Period, each Collateral Quality Test is satisfied, (y) the Minimum Equity Condition is satisfied and (z) the Borrowing Base Condition is satisfied;
- ii. During the Revolving Period, the Borrower may make distributions pursuant to Section 10.16. The Borrower may also withdraw from the Collection Account (x) any Principal Collections, or (y) if after giving effect to such withdrawal, the Borrower is able to make all required payments pursuant to Section 8.3 on the next Distribution Date on a pro forma basis, Interest Collections, and apply such Collections to (A) prepay the Advances outstanding in accordance with Section 2.4, (B) pay dividends and distributions to the Equityholder in accordance with Section 10.16 or (C) acquire additional Collateral Obligations (each such reinvestment of Collections, a “Reinvestment”), subject to the following conditions:
- 1. the Borrower shall have given written notice to the Collateral Agent, each Agent and the Facility Agent of the proposed Reinvestment at or prior to 3:00 p.m., New York City time, two Business Days prior to the proposed date of such Reinvestment (the “Reinvestment Date”). Such notice (the “Reinvestment Request”) shall be in the form of Exhibit C-2 and shall include (among other things) the proposed Reinvestment Date, the amount of such proposed Reinvestment and a Schedule of Collateral Obligations setting forth the information required therein with respect to the Collateral Obligations to be acquired by the Borrower on the Reinvestment Date (if applicable);
 - 2. each condition precedent set forth in Section 6.2, other than those set forth in clauses (i) and (m) thereof, shall be satisfied;
 - 3. upon the written request of the Borrower (or the Investment Manager on the Borrower’s behalf) delivered to the Collateral Agent no later than 11:00 a.m. New York City time on the Reinvestment Date, the Collateral Agent shall have provided to the Facility Agent and each Agent by facsimile or e-mail (to be received no later than 1:30 p.m. New York City time on that same day) a

- statement reflecting the total amount on deposit on such day in the Collection Account; and
4. any Reinvestment Request given by the Borrower pursuant to this Section 8.3(b), shall be irrevocable and binding on the Borrower.

Subject to the Collateral Agent's receipt of an Officer's Certificate of the Investment Manager as to the satisfaction of the conditions precedent set forth in Section 6.2 (other than clauses (i) and (m) thereof) and this Section 8.3, the Collateral Agent will release funds from the Collection Account to the Borrower in an amount not to exceed the lesser of (A) the amount requested by the Borrower and (B) the amount of Collections on deposit in the Collection Account.

- i. At any time, the Borrower may withdraw from the Principal Collection Account the proceeds of any Advance on deposit therein as may be needed to settle any pending acquisition of an Eligible Collateral Obligation.

Section 8.4 Fees.

The Borrower shall pay, pursuant hereto, the Undrawn Fee, the Make-Whole Fee, the Prepayment Fee, the Eighth Amendment Extension Fee and any other fees (collectively, "Fees") in the amounts and on the dates set forth herein or in one or more fee letter agreements, dated on or after the date hereof, signed by the Borrower, the Facility Agent and/or any applicable Lender Group (as any such fee letter agreement may be amended, restated, supplemented or otherwise modified from time to time, a "Fee Letter").

Section 8.5 Monthly Report.

The Collateral Agent shall prepare (based on information provided to it by the Investment Manager, the Facility Agent, the Agents and the Lenders as set forth herein) a Monthly Report in the form of Exhibit D determined as of the close of business on each Determination Date and make available such Monthly Report to the Facility Agent, each Agent the Borrower and the Investment Manager on each Reporting Date starting with the Reporting Date in March 2014. If any party receiving any Monthly Report disagrees with any items of such report, it shall contact the Collateral Agent and notify it of such disputed item and provide reasonably sufficient information to correct such item, with (if other than the Facility Agent) a copy of such notice and information to the Facility Agent, each Agent and the Investment Manager. Unless the Collateral Agent is otherwise timely directed by the Facility Agent, each Agent, the Collateral Agent shall distribute a revised Monthly Report on the Business Day after it receives such information. If the Collateral Agent is directed by the Facility Agent that the Collateral Agent should not make such correction, the Collateral Agent shall take such action as instructed by the Facility Agent. The Facility Agent's reasonable determination with regard to any disputed item in the Monthly Report shall be final.

Without limiting the generality of the foregoing, in connection with the preparation of a Monthly Report, the Facility Agent and the Agents shall be responsible for providing to the Collateral Agent the information required by Section 3.4 for part (d) of Exhibit D for such Monthly Report on which the Collateral Agent may conclusively rely. The Facility Agent shall review and verify the contents of the aforesaid reports (including the Monthly Report), instructions, statements and certificates. Upon receipt of approval from the Facility Agent, such reports, instructions, statements and certificates shall be executed by the Borrower and the Investment Manager and, in the case of the Monthly Report, the Collateral Agent shall make the distributions required by Section 8.3 pursuant to such Monthly Report.

A. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

In order to induce the other parties hereto to enter into this Agreement and, in the case of the Lenders, to make Advances hereunder, the Borrower hereby represents and warrants to the Facility Agent, the Agents and the Lenders as to itself, as of the Effective Date and each Funding Date, as follows:

Section 9.1 Organization and Good Standing.

It has been duly organized and is validly existing under the laws of the jurisdiction of its organization, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted. It had at all relevant times and now has, power, authority and legal right (x) to acquire and own the Collateral Obligations and its interest in the Related Security, and to grant to the Collateral Agent a security interest in the Collateral Obligations and the Related Security and the other

Collateral and (y) to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party.

Section 9.2 Due Qualification.

It is duly qualified to do business and has obtained all necessary licenses and approvals and made all necessary filings and registrations in all jurisdictions, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 9.3 Power and Authority.

It has the power, authority and legal right to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder; has full power, authority and legal right to grant to the Collateral Agent, for the benefit of the Secured Parties, a valid and enforceable security interest in the Collateral Obligations and the other Collateral and has duly authorized such grant by all necessary action.

Section 9.4 Binding Obligations.

This Agreement and the Transaction Documents to which it is a party have been duly executed and delivered by the Borrower and are enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by (A) bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally, (B) equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law and (C) implied covenants of good faith and fair dealing.

Section 9.5 Security Interest.

This Agreement creates a valid and continuing Lien on the Collateral in favor of the Collateral Agent, on behalf of the Secured Parties, which security interest is validly perfected under Article 9 of the UCC (to the extent such security interest may be perfected under such article), and is enforceable as such against creditors of and purchasers from the Borrower; the Collateral is comprised of Instruments, Security Entitlements, General Intangibles, Certificated Securities, Uncertificated Securities, Securities Accounts, Investment Property and Proceeds and such other categories of collateral under the applicable UCC as to which the Borrower has complied with its obligations as set forth herein; with respect to Collateral that constitute Security Entitlements (a) all of such Security Entitlements have been credited to the Accounts and the Securities Intermediary has agreed to treat all assets credited to the Accounts as Financial Assets, (b) the Borrower has taken all steps necessary to enable the Collateral Agent to obtain Control with respect to the Accounts and (c) the Accounts are not in the name of any Person other than the Borrower, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties; the Borrower has not instructed the Securities Intermediary to comply with the entitlement order of any Person other than the Collateral Agent; provided that, until the Collateral Agent delivers a Notice of Exclusive Control (as defined in the Account Control Agreement), the Borrower may, or may cause the Investment Manager to, cause cash in the Accounts to be invested or distributed in accordance with this Agreement; all Accounts constitute Securities Accounts; the Borrower owns and has good and marketable title to the Collateral free and clear of any Lien (other than Permitted Liens); the Borrower has received all consents and approvals required by the terms of any Collateral Obligation to the transfer and granting of a security interest in the Collateral Obligations hereunder to the Collateral Agent, on behalf of the Secured Parties; the Borrower has taken all necessary steps to file or authorize the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in that portion of the Collateral in which a security interest may be perfected by filing pursuant to Article 9 of the UCC as in effect in Delaware; all original executed copies of each underlying promissory note constituting or evidencing any Collateral Obligation have been or, subject to the delivery requirements contained herein and/or Section 18.7, will be delivered to the Collateral Custodian; the Borrower has received, or subject to the delivery requirements contained herein will receive, a written acknowledgment from the Collateral Custodian that the Collateral Custodian or its bailee is holding each underlying promissory note evidencing a Collateral Obligation solely on behalf of the Collateral Agent for the benefit of the Secured Parties; none of the underlying promissory notes that constitute or evidence the Collateral Obligations has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Collateral Agent on behalf of the Secured Parties; with respect to Collateral that constitutes a

Certificated Security, such Certificated Security has been delivered to the Collateral Custodian and, if in registered form, has been specially Indorsed (within the meaning of the UCC) to the Collateral Custodian or in blank by an effective Indorsement or has been registered in the name of the Collateral Custodian upon original issue or registration of transfer by the Borrower of such Certificated Security, in each case to be held by the Collateral Custodian on behalf of the Collateral Agent for the benefit of the Secured Parties; and in the case of an Uncertificated Security, by (A) causing the Collateral Custodian to become the registered owner of such Uncertificated Security and (B) causing such registration to remain effective.

Section 9.6 No Violation.

The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party, and the fulfillment of the terms of this Agreement and the other Transaction Documents to which it is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, its organizational documents, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it is bound or any of its properties are subject, or result in the creation or imposition of any Lien (other than Permitted Liens) upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, or violate in any material respect any law, or any order, rule or regulation applicable to the Borrower of any Official Body having jurisdiction over the Borrower or any of its properties, or in any way materially adversely affect the Borrower's ability to perform its obligations under this Agreement or the other Transaction Documents to which it is a party.

Section 9.7 No Proceedings.

There are no proceedings or investigations pending or, to its knowledge, threatened against the Borrower, before any court or Official Body having jurisdiction over it or its properties (A) asserting the invalidity of this Agreement or any of the other Transaction Documents, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the other Transaction Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents or (D) seeking any determination or ruling that would reasonably be expected to have a material adverse effect on any of the Collateral.

Section 9.8 No Consents.

It is not required to obtain the material consent of any other Person or any material approval, authorization, consent, license, approval or authorization, or registration or declaration with, any Official Body having jurisdiction over it or its properties in connection with the execution, delivery, performance, validity or enforceability of this Agreement or the other Transaction Documents to which it is a party, in each case other than consents, licenses, approvals, authorizations, orders, registrations, declarations or filings which have been obtained or made and continuation statements and renewals in respect thereof.

Section 9.9 Solvency.

It is solvent and will not become insolvent after giving effect to the transactions contemplated by this Agreement and the Transaction Documents. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, it will have an adequate amount of capital to conduct its business in the foreseeable future.

Section 9.10 Compliance with Laws.

It has complied and will comply in all material respects with all Applicable Laws, judgments, agreements with governmental authorities, decrees and orders with respect to its business and properties and all Collateral.

Section 9.11 Taxes.

For U.S. federal income tax purpose, it is, and always has been, an entity disregarded as separate from the Equityholder and the Equityholder or its parent is treated as a United States person for U.S. federal income tax purposes. It has filed on a timely basis all federal and other material Tax returns (including foreign, state, local and otherwise) required to be filed, if any, and has paid all federal and other material Taxes due and payable by it and any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Official Body (other than any amount the validity of which

is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower). Other than Permitted Liens, no lien or similar Adverse Claim has been filed, and no claim is being asserted, with respect to any Tax, assessment or other governmental charge. Any Taxes, fees and other governmental charges payable by the Borrower in connection with the execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated hereby or thereby including the transfer of each Collateral Obligation and the Related Security to the Borrower have been paid or shall have been paid if and when due.

Section 9.12 Monthly Report.

Each Monthly Report is accurate in all material respects as of the date thereof, subject, in the case of information contained therein (which shall include any statements and calculations to the extent such statements or calculations are inaccurate solely as a result of such information) received from any un-Affiliated third party, to the standard set forth in Section 9.14 with respect to information received from an un-Affiliated third party.

Section 9.13 No Liens, Etc.

The Collateral and each part thereof is owned by the Borrower free and clear of any Adverse Claim (other than Permitted Liens) or restrictions on transferability and the Borrower has the full right, power and lawful authority to assign, transfer and pledge the same and interests therein, and upon the making of each Advance, the Collateral Agent, for the benefit of the Secured Parties, will have acquired a perfected, first priority and valid security interest (except, as to priority, for any Permitted Liens) in such Collateral, free and clear of any Adverse Claim (other than Permitted Liens) or restrictions on transferability, to the extent (as to perfection and priority) that a security interest in said Collateral may be perfected under the applicable UCC. The Borrower has not pledged, assigned, sold, granted a security interest in or otherwise conveyed any of the Collateral and no effective financing statement (other than with respect to Permitted Liens) or other instrument similar in effect naming or purportedly naming the Borrower or any of its Affiliates as debtor and covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Collateral Agent as "Secured Party" pursuant hereto or as necessary or advisable in connection with the Sale Agreement. There are no judgments or Liens for Taxes with respect to the Borrower and no claim is being asserted with respect to the Taxes of the Borrower (other than with respect to Permitted Liens).

Section 9.14 Information True and Correct.

All information (other than any information provided to the Borrower by an un-Affiliated third party) heretofore or hereafter furnished by or on behalf of the Borrower in writing to any Lender, the Collateral Agent, any Agent or the Facility Agent in connection with this Agreement or any transaction contemplated hereby is and will be (when taken as a whole) true and correct in all material respects and does not omit to state any material fact necessary to make the statements contained therein not misleading. With respect to any information received from any un-Affiliated third party, the Borrower (i) will not furnish (and has not furnished) any such information to any Lender, the Collateral Agent, any Agent or the Facility Agent in connection with this Agreement or any transaction contemplated hereby that it knows (or knew) to be incorrect at the time such information is (or was) furnished in any material respect and (ii) has informed (or will inform) the applicable Lender, the Collateral Agent, the applicable Agent or the Facility Agent, as applicable, of any such information which it found to be incorrect in any material respect after such information was furnished.

Section 9.15 Bulk Sales.

The grant of the security interest in the Collateral by the Borrower to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement, is in the ordinary course of business for the Borrower and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

Section 9.16 Collateral.

Except as otherwise expressly permitted or required by the terms of this Agreement, no item of Collateral has been sold, transferred, assigned or pledged by the Borrower to any Person.

Section 9.17 Selection Procedures.

In selecting the Collateral Obligations hereunder and for Affiliates of the Borrower, no selection procedures were employed which are intended to be adverse to the interests of any Agent or Lender.

Section 9.18 Indebtedness.

The Borrower has no Indebtedness or other indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) Indebtedness incurred under the terms of the Transaction Documents and (ii) Indebtedness incurred pursuant to certain ordinary business expenses arising pursuant to the transactions contemplated by this Agreement and the other Transaction Documents.

Section 9.19 No Injunctions.

No injunction, writ, restraining order or other order of any nature adversely affects the Borrower's performance of its obligations under this Agreement or any Transaction Document to which the Borrower is a party.

Section 9.20 No Subsidiaries.

The Borrower has no Subsidiaries other than REO Asset Owners.

Section 9.21 ERISA Compliance.

It has no benefit plans subject to ERISA.

Section 9.22 Investment Company Status.

It is not an "investment company" as such term is defined in the 1940 Act.

Section 9.23 Set-Off, Etc.

No Collateral Obligation has been compromised, adjusted, extended, satisfied, subordinated, rescinded, set-off or modified by the Borrower or the Obligor thereof, and no Collateral is subject to compromise, adjustment, extension, satisfaction, subordination, rescission, set-off, counterclaim, defense, abatement, suspension, deferment, deduction, reduction, termination or modification, whether arising out of transactions concerning the Collateral or otherwise, by the Borrower or the Obligor with respect thereto, except, in each case, pursuant to the Transaction Documents and for amendments, extensions and modifications, if any, to such Collateral otherwise permitted hereby and in accordance with the Investment Management Standard.

Section 9.24 Collections.

The Borrower acknowledges that (i) all Obligors (and related agents) have been directed to make all payments directly to the Collection Account and (ii) all Collections received by it or its Affiliates with respect to the Collateral pledged hereunder are held and shall be held in trust for the benefit of the Collateral Agent, on behalf of the Secured Parties until deposited into the Collection Account in accordance with Section 10.10.

Section 9.25 Value Given.

The Borrower has given fair consideration and reasonably equivalent value to the Equityholder (including, for this purpose, equity of the Borrower) or the applicable third party seller in exchange for the purchase of the Collateral Obligations (or any number of them). No such transfer has been made for or on account of an antecedent debt and no such transfer is or may be voidable or subject to avoidance under any section of the Bankruptcy Code.

Section 9.26 Regulatory Compliance.

The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined in Regulation U (12 C.F.R. Part 221) of the FRS Board) and none of the proceeds of the Advances will be used, directly or indirectly, for a purpose that violates Regulation T, Regulation U, Regulation X or any other regulation promulgated by the FRS Board from time to time.

Section 9.27 Separate Existence.

The Borrower is operated as an entity with assets and liabilities distinct from those of any of its Affiliates or any Affiliates of the Investment Manager, and the Borrower hereby acknowledges that the Facility Agent, each of the Agents and each of the Lenders are entering into the transactions contemplated by this Agreement in reliance upon the Borrower's identity as a separate legal entity. Since its formation, the Borrower has been (and will be) operated in such a manner as to comply with the covenants set forth in Section 10.5.

There is not now, nor will there be at any time in the future, any agreement or understanding between the Borrower and the Investment Manager (other than as expressly set forth herein and the other Transaction Documents) providing for the allocation or sharing of obligations to make payments or otherwise in respect of any Taxes, fees, assessments or other governmental charges.

Section 9.28 Transaction Documents.

The Transaction Documents delivered to the Facility Agent represent all material agreements between the Equityholder, on the one hand, and the Borrower, on the other. Upon the purchase and/or contribution of

each Collateral Obligation (or an interest in a Collateral Obligation) pursuant to this Agreement or the Sale Agreement, the Borrower shall be the lawful owner of, and have good title to, such Collateral Obligation and all assets relating thereto, free and clear of any Adverse Claim. All such assets are transferred to the Borrower without recourse to the Equityholder except as described in the Sale Agreement. The purchases of such assets by the Borrower constitute valid and true sales for consideration (and not merely a pledge of such assets for security purposes) and the contributions of such assets received by the Borrower constitute valid and true transfers for consideration, each enforceable against creditors of the Equityholder, and no such assets shall constitute property of the Equityholder.

Section 9.29 Anti-Terrorism, Anti-Money Laundering.

(a) Neither the Borrower nor any Affiliate (to the best of the Borrower's knowledge), officer, employee (to the best of the Borrower's knowledge) or director, acting on behalf of the Borrower is (i) a country, territory, organization, person or entity named on any sanctions list administered or imposed by the U.S. Government including, without limitation, the Office of Foreign Asset Control ("OFAC") list, or any other list maintained for the purposes of sanctions enforcement by any of the United Nations, the European Union, Her Majesty's Treasury in the UK, Germany, Canada, Australia, and any other country or multilateral organization (collectively, "Sanctions"), including but not limited to Cuba, Sudan, Iran, Syria, North Korea, and the Crimea region in Ukraine (the "Sanctioned Countries"); or (ii) a Person that resides, is organized or located in any of the Sanctioned Countries or which is designated as a "Non-Cooperative Jurisdiction" by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction or any Sanctioned Countries or is owned 50% or more or otherwise controlled, directly or indirectly by, or acting on behalf of, one or more Person who is the subject or target of Sanctions. The Borrower is and each Affiliate (to the best of the Borrower's knowledge), officer, employee (to the best of the Borrower's knowledge) or director, acting on behalf of the Borrower is (and is taking no action which would result in any such Person not being) in compliance with (a) all OFAC rules and regulations, (b) all United States of America, United Kingdom, United Nations, European Union, German, Canadian, Australian and all other sanctions, embargos and trade restrictions that the Borrower or any of its Affiliates is subject and (c) the Anti-Money Laundering Laws. In addition, the described purpose ("trade related business activities") does not include any kind of activities or business of or with any Person or in any country or territory that is subject to or the target of any sanctions administered by the U.S. Government, OFAC, the United Kingdom, the European Union, Germany, Canada, Australia or the United Nations Security Council (including the Sanctioned Countries) and does not involve commodities or services of a Sanctioned Country origin or shipped to, through or from a Sanctioned Country, or on vessels or aircrafts owned or registered by a Sanctioned Country, or financed or subsidized any of the foregoing.

(b) The Borrower has complied, in all material respects, with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act (collectively, the "Anti-Money Laundering Laws"). No actions, suits, proceedings or investigations by any court, governmental, or regulatory agency are ongoing or pending against the Borrower, its directors, officers or employees or anyone acting on its behalf in relation to a breach of the Anti-Money Laundering Laws, or, to the knowledge of the Borrower, threatened.

Section 9.30 Anti-Bribery and Corruption.

- i. Neither the Borrower nor, to the best of the Borrower's knowledge, any director, officer, employee, or anyone acting on behalf of the Borrower has engaged in any activity, or will take any action, directly or indirectly, which would breach applicable anti-bribery and corruption laws and regulations, including but not limited to the US Foreign and Corrupt Practices Act 1977, as amended, and the Bribery Act 2010 of the United Kingdom (the "Anti-Bribery and Corruption Laws").
- ii. The Borrower and their Affiliates have each conducted their businesses in compliance with Anti-Bribery and Corruption Laws and have instituted and maintain policies and procedures reasonably designed to promote and ensure continued compliance with all Anti-Bribery and Corruption Laws and with the representation and warranty contained herein.

- iii. No actions, suits, proceedings or investigations by any court, governmental, or regulatory agency are ongoing or pending against the Borrower (to the best of the Borrower's knowledge), its directors, officers or employees or anyone acting on its behalf in relation to a breach of the Anti-Bribery and Corruption Laws, or, to the knowledge of the Borrower, threatened.
- iv. The Borrower will not directly or indirectly use, lend or contribute the proceeds of the Advances for any purpose that would breach the Anti-Bribery and Corruption Laws.

Section 9.31 Volcker Rule.

- v. The Advances do not constitute an "ownership interest" in the Borrower for purposes of the Volcker Rule.

Section 9.32 AIFMD.

The Borrower is not (i) an AIFM or (ii) an AIF managed by an AIFM (as such term is defined in the AIFMD) required to be authorized or registered in accordance with AIFMD.

A. COVENANTS

From the date hereof until the first day following the Facility Termination Date on which all Obligations shall have been finally and fully paid and performed (other than as expressly survive the termination of this Agreement), the Borrower hereby covenants and agrees with the Lenders, the Agents and the Facility Agent that:

Section 10.1 Protection of Security Interest of the Secured Parties.

(a) At or prior to the Effective Date, the Borrower shall have filed or caused to be filed a UCC-1 financing statement, naming the Borrower as debtor, naming the Collateral Agent (for the benefit of the Secured Parties) as secured party and describing the Collateral, with the office of the Secretary of State of the State of Delaware. From time to time thereafter, the Borrower shall file (and the Borrower hereby authorizes the Collateral Agent to so file) such financing statements and cause to be filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Collateral Agent in favor of the Secured Parties under this Agreement in the Collateral and in the proceeds thereof. The Borrower shall deliver (or cause to be delivered) to the Collateral Agent file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. In the event that the Borrower fails to perform its obligations under this subsection, the Collateral Agent or the Facility Agent may (but shall have no obligation to) do so, in each case at the expense of the Borrower, however neither the Collateral Agent nor the Facility Agent shall have any liability in connection therewith.

- i. The Borrower shall not change its name, identity or corporate structure in any manner that would make any financing statement or continuation statement filed by the Borrower (or by the Collateral Agent on behalf of the Borrower) in accordance with subsection (a) above seriously misleading or change its jurisdiction of organization, unless the Borrower shall have given the Facility Agent, each Agent and the Collateral Agent at least 30 days prior written notice thereof, and shall promptly file appropriate amendments to all previously filed financing statements and continuation statements (and shall provide a copy of such amendments to the Collateral Agent, each Agent and Facility Agent together with an Officer's Certificate to the effect that all appropriate amendments or other documents in respect of previously filed statements have been filed).
- ii. The Borrower shall maintain its computer systems, if any, so that, from and after the time of the first Advance under this Agreement, the Borrower's master computer records (including archives) that shall refer to the Collateral indicate clearly that such Collateral is subject to the first priority security interest in favor of the Collateral Agent, for the benefit of the Secured Parties. Indication of the Collateral Agent's (for the benefit of the Secured Parties) security interest shall be deleted from or modified on the Borrower's computer systems when, and only when, the Collateral in question shall have been paid in full, the security interest under this Agreement has been released in accordance with its terms, upon such Collateral Obligation becoming a Repurchased Collateral Obligation, Substituted Collateral Obligation or otherwise as expressly permitted by this Agreement.

- iii. Without limiting any of the other provisions hereof, if at any time the Borrower shall propose to sell, grant a security interest in, or otherwise transfer any interest in loan receivables to any prospective lender or other transferee, the Borrower shall give to such prospective lender or other transferee computer tapes, records, or print-outs (including any restored from archives) that, if they shall refer in any manner whatsoever to any Collateral shall indicate clearly that such Collateral is subject to a first priority security interest in favor of the Collateral Agent, for the benefit of the Secured Parties.

Section 10.2 Other Liens or Interests.

Except for the security interest granted hereunder and as otherwise permitted pursuant to Sections 7.10, 7.11 and 10.16, the Borrower will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on the Collateral or any interest therein (other than Permitted Liens), and the Borrower shall defend the right, title, and interest of the Collateral Agent (for the benefit of the Secured Parties) and the Lenders in and to the Collateral against all claims of third parties claiming through or under the Borrower (other than Permitted Liens).

Section 10.3 Costs and Expenses.

The Borrower shall pay (or cause to be paid) all of its reasonable costs, charges and disbursements in connection with the performance of its obligations hereunder and under the Transaction Documents.

Section 10.4 Reporting Requirements.

The Borrower shall furnish, or cause to be furnished, to the Facility Agent, the Collateral Agent and each Agent:

- i. as soon as possible and in any event within three Business Days after a Responsible Officer of the Borrower shall have knowledge of the occurrence of a Facility Termination Event, Unmatured Facility Termination Event, Investment Manager Event of Default or Unmatured Investment Manager Event of Default, the statement of an Executive Officer of the Borrower setting forth complete details of such event and the action which the Borrower has taken, is taking and proposes to take with respect thereto;
- ii. promptly, from time to time, such other information, documents, records or reports respecting the Collateral Obligations or the Related Security, the other Collateral or the condition or operations, financial or otherwise, of the Borrower as such Person may, from time to time, reasonably request; and
- iii. promptly, in reasonable detail, (i) of any Adverse Claim known to it that is made or asserted against any of the Collateral and (ii) any Material Modification.

Section 10.5 Separate Existence.

(a) The Borrower shall at all times: (i) maintain at least one Independent Manager; (ii) maintain its own separate books and records and bank accounts; (iii) hold itself out to the public and all other Persons as a legal entity separate from any other Person; (iv) have a board of managers separate from that of any other Person; (v) file its own Tax returns, except to the extent that the Borrower is treated as a "disregarded entity" for Tax purposes and is not required to file Taxes under Applicable Law, and pay any Taxes so required to be paid under Applicable Law, except for those Taxes being contested in good faith by appropriate proceedings and in respect of which the Borrower has established proper reserves on its books in accordance with GAAP; (vi) not commingle its assets with assets of any other Person; (vii) conduct its business in its own name and strictly comply with all organizational formalities to maintain its separate existence; (viii) maintain separate financial statements; provided, however, that the Borrower's assets may be included in a consolidated financial statement of its Affiliate if (A) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the Borrower from such Affiliate and to indicate that the Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (B) such assets shall also be listed on the Borrower's own separate balance sheet (if the Borrower prepares its own separate balance sheet); (ix) pay its own liabilities only out of its own funds; (x) maintain an arm's length relationship with the Equityholder and each of its other Affiliates; (xi) not hold out its credit or assets as being available to satisfy the obligations of others; (xii) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including for shared office space; (xiii) use separate stationery, invoices and checks; (xiv) except as

expressly permitted by this Agreement, not pledge its assets as security for the obligations of any other Person; (xv) correct any known misunderstanding regarding its separate identity; (xvi) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities and pay its operating expenses and liabilities from its own assets; (xvii) cause its board of managers to meet at least annually or act pursuant to written consent and keep minutes of such meetings and actions and observe in all respects all other Delaware limited liability company formalities; (xviii) not acquire the obligations or any securities of its Affiliates; (xix) cause the managers, officers, agents and other representatives of the Borrower to act at all times with respect to the Borrower consistently and in furtherance of the foregoing and in the best interests of the Borrower; and (xx) maintain at least one special member, who, upon the dissolution of the sole member or the withdrawal or the disassociation of the sole member from the Borrower, shall immediately become the member of the Borrower in accordance with its organizational documents.

- i. The Borrower shall not (i) engage, directly or indirectly, in any business, other than the actions required or permitted to be performed under the preceding clause (a); (ii) fail to be solvent; (iii) release, sell, transfer, convey or assign any Collateral Obligation unless in accordance with the Transaction Documents; (iv) except for capital contributions or capital distributions permitted under the terms and conditions of this Agreement and properly reflected on the books and records of the Borrower, enter into any transaction with an Affiliate of the Borrower except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction; (v) identify itself as a department or division of any other Person; (vi) own any asset or property other than the Collateral, any REO Asset Owner and the related assets and incidental personal property necessary for the ownership or operation of these assets, (vii) amend, supplement or otherwise modify its organizational documents, except in accordance therewith and, in the case of provisions relating to the special purpose of the Borrower and the replacement of the Independent Manager, with the prior written consent of the Facility Agent (which consent shall not be unreasonably withheld, delayed or conditioned) or (viii) divide or permit any division of itself.
- ii. The Borrower shall not (and shall not permit the Equityholder to) take any action contrary to the "Assumptions and Facts" section in the opinion of Dechert LLP, dated the date hereof, relating to certain nonconsolidation matters.

Section 10.6 Hedging Agreements.

(a) With respect to any Fixed Rate Collateral Obligation, for purpose of determining the "excess" set forth clause (d) of the definition of "Excess Concentration Amount", (i) if the Interest Spread Test is satisfied, the Borrower may or (ii) if the Interest Spread Test is not satisfied, upon the direction of the Facility Agent in its sole discretion as notified to the Borrower and the Investment Manager on or prior to the related Funding Date for such Collateral Obligation, the Borrower shall obtain and deliver to the Collateral Agent (with a copy to the Facility Agent and each Agent) one or more Hedging Agreements from qualified Hedge Counterparties having, singly or in the aggregate, an Aggregate Notional Amount not less than the amount determined by the Facility Agent in its reasonable discretion, which (1) each shall have a notional principal amount equal to or greater than \$1,000,000, (2) may provide for reductions of the Aggregate Notional Amount on each Distribution Date on an amortization schedule for such Aggregate Notional Amount assuming a 0.0 ABS prepayment speed (or such other ABS prepayment speed as may be approved in writing by the Facility Agent) and zero losses, and (3) shall have other terms and conditions and be represented by Hedging Agreements otherwise acceptable to the Facility Agent in its sole discretion.

- i. In the event that any Hedge Counterparty defaults in its obligation to make a payment to the Borrower under one or more Hedging Agreements on any date on which payments are due pursuant to a Hedging Agreement, the Borrower shall make a demand on such Hedge Counterparty, or any guarantor, if applicable, demanding payment by 12:30 p.m., New York City time, on such date. The Borrower shall give notice to each Agent upon the continuing failure by any Hedge Counterparty to perform its obligations during the two Business Days following a demand made by the Borrower on such Hedge

- Counterparty, and shall take such action with respect to such continuing failure as may be directed by the Facility Agent.
- ii. In the event that any Hedge Counterparty no longer maintains the ratings specified in the definition of “Hedge Counterparty,” then within 30 days after receiving notice of such decline in the creditworthiness of such Hedge Counterparty as determined by any Rating Agency, either (x) such Hedge Counterparty, upon the receipt of the consent of the Facility Agent, will enter into an arrangement the purpose of which shall be to assure performance by the Hedge Counterparty of its obligations under the applicable Hedging Agreement; or (y) the Borrower shall, at its option and with the written consent (in its sole discretion) of the Facility Agent, either (i) cause such Hedge Counterparty to pledge securities in the manner provided by applicable law which shall be held by the Collateral Agent, for the benefit of the Secured Parties, free and clear of the Lien of any third party, in a manner conferring on the Collateral Agent a perfected first Lien in such securities securing such Hedge Counterparty’s performance of its obligations under the applicable Hedging Agreement, (ii) provided that a Replacement Hedging Agreement or Qualified Substitute Arrangement meeting the requirements of Section 10.6(d) has been obtained, (A) provide written notice to such Hedge Counterparty (with a copy to the Collateral Agent, each Agent and the Facility Agent) of its intention to terminate the applicable Hedging Agreement within such 30-day period and (B) terminate the applicable Hedging Agreement within such 30-day period, request the payment to it of all amounts due to the Borrower under the applicable Hedging Agreement through the termination date and deposit any such amounts so received, on the day of receipt, to the Collection Account, or (iii) establish any other arrangement (including an arrangement or arrangements in addition to or in substitution for any prior arrangement made in accordance with the provisions of this Section 10.6(c)) with the written consent (in its sole discretion) of the Facility Agent (a “Qualified Substitute Arrangement”); provided, that in the event at any time any alternative arrangement established pursuant to the above shall cease to be satisfactory to the Facility Agent, then the provisions of this Section 10.6(c), shall again be applied and in connection therewith the 30-day period referred to above shall commence on the date the Borrower receives notice of such cessation or termination, as the case may be.
 - iii. Unless an alternative arrangement pursuant to clause (x) or (y)(i) or (y)(iii) of Section 10.6(c) is being established, the Borrower shall use its best efforts to obtain a Replacement Hedging Agreement or Qualified Substitute Arrangement meeting the requirements of this Section 10.6 during the 30-day period referred to in Section 10.6(c). The Borrower shall not terminate the Hedging Agreement unless, prior to the expiration of the 30-day period referred to in said Section 10.6(c), the Borrower delivers to the Collateral Agent (with a copy to the Facility Agent and each Agent) (i) a Replacement Hedging Agreement or Qualified Substitute Arrangement, (ii) to the extent applicable, an Opinion of Counsel reasonably satisfactory to the Facility Agent as to the due authorization, execution and delivery and validity and enforceability of such Replacement Hedging Agreement or Qualified Substitute Arrangement, as the case may be, and (iii) evidence that the Facility Agent has consented in writing to the termination of the applicable Hedging Agreement and its replacement with such Replacement Hedging Agreement or Qualified Substitute Arrangement.
 - iv. The Borrower shall notify the Facility Agent, each Agent and the Collateral Agent within five Business Days after a Responsible Officer of such Person shall obtain knowledge that the senior unsecured debt rating of a Hedge Counterparty has been withdrawn or reduced by any Rating Agency.
 - v. The Borrower may at any time obtain a Replacement Hedging Agreement with the consent (in its sole discretion) of the Facility Agent.

- vi. The Borrower shall not agree to any amendment to any Hedging Agreement without the consent (in its sole discretion) of the Facility Agent.
- vii. The Borrower shall notify the Facility Agent, each Agent and the Collateral Agent after a Responsible Officer of the Borrower shall obtain actual knowledge of the transfer by the related Hedge Counterparty of any Hedging Agreement, or any interest or obligation thereunder.
- viii. The Borrower, with the consent of the Facility Agent in its sole discretion, may sell all or a portion of the Hedging Agreements; provided, that no consent of the Facility Agent shall be required for the sale of all or a portion of any Hedging Agreement relating to Fixed Rate Collateral Obligations not counted as “excess” pursuant to clause (d) of the definition of “Excess Concentration Amount.” The Borrower shall have the duty of obtaining a fair market value price for the sale of any Hedging Agreement, notifying the Facility Agent, each Agent and the Collateral Agent of prospective purchasers and bids, and selecting the purchaser of such Hedging Agreement. The Borrower and, at the Borrower’s request, the Collateral Agent, upon receipt of the purchase price in the Collection Account shall, with the prior written consent of the Facility Agent, execute all documentation necessary to release the Lien of the Collateral Agent on such Hedging Agreement and proceeds thereof.

Notwithstanding the foregoing, with respect to any Collateral Obligation, the Borrower may include in an Asset Approval Request provisions of Hedging Agreements applicable to such Collateral Obligation, and, if nothing to the contrary is included in the related Approval Notice delivered to the Borrower by the Facility Agent, the provisions relating to Hedging Agreements in the Asset Approval Request shall control to the extent such provisions conflict with this Section 10.6. Notwithstanding anything to the contrary in this Section 10.6, the parties hereto agree that should the Borrower fail to observe or perform any of its obligations under this Section 10.6 with respect to any Hedging Agreement, the sole result will be that the Collateral Obligation or Collateral Obligations that are the subject of such Hedging Agreement shall immediately cease to be Eligible Collateral Obligations for all purposes under this Agreement.

Section 10.7 Tangible Net Worth.

The Borrower shall maintain at all times a positive Tangible Net Worth.

Section 10.8 Taxes.

For U.S. federal income tax purpose, the Borrower will be an entity disregarded as separate from the Equityholder and the Equityholder or its parent will be treated as a United States person for U.S. federal income tax purposes. The Borrower will file on a timely basis all federal and other material Tax returns required to be filed, if any, and will pay all federal and other material Taxes due and payable by it and any assessments made against it or any of its property (other than any amount the validity of which is contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP are provided on the books of the Borrower).

Section 10.9 Merger, Consolidation, Etc.

The Borrower shall not merge or consolidate with any other Person or permit any other Person to become the successor to all or substantially all of its business or assets without the prior written consent of the Facility Agent in its sole discretion.

Section 10.10 Deposit of Collections.

The Borrower shall transfer, or cause to be transferred, all Collections to the Collection Account by the close of business on the Business Day following the date such Collections are received by the Borrower, the Equityholder, the Investment Manager, any advisor of the Investment Manager or any of their respective Affiliates.

Section 10.11 Indebtedness; Guarantees.

The Borrower shall not create, incur, assume or suffer to exist any Indebtedness other than Indebtedness permitted under the Transaction Documents. The Borrower shall incur no Indebtedness secured by the Collateral other than the Obligations. The Borrower shall not assume, guarantee, endorse or otherwise be or become directly or contingently liable for the obligations of any Person by, among other things, agreeing to

purchase any obligation of another Person, agreeing to advance funds to such Person or causing or assisting such Person to maintain any amount of capital, other than as expressly permitted under the Transaction Documents.

Section 10.12 Limitation on Purchases from Affiliates.

Other than pursuant to the Sale Agreement, the Borrower shall not purchase any asset from the Equityholder or the Investment Manager or any Affiliate of the Borrower, the Equityholder or the Investment Manager.

Section 10.13 Documents.

Except as otherwise expressly permitted herein, it shall not cancel or terminate any of the Transaction Documents to which it is party (in any capacity), or consent to or accept any cancellation or termination of any of such agreements, or amend or otherwise modify any term or condition of any of the Transaction Documents to which it is party (in any capacity) or give any consent, waiver or approval under any such agreement, or waive any default under or breach of any of the Transaction Documents to which it is party (in any capacity) or take any other action under any such agreement not required by the terms thereof, unless (in each case) the Facility Agent shall have consented thereto in its sole discretion.

Section 10.14 Preservation of Existence.

It shall do or cause to be done all things necessary to (i) preserve and keep in full force and effect its existence as a limited liability company and take all reasonable action to maintain its rights and franchises in the jurisdiction of its formation and (ii) qualify and remain qualified as a limited liability company in good standing in each jurisdiction where the failure to qualify and remain qualified would reasonably be expected to have a Material Adverse Effect.

Section 10.15 Limitation on Investments.

The Borrower shall not form, or cause to be formed, any Subsidiaries other than REO Asset Owners; or make or suffer to exist any loans or advances to, or extend any credit to, or make any investments (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except investments as otherwise permitted herein and pursuant to the other Transaction Documents.

Section 10.16 Distributions.

(a) The Borrower shall not declare or make (i) payment of any distribution on or in respect of any equity interests, or (ii) any payment on account of the purchase, redemption, retirement or acquisition of any option, warrant or other right to acquire such equity interests; provided that the Borrower may make a distribution of (A) (1) Interest Collections, (2) Principal Collections or proceeds of any Advance (excluding any such amounts needed to settle the acquisition of any Eligible Collateral Obligation) and (3) with the prior written consent of the Facility Agent (which consent shall not be unreasonably withheld, conditioned or delayed), any Collateral Obligations or other assets of the Borrower, in each case, if after giving effect to such distribution, (v) as certified in writing by the Borrower and Investment Manager to the Facility Agent (with a copy to each Agent), sufficient proceeds remain for all payments to be made pursuant to Section 8.3(a) (other than clause (N) thereof) on the next Distribution Date, (w) no Unmatured Facility Termination Event, Facility Termination Event, Unmatured Investment Manager Event of Default or Investment Manager Event of Default shall have occurred and be continuing, (x) each Collateral Quality Test is satisfied, (y) the Minimum Equity Condition is satisfied and (z) the Borrowing Base Condition is satisfied; provided that such Borrowing Base Condition shall be deemed satisfied if such percentage is at least 2.5% above the required amount, (B) amounts paid to it pursuant to Section 8.3(a) on the applicable Distribution Date and (C) the proceeds of any Advance on the applicable Advance Date, but only if such Advance is made in respect of an Eligible Collateral Obligation acquired by the Borrower (and none of the proceeds from such Advance are needed to settle the acquisition of such Eligible Collateral Obligation) either (1) prior to such Advance Date if such Eligible Collateral Obligation was identified on the related Asset Approval Request as an asset with respect to which the Borrower intends to make a future distribution pursuant to this Section 10.16(C)(1) or (2) on such Advance Date.

- i. Prior to foreclosure by the Facility Agent upon any Collateral pursuant to Section 13.3(c), nothing in this Section 10.16 or otherwise in this Agreement shall restrict (i) the Investment Manager from exercising any Warrant Assets issued to it by Obligor from

time to time or (ii) the Borrower from exercising any Warrant Assets issued to it by Obligor from time to time to the extent funds are available to the Borrower under Section 8.3(a) or made available to the Borrower.

Section 10.17 Performance of Borrower Assigned Agreements.

The Borrower shall (i) perform and observe in all material respects all the terms and provisions of the Transaction Documents (including each of the Borrower Assigned Agreements) to which it is a party to be performed or observed by it, maintain such Transaction Documents in full force and effect, and enforce such Transaction Documents in accordance with their terms, and (ii) upon reasonable request of the Facility Agent, make to any other party to such Transaction Documents such demands and requests for information and reports or for action as the Borrower is entitled to make thereunder.

Section 10.18 Material Modifications.

The Borrower shall not consent to a Material Modification with respect to any Collateral Obligation without the express written consent of the Facility Agent (in its sole discretion).

Section 10.19 Further Assurances; Financing Statements.

(a) The Borrower agrees that at any time and from time to time, at its expense and upon reasonable request of the Facility Agent or the Collateral Agent (acting at the request of the Facility Agent), it shall promptly execute and deliver all further instruments and documents, and take all reasonable further action, that is necessary or desirable to perfect and protect the assignments and security interests granted or purported to be granted by this Agreement or to enable the Collateral Agent or any of the Secured Parties to exercise and enforce its rights and remedies under this Agreement with respect to any Collateral. Without limiting the generality of the foregoing, the Borrower authorizes the filing of such financing or continuation statements, or amendments thereto, and such other instruments or notices as may be necessary or desirable or that the Collateral Agent (acting solely at the Facility Agent's request) may reasonably request to protect and preserve the assignments and security interests granted by this Agreement. Such financing statements filed against the Borrower may describe the Collateral in the same manner specified in Section 12.1 or in any other manner as the Facility Agent may reasonably determine is necessary to ensure the perfection of such security interest (without disclosing the names of, or any information relating to, the Obligors thereunder), including describing such property as all assets or all personal property of the Borrower whether now owned or hereafter acquired.

- i. The Borrower and each Secured Party hereby severally authorize the Collateral Agent, upon receipt of written direction from the Facility Agent, to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral.
- ii. It shall furnish to the Collateral Agent and the Facility Agent from time to time such statements and schedules further identifying and describing the Related Security and such other reports in connection with the Collateral as the Collateral Agent (acting solely at the Facility Agent's request) or the Facility Agent may reasonably request, all in reasonable detail.

Section 10.20 Obligor Payment Instructions.

The Borrower acknowledges that the power of attorney granted in Section 13.10 to the Collateral Agent permits the Collateral Agent to send (at the Facility Agent's written direction after the occurrence of a Facility Termination Event) Obligor notification forms to give notice to the Obligors of the Collateral Agent's interest in the Collateral and the obligation to make payments as directed by the Collateral Agent (at the written direction of the Facility Agent).

Section 10.21 Delivery of Collateral Obligation Files.

The Borrower (or the Investment Manager on behalf of the Borrower) shall deliver to the Collateral Custodian (with a copy to the Facility Agent at the following e-mail addresses (for electronic copies): amit.patel@db.com, james.kwak@db.com and josh.buckman@db.com, and a copy to each Agent) the Collateral Obligation Files identified on the related Document Checklist promptly upon receipt but in no event later than five (5) Business Days of the related Funding Date; provided that any file stamped document included in any Collateral Obligation File shall be delivered as soon as they are reasonably available (even if not within five (5) Business Days of the related Funding Date).

Section 10.22 Collateral Obligation Schedule.

As of the end of each January, April, July and October of each year, the Borrower shall deliver an update of the Collateral Obligation Schedule to the Facility Agent (with a copy to the Collateral Agent and each Agent), certified true and correct by each of the Borrower and the Investment Manager. The Borrower hereby authorizes a UCC-3 amendment to be filed quarterly attaching each such updated Collateral Obligation Schedule and shall file such UCC-3 amendment at the request of the Facility Agent. Upon filing, a copy of such UCC-3 shall be provided to the Collateral Agent and Facility Agent.

Section 10.23 Policies and Procedures for Sanctions.

The Borrower has instituted and maintained policies and procedures designed to ensure compliance with Sanctions.

Section 10.24 Compliance with Sanctions.

To the best of the Borrower's knowledge and belief, the Borrower shall not directly or indirectly use the proceeds of the Advances, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture, partner or other Person or entity, to fund or facilitate (i) any activities of or business with any Person who is the subject or target of Sanctions, (ii) any activities of or business in any Sanctioned Country or (iii) in any other manner that would result in a violation by any Person of Sanctions.

A. THE COLLATERAL AGENT

Section 11.1 Appointment of Collateral Agent.

Wells Fargo Bank, National Association is hereby appointed as Collateral Agent pursuant to the terms hereof. The Secured Parties hereby appoint the Collateral Agent to act exclusively as the agent for purposes of perfection of a security interest in the Collateral and Collateral Agent of the Secured Parties to act as specified herein and in the other Transaction Documents to which the Collateral Agent is a party.

Section 11.2 Monthly Reports.

The Collateral Agent shall prepare the Monthly Report in accordance with Section 8.5 and distribute funds in accordance with such Monthly Report in accordance with Section 8.3.

Section 11.3 Collateral Administration.

The Collateral Agent shall maintain a database of certain characteristics of the Collateral on an ongoing basis, and provide to the Borrower, the Investment Manager, the Facility Agent and the Agents certain reports, schedules and calculations, all as more particularly described in this Section 11.3, based upon information and data received from the Borrower and/or the Investment Manager pursuant to Section 7.7 or from the Agents and/or the Facility Agent.

i. In connection therewith, the Collateral Agent shall:

1. within 15 days after the Effective Date, create a Collateral database with respect to the Collateral that has been pledged to the Collateral Agent for the benefit of the Secured Parties from time to time, comprised of the Collateral Obligations credited to the Accounts from time to time and Permitted Investments in which amounts held in the Accounts may be invested from time to time, as provided in this Agreement (the "Collateral Database");
2. update the Collateral Database on a periodic basis for changes and to reflect the sale or other disposition of assets included in the Collateral and any additional Collateral granted to the Collateral Agent from time to time, in each case based upon, and to the extent of, information furnished to the Collateral Agent by the Borrower, the Investment Manager or the Facility Agent as may be reasonably required by the Collateral Agent from time to time or based upon notices received by the Collateral Agent from the issuer, or trustee or agent bank under an underlying instrument, or similar source;
3. track the receipt and allocation to the Collection Account of Principal Collections and Interest Collections and any withdrawals therefrom and, on each Business Day, provide to the Investment Manager and Facility Agent daily reports reflecting such actions to the accounts as of the close of business on the preceding

- Business Day and the Collateral Agent shall provide any such report to the Facility Agent or the Investment Manager upon its request therefor;
4. prepare and deliver to the Facility Agent, each Agent, the Borrower and the Investment Manager on each Reporting Date, the Monthly Report and any update pursuant to Section 8.5 when requested by the Investment Manager, the Borrower or the Facility Agent, on the basis of the information contained in the Collateral Database as of the applicable Determination Date, the information provided by each Agent and the Facility Agent pursuant to Section 3.4 and such other information as may be provided to the Collateral Agent by the Borrower, the Investment Manager, the Facility Agent, any Agent or any Lender;
 5. provide other such information with respect to the Collateral granted to the Collateral Agent and not released as may be routinely maintained by the Collateral Agent in performing its ordinary Collateral Agent function pursuant hereunder, as the Borrower, the Investment Manager, the Facility Agent, any Agent or any Lender may reasonably request from time to time;
 6. upon the written request of the Investment Manager on any Business Day and within three hours after the Collateral Agent's receipt of such request (provided such request is received by 12:00 Noon (New York time) on such date (otherwise such request will be deemed made on the next succeeding Business Day), the Collateral Agent shall perform the following functions: as of the date the Investment Manager commits on behalf of the Borrower to purchase Collateral Obligations to be included in the Collateral, perform a pro forma calculation of the tests and other requirements set forth in Sections 6.2(e) and (f), in each case, based upon information contained in the Collateral Database and report the results thereof to the Investment Manager in a mutually agreed format;
 7. upon the Collateral Agent's receipt on any Business Day of written notification from the Investment Manager of its intent to sell (in accordance with Section 7.10) Collateral Obligations, the Collateral Agent shall perform, within three hours after the Collateral Agent's receipt of such request (provided such request is received by no later than 12:00 Noon (New York time) on such date (otherwise such request will be deemed made on the next succeeding Business Day) a pro forma calculation of the tests set forth in Sections 7.10(a)(i)(A), (B) and (C) based upon information contained in the Collateral Database and information furnished by the Investment Manager, compare the results thereof and report the results to the Investment Manager in a mutually agreed format; and
 8. track the Principal Balance of each Collateral Obligation and report such balances to the Facility Agent and the Investment Manager upon request.
- ii. The Collateral Agent shall provide to the Investment Manager a copy of all written notices and communications identified as being sent to it in connection with the Collateral Obligations and the other Collateral held hereunder which it receives from the related Obligor, participating bank and/or agent bank. In no instance shall the Collateral Agent be under any duty or obligation to take any action on behalf of the Investment Manager in respect of the exercise of any voting or consent rights, or similar actions, unless it receives specific written instructions from the Investment Manager, prior to the occurrence of a Facility Termination Event or an Investment Manager Event of Default or the Facility Agent, after the occurrence of a Facility Termination Event or an Investment Manager Event of Default, in which event the Collateral Agent shall only vote, consent or take such other action in accordance with such instructions.
- iii. In addition to the above:
1. The Facility Agent and each Secured Party further authorizes the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this

Agreement and the other Transaction Documents as are expressly delegated to the Collateral Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. In furtherance, and without limiting the generality of the foregoing, each Secured Party hereby appoints the Collateral Agent (acting at the direction of the Facility Agent) as its agent to execute and deliver all further instruments and documents, and take all further action (at the written direction of the Facility Agent) that the Facility Agent deems necessary or desirable in order to perfect, protect or more fully evidence the security interests granted by the Borrower hereunder, or to enable any of them to exercise or enforce any of their respective rights hereunder, including, without limitation, the execution or filing by the Collateral Agent as secured party/assignee of such financing or continuation statements, or amendments thereto or assignments thereof, relative to all or any of the Collateral Obligations now existing or hereafter arising, and such other instruments or notices, as may be necessary or appropriate for the purposes stated hereinabove. Nothing in this Section 11.3(c)(i) shall be deemed to relieve the Borrower or the Investment Manager of their respective obligations to protect the interest of the Collateral Agent (for the benefit of the Secured Parties) in the Collateral, including to file financing and continuation statements in respect of the Collateral in accordance with Section 10.1. It is understood and agreed that any and all actions performed by the Collateral Agent in connection with this Section 11.3(c)(i) shall be at the written direction of the Facility Agent, and the Collateral Agent shall have no responsibility or liability in connection with determining any actions necessary or desirable to perfect, protect or more fully secure the security interest granted by the Borrower hereunder or to enable any Person to exercise or enforce any of their respective rights hereunder.

2. The Facility Agent may direct the Collateral Agent in writing to take any such incidental action hereunder. With respect to other actions which are incidental to the actions specifically delegated to the Collateral Agent hereunder, the Collateral Agent shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the written direction of the Facility Agent; provided that the Collateral Agent shall not be required to take any action hereunder at the request of the Facility Agent, any Secured Parties or otherwise if the taking of such action, in the determination of the Collateral Agent, (x) shall be in violation of any Applicable Law or contrary to any provisions of this Agreement or (y) shall expose the Collateral Agent to liability hereunder or otherwise (unless it has received indemnity which it reasonably deems to be satisfactory with respect thereto). In the event the Collateral Agent requests the consent of the Facility Agent and the Collateral Agent does not receive a consent (either positive or negative) from the Facility Agent within 10 Business Days of its receipt of such request, then the Facility Agent shall be deemed to have declined to consent to the relevant action.
3. Except as expressly provided herein, the Collateral Agent shall not be under any duty or obligation to take any affirmative action to exercise or enforce any power, right or remedy available to it under this Agreement that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it (x) unless and until (and to the extent) expressly so directed by the Facility Agent or (y) prior to the Facility Termination Date (and upon such occurrence, the Collateral Agent shall act in accordance with the written instructions of the Facility Agent pursuant to clause (x)). The Collateral Agent shall not be liable for any action taken, suffered or omitted by it in

accordance with the request or direction of any Secured Party, to the extent that this Agreement provides such Secured Party the right to so direct the Collateral Agent, or the Facility Agent. The Collateral Agent shall not be deemed to have notice or knowledge of any matter hereunder, including a Facility Termination Event, unless a Responsible Officer of the Collateral Agent has knowledge of such matter or written notice thereof is received by the Collateral Agent.

- iv. If, in performing its duties under this Agreement, the Collateral Agent is required to decide between alternative courses of action, the Collateral Agent may request written instructions from the Facility Agent as to the course of action desired by it. If the Collateral Agent does not receive such instructions within two Business Days after it has requested them, the Collateral Agent may, but shall be under no duty to, take or refrain from taking any such courses of action. The Collateral Agent shall act in accordance with instructions received after such two Business Day period except to the extent it has already, in good faith, taken or committed itself to take, action inconsistent with such instructions. The Collateral Agent shall be entitled to rely on the advice of legal counsel and independent accountants in performing its duties hereunder and shall be deemed to have acted in good faith if it acts in accordance with such advice.
- v. Concurrently herewith, the Facility Agent directs the Collateral Agent and the Collateral Agent is authorized to enter into the Account Control Agreement and any other related agreements in the form delivered to the Collateral Agent. For the avoidance of doubt, all of the Collateral Agent's rights, protections and immunities provided herein shall apply to the Collateral Agent for any actions taken or omitted to be taken under the Account Control Agreement and any other related agreements in such capacity.

Section 11.4 Removal or Resignation of Collateral Agent.

The Collateral Agent may at any time resign and terminate its obligations under this Agreement upon at least 60 days' prior written notice to the Investment Manager, the Borrower, the Facility Agent and each Agent; provided, that no resignation or removal of the Collateral Agent will be permitted unless a successor Collateral Agent has been appointed which successor Collateral Agent, so long as no Unmatured Investment Manager Event of Default, Investment Manager Event of Default, Unmatured Facility Termination Event or Facility Termination Event has occurred and is continuing, is reasonably acceptable to the Investment Manager. Promptly after receipt of notice of the Collateral Agent's resignation, the Facility Agent shall promptly appoint a successor Collateral Agent (which successor Collateral Agent shall be reasonably acceptable to the Majority Lenders and the Borrower) by written instrument, in duplicate, copies of which instrument shall be delivered to the Borrower, the Investment Manager, each Agent, the resigning Collateral Agent and to the successor Collateral Agent. In the event no successor Collateral Agent shall have been appointed within 60 days after the giving of notice of such resignation, the Collateral Agent may petition any court of competent jurisdiction to appoint a successor Collateral Agent. The Facility Agent upon at least 60 days' prior written notice to the Collateral Agent, the Borrower and each Agent, may with or without cause remove and discharge the Collateral Agent or any successor Collateral Agent thereafter appointed from the performance of its duties under this Agreement. Promptly after giving notice of removal of the Collateral Agent, the Facility Agent shall appoint, or petition a court of competent jurisdiction to appoint, a successor Collateral Agent (which successor Collateral Agent shall be reasonably acceptable to the Majority Lenders and the Borrower). Any such appointment shall be accomplished by written instrument and one original counterpart of such instrument of appointment shall be delivered to the Collateral Agent and the successor Collateral Agent, with a copy delivered to the Borrower, each Agent and the Investment Manager.

Section 11.5 Representations and Warranties.

The Collateral Agent represents and warrants to the Borrower, the Facility Agent, the Lenders and Investment Manager that:

- i. the Collateral Agent has the corporate power and authority and the legal rights to execute and deliver, and to perform its obligations under, this Agreement, and has taken all

- necessary corporate action to authorize its execution, delivery and performance of this Agreement;
- ii. no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Official Body and no consent of any other Person (including any stockholder or creditor of the Collateral Agent) is required in connection with the execution, delivery performance, validity or enforceability of this Agreement; and
 - iii. this Agreement has been duly executed and delivered on behalf of the Collateral Agent and constitutes a legal, valid and binding obligation of the Collateral Agent enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in proceedings in equity or at law).

Section 11.6 No Adverse Interest of Collateral Agent.

By execution of this Agreement, the Collateral Agent represents and warrants that it currently holds and during the existence of this Agreement shall hold, no adverse interest, by way of security or otherwise, in any Collateral Obligation or any document in the Collateral Obligation Files. Neither the Collateral Obligations nor any documents in the Collateral Obligation Files shall be subject to any security interest, lien or right of set-off by the Collateral Agent or any third party claiming through the Collateral Agent, and the Collateral Agent shall not pledge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party interest in, the Collateral Obligations or documents in the Collateral Obligation Files, except that the preceding clause shall not apply to the Collateral Agent or the Collateral Custodian with respect to (i) the Collateral Agent Fees and Expenses or the Collateral Custodian Fees and Expenses, and (ii) in the case of any accounts, with respect to (x) returned or charged-back items, (y) reversals or cancellations of payment orders and other electronic fund transfers, or (z) overdrafts in the Collection Account.

Section 11.7 Reliance of Collateral Agent.

In the absence of bad faith on the part of the Collateral Agent, the Collateral Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any request, instruction, certificate, opinion or other document furnished to the Collateral Agent, reasonably believed by the Collateral Agent to be genuine and to have been signed or presented by the proper party or parties and conforming to the requirements of this Agreement; but in the case of a request, instruction, document or certificate which by any provision hereof is specifically required to be furnished to the Collateral Agent, the Collateral Agent shall be under a duty to examine the same in accordance with the requirements of this Agreement to determine that they conform on their face to the form required by such provision. For avoidance of doubt, the Collateral Agent may rely conclusively on the Borrowing Base and an Officer's Certificate of the Investment Manager. The Collateral Agent shall not be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action.

Section 11.8 Limitation of Liability and Collateral Agent Rights.

(a) The Collateral Agent may conclusively rely on and shall be fully protected in acting upon any certificate, instrument, opinion, notice, letter, telegram or other document delivered to it and that in good faith it reasonably believes to be genuine and that has been signed by the proper party or parties. The Collateral Agent may rely conclusively on and shall be fully protected in acting upon (x) the written instructions of any designated officer of the Facility Agent or (y) the verbal instructions of the Facility Agent.

- i. The Collateral Agent may consult counsel satisfactory to it with a national reputation in the applicable matter and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel.
- ii. The Collateral Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except in the case of

- its willful misconduct, bad faith, reckless disregard or grossly negligent performance or omission of its duties.
- iii. The Collateral Agent makes no warranty or representation and shall have no responsibility (except as expressly set forth in this Agreement) as to the content, enforceability, completeness, validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, and will not be required to and will not make any representations as to the validity or value (except as expressly set forth in this Agreement) of any of the Collateral. The Collateral Agent shall not be obligated to take any action hereunder that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it.
 - iv. The Collateral Agent shall have no duties or responsibilities except such duties and responsibilities as are specifically set forth in this Agreement and the other Transaction Documents to which it is a party and no covenants or obligations shall be implied in this Agreement against the Collateral Agent.
 - v. The Collateral Agent shall not be required to expend or risk its own funds in the performance of its duties hereunder.
 - vi. It is expressly agreed and acknowledged that the Collateral Agent is not guaranteeing performance of or assuming any liability for the obligations of the other parties hereto or any parties to the Collateral.
 - vii. In case any reasonable question arises as to its duties hereunder, the Collateral Agent may, prior to the occurrence of a Facility Termination Event, request instructions from the Investment Manager and may, after the occurrence of a Facility Termination Event, request instructions from the Facility Agent, and shall be entitled at all times to refrain from taking any action unless it has received written instructions from the Investment Manager or the Facility Agent, as applicable. The Collateral Agent shall in all events have no liability, risk or cost for any action taken pursuant to and in compliance with the instruction of the Facility Agent. In no event shall the Collateral Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.
 - viii. In the event that the Collateral Custodian is not the same entity as the Collateral Agent, the Collateral Agent shall not be liable for the acts or omissions of the Collateral Custodian under this Agreement and shall not be required to monitor the performance of the Collateral Custodian.
 - ix. Without limiting the generality of any terms of this section, the Collateral Agent shall have no liability for any failure, inability or unwillingness on the part of the Investment Manager, the Facility Agent or the Borrower to provide accurate and complete information on a timely basis to the Collateral Agent, or otherwise on the part of any such party to comply with the terms of this Agreement, and shall have no liability for any inaccuracy or error in the performance or observance on the Collateral Agent's part of any of its duties hereunder that is caused by or results from any such inaccurate, incomplete or untimely information received by it, or other failure on the part of any such other party to comply with the terms hereof.
 - x. The Collateral Agent shall not be bound to make any investigation into the facts or matters stated in any certificate, report or other document; provided, however, that, if the form thereof is prescribed by this Agreement, the Collateral Agent shall examine the same to determine whether it conforms on its face to the requirements hereof. The Collateral Agent shall not be deemed to have knowledge or notice of any matter unless actually known to a Responsible Officer of the Collateral Agent. It is expressly acknowledged by the Borrower, the Investment Manager, the Facility Agent and each Agent that application and performance by the Collateral Agent of its various duties

hereunder (including, without limitation, recalculations to be performed in respect of the matters contemplated hereby) shall be based upon, and in reliance upon, data, information and notice provided to it by the Investment Manager, the Facility Agent, any Agent, the Borrower and/or any related bank agent, obligor or similar party with respect to the Collateral Obligation, and the Collateral Agent shall have no responsibility for the accuracy of any such information or data provided to it by such persons and shall be entitled to update its records (as it may deem necessary or appropriate). Nothing herein shall impose or imply any duty or obligation on the part of the Collateral Agent to verify, investigate or audit any such information or data, or to determine or monitor on an independent basis whether any issuer of the Collateral is in default or in compliance with the underlying documents governing or securing such securities, from time to time.

- xii. The Collateral Agent may exercise any of its rights or powers hereunder or perform any of its duties hereunder either directly or, by or through agents or attorneys, and the Collateral Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it. Neither the Collateral Agent nor any of its affiliates, directors, officers, shareholders, agents or employees will be liable to the Investment Manager, Borrower or any other Person, except by reason of acts or omissions by the Collateral Agent constituting bad faith, willful misfeasance, gross negligence or reckless disregard of the Collateral Agent's duties hereunder. The Collateral Agent shall in no event have any liability for the actions or omissions of the Borrower, the Investment Manager, the Facility Agent or any other Person, and shall have no liability for any inaccuracy or error in any duty performed by it that results from or is caused by inaccurate, untimely or incomplete information or data received by it from the Borrower, the Investment Manager, the Facility Agent or another Person except to the extent that such inaccuracies or errors are caused by the Collateral Agent's own bad faith, willful misfeasance, gross negligence or reckless disregard of its duties hereunder. The Collateral Agent shall not be liable for failing to perform or delay in performing its specified duties hereunder which results from or is caused by a failure or delay on the part of the Borrower or the Investment Manager, the Facility Agent or another Person in furnishing necessary, timely and accurate information to the Collateral Agent.
- xii. The Collateral Agent shall be under no obligation to exercise or honor any of the rights or powers vested in it by this Agreement at the request or direction of the Facility Agent (or any other Person authorized or permitted to direct the Collateral Agent hereunder) pursuant to this Agreement, unless the Facility Agent (or such other Person) shall have offered the Collateral Agent security or indemnity reasonably acceptable to the Collateral Agent against costs, expenses and liabilities (including any legal fees) that might reasonably be incurred by it in compliance with such request or direction.

Section 11.9 Tax Reports.

The Collateral Agent shall not be responsible for the preparation or filing of any reports or returns relating to federal, state or local income taxes with respect to this Agreement, other than in respect of the Collateral Agent's compensation or for reimbursement of expenses.

Section 11.10 Merger or Consolidation.

Any Person (i) into which the Collateral Agent may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Collateral Agent shall be a party, or (iii) that may succeed to the properties and assets of the Collateral Agent substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Collateral Agent hereunder, shall be the successor to the Collateral Agent under this Agreement without further act of any of the parties to this Agreement.

Section 11.11 Collateral Agent Compensation.

As compensation for its activities hereunder, the Collateral Agent (in each of its capacities hereunder) shall be entitled to its fees from the Borrower as set forth in the Collateral Agent and Collateral Custodian Fee

Letter and any other accrued and unpaid expenses (including reasonable attorneys' fees, costs and expenses) and indemnity amounts payable by the Borrower or the Investment Manager, or both but without duplication, to the Collateral Agent under the Transaction Documents (including, without limitation, Indemnified Amounts payable under Article XVI) (collectively, the "Collateral Agent Fees and Expenses"). The Borrower agrees to reimburse the Collateral Agent in accordance with the provisions of Section 8.3 for all reasonable, out-of-pocket, documented expenses, disbursements and advances incurred or made by the Collateral Agent in accordance with any provision of this Agreement or the other Transaction Documents or in the enforcement of any provision hereof or in the other Transaction Documents.

Section 11.12 Anti-Terrorism Laws.

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Collateral Agent and the Collateral Custodian are required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Collateral Agent and the Collateral Custodian. Accordingly, each of the parties agrees to provide to the Collateral Agent and the Collateral Custodian, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Collateral Agent and the Collateral Custodian to comply with Applicable Laws as set forth above.

A. GRANT OF SECURITY INTEREST

Section 12.1 Borrower's Grant of Security Interest.

As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations (including Advances, Yield, all Fees and other amounts at any time owing hereunder), the Borrower hereby assigns and pledges to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties, a security interest in and lien upon, all of the Borrower's personal property, including the Borrower's right, title and interest in and to the following (other than Retained Interests), in each case whether now or hereafter existing or in which Borrower now has or hereafter acquires an interest and wherever the same may be located (collectively, the "Collateral"):

- i. all Collateral Obligations;
- ii. all Related Security;
- iii. the Sale Agreement, the Investment Management Agreement and all documents now or hereafter in effect to which the Borrower is a party (collectively, the "Borrower Assigned Agreements"), including (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to the Borrower Assigned Agreements, (ii) all rights of the Borrower to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Borrower Assigned Agreements, (iii) claims of the Borrower for damages arising out of or for breach of or default under the Borrower Assigned Agreements, and (iv) the right of the Borrower to amend, waive or terminate the Borrower Assigned Agreements, to perform under the Borrower Assigned Agreements and to compel performance and otherwise exercise all remedies and rights under the Borrower Assigned Agreements; notwithstanding anything contained herein to the contrary, the Collateral shall not include the right of the Borrower to terminate the Investment Manager or replace the Investment Manager under the Investment Management Agreement;
- iv. all of the following (the "Account Collateral"):
 1. each Account, all funds held in any Account (other than Excluded Amounts), and all certificates and instruments, if any, from time to time representing or evidencing any Account or such funds,
 2. all investments from time to time of amounts in the Accounts and all certificates and instruments, if any, from time to time representing or evidencing such investments,
 3. all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Collateral Agent or any Secured Party or any

- assignee or agent on behalf of the Collateral Agent or any Secured Party in substitution for or in addition to any of the then existing Account Collateral, and
4. all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Account Collateral;
 - v. all additional property that may from time to time hereafter be granted and pledged by the Borrower or by anyone on its behalf under this Agreement;
 - vi. all Accounts, all Certificated Securities, all Chattel Paper, all Documents, all Equipment, all Financial Assets, all General Intangibles, all Instruments, all Investment Property, all Inventory, all Securities Accounts, all Security Certificates, all Security Entitlements and all Uncertificated Securities of the Borrower;
 - vii. each Hedging Agreement, including all rights of the Borrower to receive moneys due and to become due thereunder; and
 - viii. all Proceeds, accessions, substitutions, rents and profits of any and all of the foregoing Collateral (including proceeds that constitute property of the types described in subsections (a) through (g) above) and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent or a Secured Party or any assignee or agent on behalf of the Collateral Agent or a Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

Section 12.2 Borrower Remains Liable.

Notwithstanding anything in this Agreement, (a) except to the extent of the Investment Manager's duties under the Transaction Documents, the Borrower shall remain liable under the Collateral Obligations, Borrower Assigned Agreements and other agreements included in the Collateral to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by a Secured Party or the Collateral Agent of any of its rights under this Agreement shall not release the Borrower or the Investment Manager from any of their respective duties or obligations under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral, (c) the Secured Parties and the Collateral Agent shall not have any obligation or liability under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral by reason of this Agreement, and (d) neither the Collateral Agent nor any of the Secured Parties shall be obligated to perform any of the obligations or duties of the Borrower or the Investment Manager under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral or to take any action to collect or enforce any claim for payment assigned under this Agreement.

Section 12.3 Release of Collateral.

Until the Obligations have been paid in full, the Collateral Agent may not release any Lien covering any Collateral except for (i) Collateral Obligations sold pursuant to Section 7.10, (ii) any Related Security identified by the Borrower (or the Investment Manager on behalf of the Borrower) to the Collateral Agent so long as the Facility Termination Date has not occurred or (iii) Repurchased Collateral Obligations or Substituted Collateral Obligation pursuant to Section 7.11.

In connection with the release of a Lien on any Collateral permitted pursuant to this Section 12.3 and conducted in the ordinary course of business consistent with industry standards and practices (including the use of escrows), the Collateral Agent, on behalf of the Secured Parties, will, at the sole expense of the Borrower, execute and deliver to the Borrower any assignments, bills of sale, termination statements and any other releases and instruments as the Borrower may reasonably request in order to effect the release and transfer of such Collateral; provided, that the Collateral Agent, on behalf of the Secured Parties, will make no representation or warranty, express or implied, with respect to any such Collateral in connection with such sale or transfer and assignment.

A. FACILITY TERMINATION EVENTS

Section 13.1 Facility Termination Events.

Each of the following shall constitute a Facility Termination Event under this Agreement:

- i. any default in the payment when due of (i) any principal of any Advance or (ii) any other amount payable by the Borrower or the Investment Manager hereunder, including any Yield on any Advance, any Undrawn Fee or any other Fee, in each case, which default shall continue for two Business Days;
- ii. the Borrower or the Investment Manager shall fail to perform or observe any other term, covenant or agreement contained in this Agreement, or any other Transaction Document on its part to be performed or observed and, except in the case of the covenants and agreements contained in Section 10.7, Section 10.9, Section 10.11 and Section 10.16 as to each of which no grace period shall apply, any such failure shall remain unremedied for a period of thirty (30) days after the earlier to occur of (i) the date on which written notice of such failure requiring the same to be remedied shall have been given to the Borrower or the Investment Manager, and (ii) the date on which a Responsible Officer of the Borrower or the Investment Manager acquires knowledge thereof;
- iii. any representation or warranty of the Borrower or the Investment Manager made or deemed to have been made hereunder or in any other Transaction Document or any other writing or certificate furnished by or on behalf of the Borrower or the Investment Manager to the Facility Agent, any Agent or any Lender for purposes of or in connection with this Agreement or any other Transaction Document (including any Monthly Report) shall prove to have been false or incorrect in any material respect when made or deemed to have been made and the same continues unremedied for a period of thirty (30) days (if such failure can be remedied) after the earlier to occur of (i) the date on which written notice of such failure requiring the same to be remedied shall have been given to the Borrower or the Investment Manager, and (ii) the date on which a Responsible Officer of the Borrower or the Investment Manager acquires knowledge thereof; provided, that no breach shall be deemed to occur hereunder in respect of any representation or warranty relating to the “eligibility” of any Collateral Obligation if the Borrower complies with its obligations in Section 7.11 with respect to such Collateral Obligation;
- iv. an Insolvency Event shall have occurred and be continuing with respect to either the Borrower, the Investment Manager or the Equityholder;
- v. (i) the aggregate principal amount of all Advances outstanding hereunder exceeds the Borrowing Base and such condition continues unremedied for two consecutive Business Days or (ii) the Foreign Currency Advance Amount exceeds the Foreign Currency Sublimit, which default shall continue for sixty (60) days;
- vi. the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any of the assets of the Borrower (other than a Permitted Lien), or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower;
- vii. (i) any Transaction Document or any lien or security interest granted thereunder by the Borrower shall (except in accordance with its terms), in whole or in material part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower; or (ii) the Borrower or the Investment Manager or any other party shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Transaction Document; or (iii) any security interest securing any Obligation shall, in whole or in part, cease to be a perfected first priority security interest (except, as to priority, for Permitted Liens) against the Borrower;
- viii. an Investment Manager Event of Default shall have occurred and be continuing past any applicable notice or cure period provided in the definition thereof or any other applicable section of this Agreement;
- ix. the Borrower or the Investment Manager shall fail to pay any principal of or premium or interest on any Indebtedness having an aggregate principal amount of \$250,000 or greater (or in the case of the Investment Manager \$1,000,000 or greater), when the same

becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under any agreement or instrument relating to any such Indebtedness of the Borrower or the Investment Manager, as applicable, or any other event, shall occur and such default or event shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof; or any early amortization event, pay out event or other similar event (other than as a result of a voluntary prepayment) shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to any such Indebtedness if the effect of such event is to cause the principal of such Indebtedness to be amortized on an accelerated basis;

- x. a Change of Control shall have occurred;
- xi. either (i) the Borrower shall become required to register as an “investment company” within the meaning of the 1940 Act or the arrangements contemplated by the Transaction Documents shall require registration as an “investment company” within the meaning of the 1940 Act or (ii) FS KKR Capital Corp. ceases to be a “business development company” within the meaning of the 1940 Act;
- xii. failure on the part of the Borrower or the Investment Manager to (i) make any payment or deposit (including, without limitation, with respect to bifurcation and remittance of Principal Collections and Interest Collections or any other payment or deposit required to be made by the terms of the Transaction Documents, including, without limitation, to any Secured Party, Affected Person or Indemnified Party) required by the terms of any Transaction Document in accordance with Section 7.3(b) and Section 10.10 or (ii) otherwise observe or perform any covenant, agreement or obligation with respect to the management and distribution of funds received with respect to the Collateral;
- xiii. (i) failure of the Borrower to maintain at least one Independent Manager or (ii) the removal of any Independent Manager without cause or prior written notice to the Facility Agent and each Agent (in each case as required by the organization documents of the Borrower); provided that, in the case of each of clauses (i) and (ii), the Borrower shall have five (5) Business Days to replace any Independent Manager upon the death or incapacitation of the current Independent Manager;
- xiv. the Borrower makes any assignment or attempted assignment of its respective rights or obligations under this Agreement or any other Transaction Document without first obtaining the specific written consent of the Majority Lender, which consent may be withheld in the exercise of its sole and absolute discretion;
- xv. any court shall render a final, non-appealable judgment against the Borrower or the Investment Manager (i) in an amount in excess of \$250,000 (or, with respect to the Investment Manager, \$1,000,000) which shall not be satisfactorily stayed, discharged, vacated, set aside or satisfied within 60 days of the making thereof or (ii) for which the Facility Agent shall not have received evidence satisfactory to it that an insurance provider for the Borrower or the Investment Manager, as applicable, has agreed to satisfy such judgment in full subject to any deductibles not exceeding \$250,000 (or, with respect to the Investment Manager, \$1,000,000); or the attachment of any material portion of the property of the Borrower or the Investment Manager which has not been released or provided for to the reasonable satisfaction of the Facility Agent within 30 days after the making thereof;

- xvi. the Borrower shall fail to qualify as a bankruptcy-remote entity based upon customary criteria such that Dechert LLP or any other reputable counsel could no longer render a substantive nonconsolidation opinion with respect to the Borrower;
- xvii. failure to pay, on the Facility Termination Date, all outstanding Obligations; or
- xviii. during the Revolving Period, the Minimum Equity Condition is not satisfied and such condition continues unremedied for two (2) consecutive Business Days.

Section 13.2 Effect of Facility Termination Event.

- xix. Optional Termination. Upon notice by the Collateral Agent, acting at the direction of the Facility Agent or the Majority Lenders, that a Facility Termination Event (other than a Facility Termination Event described in Section 13.1(d)) has occurred, the Revolving Period will automatically terminate and no Advances will thereafter be made, and the Collateral Agent (at the direction of the Facility Agent) or the Majority Lenders, may declare all or any portion of the outstanding principal amount of the Advances and other Obligations to be due and payable, whereupon the full unpaid amount of such Advances and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment (all of which are hereby expressly waived by the Borrower) and the Facility Termination Date shall be deemed to have occurred.
- xx. Automatic Termination. Upon the occurrence of a Facility Termination Event described in Section 13.1(d), the Facility Termination Date shall be deemed to have occurred automatically, and all outstanding Advances under this Agreement and all other Obligations under this Agreement shall become immediately and automatically due and payable, all without presentment, demand, protest or notice of any kind (all of which are hereby expressly waived by the Borrower).

Section 13.3 Rights upon Facility Termination Event.

If a Facility Termination Event shall have occurred and be continuing, the Facility Agent may, in its sole discretion, or shall at the direction of the Majority Lenders, direct the Collateral Agent to exercise any of the remedies specified herein in respect of the Collateral and the Collateral Agent shall promptly, at the written direction of the Facility Agent or the Majority Lenders, also do one or more of the following (subject to Section 13.9):

- i. institute proceedings in its own name and on behalf of the Secured Parties as Collateral Agent for the collection of all Obligations, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Borrower and any other obligor with respect thereto moneys adjudged due, for the specific enforcement of any covenant or agreement in any Transaction Document or in the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Collateral Agent by Applicable Law or any Transaction Document;
- ii. exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the right and remedies of the Collateral Agent and the Secured Parties which rights and remedies shall be cumulative; and
- iii. require the Borrower and the Investment Manager, at the Investment Manager's expense, to (1) assemble all or any part of the Collateral as directed by the Collateral Agent (at the direction of the Facility Agent) and make the same available to the Collateral Agent at a place to be designated by the Collateral Agent (at the direction of the Facility Agent) that is reasonably convenient to such parties and (2) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at a public or private sale, at any of the Collateral Agent's or the Facility Agent's offices or elsewhere in accordance with Applicable Law. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of

Collateral regardless of notice of sale having been given. The Collateral Agent (at the direction of the Facility Agent) may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral (after payment of any amounts incurred in connection with such sale) shall be deposited into the Collection Account and to be applied against all or any part of the outstanding Advances pursuant to Section 4.1 or otherwise in such order as the Collateral Agent shall be directed by the Facility Agent (in its sole discretion).

Section 13.4 Collateral Agent May Enforce Claims Without Possession of Notes.

All rights of action and of asserting claims under the Transaction Documents, may be enforced by the Collateral Agent without the possession of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Collateral Agent shall be brought in its own name as Collateral Agent and any recovery of judgment, subject to the payment of the reasonable, out-of-pocket and documented expenses, disbursements and compensation of the Collateral Agent each predecessor Collateral Agent and their respective agents and attorneys, shall be for the ratable benefit of the holders of the Notes and other Secured Parties.

Section 13.5 Collective Proceedings.

In any proceedings brought by the Collateral Agent to enforce the Liens under the Transaction Documents (and also any proceedings involving the interpretation of any provision of any Transaction Document), the Collateral Agent shall be held to represent all of the Secured Parties, and it shall not be necessary to make any Secured Party a party to any such proceedings.

Section 13.6 Insolvency Proceedings.

In case there shall be pending, relative to the Borrower or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Collateral, proceedings under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Borrower, its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Borrower or other obligor upon the Notes, or to the creditors of property of the Borrower or such other obligor, the Collateral Agent irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Collateral Agent shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered but without any obligation, subject to Section 13.9(a), by intervention in such proceedings or otherwise:

- i. to file and prove a claim or claims for the whole amount of principal and Yield owing and unpaid in respect of the Notes, all other amounts owing to the Lenders and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Collateral Agent (including any claim for reimbursement of all expenses (including the fees and expenses of counsel) and liabilities incurred, and all advances, if any, made, by the Collateral Agent and each predecessor Collateral Agent except as determined to have been caused by its own gross negligence or willful misconduct) and of each of the other Secured Parties allowed in such proceedings;
- ii. unless prohibited by Applicable Law and regulations, to vote (with the consent of the Facility Agent) on behalf of the holders of the Notes in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;
- iii. to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Secured Parties on their behalf; and
- iv. to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Collateral Agent or the Secured Parties

allowed in any judicial proceedings relative to the Borrower, its creditors and its property;

and any trustee, receiver, liquidator, collateral agent or trustee or other similar official in any such proceeding is hereby authorized by each of such Secured Parties to make payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of payments directly to such Secured Parties, to pay to the Collateral Agent such amounts as shall be sufficient to cover all reasonable expenses and liabilities incurred, and all advances made, by the Collateral Agent and each predecessor Collateral Agent except as determined to have been caused by its own negligence or willful misconduct.

Section 13.7 Delay or Omission Not Waiver.

No delay or omission of the Collateral Agent or of any other Secured Party to exercise any right or remedy accruing upon any Facility Termination Event shall impair any such right or remedy or constitute a waiver of any such Facility Termination Event or an acquiescence therein. Every right and remedy given by this Section 13.7 or by law to the Collateral Agent or to the other Secured Parties may be exercised from time to time, and as often as may be deemed expedient, by the Collateral Agent or by the other Secured Parties, as the case may be.

Section 13.8 Waiver of Stay or Extension Laws.

The Borrower waives and covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force (including filing a voluntary petition under Chapter 11 of the Bankruptcy Code and by the voluntary commencement of a proceeding or the filing of a petition seeking winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law now or hereafter in effect), which may affect the covenants, the performance of or any remedies under this Agreement; and the Borrower (to the extent that it may lawfully do so) hereby expressly waives all benefits or advantages of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Collateral Agent, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 13.9 Limitation on Duty of Collateral Agent in Respect of Collateral.

(a) Beyond the safekeeping of the Collateral Obligation Files in accordance with Article XVIII, neither the Collateral Agent nor the Collateral Custodian shall have any duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and neither the Collateral Agent nor the Collateral Custodian shall be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. Neither the Collateral Agent nor the Collateral Custodian shall be liable or responsible for any misconduct, negligence or loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent, attorney or bailee selected by the Collateral Agent or the Collateral Custodian in good faith and with due care hereunder.

- i. Neither the Collateral Agent nor the Collateral Custodian shall be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, or for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.
- ii. Neither the Collateral Agent nor the Collateral Custodian shall have any duty to act outside of the United States in respect of any Collateral located in any jurisdiction other than the United States.

Section 13.10 Power of Attorney.

(a) The Borrower hereby irrevocably appoints the Collateral Agent as its true and lawful attorney (with full power of substitution) in its name, place and stead and at its expense, in connection with the enforcement of the rights and remedies provided for (and subject to the terms and conditions set forth) in this Agreement including without limitation the following powers: (i) to give any necessary receipts or acquittance for amounts

collected or received hereunder, (ii) to make all necessary transfers of the Collateral in connection with any such sale or other disposition made pursuant hereto, (iii) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale or other disposition, the Borrower hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (iv) to sign any agreements, orders or other documents in connection with or pursuant to any Transaction Document. Nevertheless, if so requested by the Collateral Agent (at the direction of the Facility Agent), the Borrower shall ratify and confirm any such sale or other disposition by executing and delivering to the Collateral Agent all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

- i. No person to whom this power of attorney is presented as authority for the Collateral Agent to take any action or actions contemplated by clause (a) shall inquire into or seek confirmation from the Borrower as to the authority of the Collateral Agent to take any action described below, or as to the existence of or fulfillment of any condition to the power of attorney described in clause (a), which is intended to grant to the Collateral Agent unconditionally the authority to take and perform the actions contemplated herein, and the Borrower irrevocably waives any right to commence any suit or action, in law or equity, against any person or entity that acts in reliance upon or acknowledges the authority granted under this power of attorney. The power of attorney granted in clause (a) is coupled with an interest and may not be revoked or canceled by the Borrower until all obligations of the Borrower under the Transaction Documents have been paid in full and the Collateral Agent has provided its written consent thereto.
- ii. Notwithstanding anything to the contrary herein, the power of attorney granted pursuant to this Section 13.10 shall only be effective after the occurrence of a Facility Termination Event.

B. THE FACILITY AGENT

Section 14.1 Appointment.

Each Lender and each Agent hereby irrevocably designates and appoints DBNY as Facility Agent hereunder and under the other Transaction Documents, and authorizes the Facility Agent to take such action on its behalf under the provisions of this Agreement and the other Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Facility Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto. Each Lender in each Lender Group hereby irrevocably designates and appoints the Agent for such Lender Group as the agent of such Lender under this Agreement, and each such Lender irrevocably authorizes such Agent, as the agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Transaction Documents and to exercise such powers and perform such duties thereunder as are expressly delegated to such Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Facility Agent nor any Agent (the Facility Agent and each Agent being referred to in this Article as a “Note Agent”) shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any Note Agent.

Section 14.2 Delegation of Duties.

Each Note Agent may execute any of its duties under this Agreement and the other Transaction Documents by or through its subsidiaries, affiliates, agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Note Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 14.3 Exculpatory Provisions.

No Note Agent (acting in such capacity) nor any of its directors, officers, agents or employees shall be (a) liable for any action lawfully taken or omitted to be taken by it or them or any Person described in Section 14.2 under or in connection with this Agreement or the other Transaction Documents (except, solely with

respect to liability to the Borrower, for its, their or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any Person for any recitals, statements, representations or warranties of any Person (other than itself) contained in the Transaction Documents or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, the Transaction Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Transaction Documents or any other document furnished in connection therewith or herewith, or for any failure of any Person (other than itself or its directors, officers, agents or employees) to perform its obligations under any Transaction Document or for the satisfaction of any condition specified in a Transaction Document. Except as otherwise expressly provided in this Agreement, no Note Agent shall be under any obligation to any Person to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, the Transaction Documents, or to inspect the properties, books or records of the Borrower or the Investment Manager.

Section 14.4 Reliance by Note Agents.

Each Note Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, 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 and upon advice and statements of legal counsel (including counsel to each of the Lenders), Independent Accountants and other experts selected by such Note Agent. Each Note Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement, any other Transaction Document or any other document furnished in connection herewith or therewith 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 (i) in the case of the Facility Agent, by the Lenders or (ii) in the case of an Agent, by the Lenders in its Lender Group, against any and all liability, cost and expense which may be incurred by it by reason of taking or continuing to take any such action. The Facility Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders. The Facility Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Lenders in its Lender Group holding greater than 50% of the outstanding Advances held by such Lender Group, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders in such Lender Group.

Section 14.5 Notices.

No Note Agent shall be deemed to have knowledge or notice of the occurrence of any breach of this Agreement or the occurrence of any Facility Termination Event unless it has received notice from the Investment Manager, the Borrower or any Lender, referring to this Agreement and describing such event. In the event that any Agent receives such a notice, it shall promptly give notice thereof to the Lenders in its Lender Group. The Facility Agent shall take such action with respect to such event as shall be reasonably directed in writing by the Required Lenders, and each Agent shall take such action with respect to such event as shall be reasonably directed by Lenders in its Lender Group holding greater than 50% of the outstanding Advances held by such Lender Group; provided, that unless and until such Note Agent shall have received such directions, such Note Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the Lenders or of the Lenders in its Lender Group, as applicable.

Section 14.6 Non-Reliance on Note Agents.

The Lenders expressly acknowledge that no Note Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by any

Note Agent hereafter taken, including any review of the affairs of the Borrower or the Investment Manager, shall be deemed to constitute any representation or warranty by such Note Agent to any Lender. Each Lender represents to each Note Agent that it has, independently and without reliance upon any Note Agent 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, operations, property, financial and other condition and creditworthiness of the Borrower, the Investment Manager, and the Collateral Obligations and made its own decision to purchase its interest in the Notes hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Note Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under any of the Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Investment Manager, and the Collateral Obligations. Except as expressly provided herein, no Note Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the Collateral or the business, operations, property, prospects, financial and other condition or creditworthiness of the Borrower, the Investment Manager or the Lenders which may come into the possession of such Note Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

In no event shall any Note Agent be liable for any indirect, special, punitive or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, even if such Note Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event shall such Note Agent be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Agreement.

Section 14.7 Indemnification.

The Lenders agree to indemnify the Facility Agent and its officers, directors, employees, representatives and agents (to the extent not reimbursed by the Borrower or the Investment Manager under the Transaction Documents, and without limiting the obligation of such Persons to do so in accordance with the terms of the Transaction Documents), ratably according to the outstanding amounts of their Advances from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for the Facility Agent or the affected Person in connection with any investigative, or judicial proceeding commenced or threatened, whether or not the Facility Agent or such affected Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Facility Agent or such affected Person as a result of, or arising out of, or in any way related to or by reason of, any of the transactions contemplated hereunder or under the Transaction Documents or any other document furnished in connection herewith or therewith.

Section 14.8 Successor Note Agent.

If the Facility Agent shall resign as Facility Agent under this Agreement, then the Majority Lenders shall appoint a successor agent, whereupon such successor agent shall succeed to the rights, powers and duties of the Facility Agent, and the term "Facility Agent" shall mean such successor agent, effective upon its acceptance of such appointment, and the former Facility Agent's rights, powers and duties as Facility Agent shall be terminated, without any other or further act or deed on the part of such former Facility Agent or any of the parties to this Agreement. In addition, prior to any assignment or participation by DBNY of any interest in its Commitment which, in either case, after giving effect to such assignment or participation would result in DBNY holding (unparticipated) less than 25% of the Facility Amount, the Required Lenders shall be permitted to appoint a new Facility Agent with the consent of the Investment Manager (such consent not to be unreasonably withheld, delayed or conditioned). Any Agent may resign as Agent upon ten days' notice to the Lenders in its Lender Group and the Facility Agent (with a copy to the Borrower) with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Agent pursuant to this Section 14.8. If an Agent shall resign as Agent under this Agreement, then Lenders in its Lender Group

holding greater than 50% of the outstanding Advances held by such Lender Group shall appoint a successor agent for such Lender Group. After any Note Agent's resignation hereunder, the provisions of this Article XIV shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Note Agent under this Agreement. No resignation of any Note Agent shall become effective until a successor Note Agent shall have assumed the responsibilities and obligations of such Note Agent hereunder; provided, that in the event a successor Note Agent is not appointed within 60 days after such notice of its resignation is given as permitted by this Section 14.8, the applicable Note Agent may petition a court for its removal.

Section 14.9 Note Agents in their Individual Capacity.

Each Note Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or the Investment Manager as though such Note Agent were not an agent hereunder. Any Person which is a Note Agent may act as a Note Agent without regard to and without additional duties or liabilities arising from its role as such administrator or agent or arising from its acting in any such other capacity.

Section 14.10 Borrower Procedural Review.

The Facility Agent shall, at the Borrower's expense, retain Protiviti, Inc. (or another nationally recognized audit firm acceptable to the Facility Agent in its sole discretion) to conduct and complete a procedural review of the Collateral Obligations in compliance with the standards set forth on Exhibit B hereto (as such Exhibit B may be amended from time to time as the Facility Agent and Borrower (in the sole discretion of each) may agree) once every twelve-month period at the request of the Facility Agent. The Facility Agent shall promptly forward the results of such audit to the Investment Manager.

A. ASSIGNMENTS

Section 15.1 Restrictions on Assignments.

Except as specifically provided herein, the Borrower may not assign any of its rights or obligations hereunder or any interest herein without the prior written consent of the Facility Agent and the Majority Lenders in their respective sole discretion and any attempted assignment in violation of this Section 15.1 shall be null and void.

Section 15.2 Documentation.

In connection with any permitted assignment, each Lender shall deliver to each assignee an assignment, in such form as such Lender and the related assignee may agree, duly executed by such Lender assigning any such rights, obligations, Advance or Note to the assignee; and such Lender shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to perfect, protect or more fully evidence the assignee's right, title and interest in and to the items assigned, and to enable the assignee to exercise or enforce any rights hereunder or under the Notes evidencing such Advance.

Section 15.3 Rights of Assignee.

Upon the foreclosure of any assignment of any Advances made for security purposes, or upon any other assignment of any Advance from any Lender pursuant to this Article XV, the respective assignee receiving such assignment shall have all of the rights of such Lender hereunder with respect to such Advances and all references to the Lender or Lenders in Sections 4.3 or 5.1 shall be deemed to apply to such assignee.

Section 15.4 Assignment by Lenders.

So long as no Facility Termination Event or Investment Manager Event of Default has occurred and is continuing, no Lender may make any assignment, and no such assignment shall be permitted, other than any proposed assignment (i) to an Affiliate of such Lender, (ii) to another Lender hereunder or (iii) if (x) such Lender makes a reasonable determination that its ownership of any of its rights or obligations hereunder (and under other similar facilities (if any) held by such Lender) is prohibited by the Volcker Rule and (y) to the extent such Lender is permitted by the applicable documentation, such Lender is making commercially reasonable efforts to assign its interest in other similar facilities in a manner similar to such proposed assignment, to any Person other than a Competitor, without the prior written consent of the Borrower (which consent, if such assignment is to a Person other than a Competitor, shall not to be unreasonably withheld, delayed or conditioned). Each Lender shall endorse the Notes to reflect any assignments made pursuant to this Article XV or otherwise.

Section 15.5 Registration; Registration of Transfer and Exchange.

(a) The Collateral Agent, acting solely for this purpose as agent for the Borrower (and, in such capacity, the “Note Registrar”), shall maintain a register for the recordation of the name and address of each Lender (including any assignees), and the principal amounts (and stated interest) owing to such Lender pursuant to the terms hereof from time to time (the “Note Register”). The entries in the Note Register shall be conclusive absent manifest error, and the Borrower, the Collateral Agent, the Facility Agent, each Agent and each Lender shall treat each Person whose name is recorded in the Note Register pursuant to the terms hereof as a Lender hereunder. The Note Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

- i. Each Person who has or who acquired an interest in a Note shall be deemed by such acquisition to have agreed to be bound by the provisions of this Section 15.5. A Note may be exchanged (in accordance with Section 15.5(c)) and transferred to the holders (or their agents or nominees) of the Advances and to any assignee (in accordance with Section 15.1) (or its agent or nominee) of all or a portion of the Advances. The Note Registrar shall not register (or cause to be registered) the transfer of such Note, unless the proposed transferee shall have delivered to the Note Registrar either (i) an Opinion of Counsel that the transfer of such Note is exempt from registration or qualification under the Securities Act of 1933, as amended, and all applicable state securities laws and that the transfer does not constitute a non-exempt “prohibited transaction” under ERISA or (ii) an express agreement by the proposed transferee to be bound by and to abide by the provisions of this Section 15.5 and the restrictions noted on the face of such Note.
- ii. At the option of the holder thereof, a Note may be exchanged for one or more new Notes of any authorized denominations and of a like class and aggregate principal amount at an office or agency of the Borrower. Whenever any Note is so surrendered for exchange, the Borrower shall execute and deliver (through the Note Registrar) the new Note which the holder making the exchange is entitled to receive at the Note Registrar’s office, located at DB Services Americas Inc., 5022 Gate Parkway, Suite 200, Jacksonville, Florida, 32256, Attention: Transfer Unit.
- iii. Upon surrender for registration of transfer of any Note at an office or agency of the Borrower, the Borrower shall execute and deliver (through the Note Registrar), in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like class and aggregate principal amount.
- iv. All Notes issued upon any registration of transfer or exchange of any Note in accordance with the provisions of this Agreement shall be the valid obligations of the Borrower, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Note(s) surrendered upon such registration of transfer or exchange.
- v. Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Borrower or the Note Registrar) be fully endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Note Registrar, duly executed by the holder thereof or his attorney duly authorized in writing.
- vi. No service charge shall be made for any registration of transfer or exchange of a Note, but the Borrower may require payment from the transferee holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note.
- vii. The holders of the Notes shall be bound by the terms and conditions of this Agreement.

Section 15.6 Mutilated, Destroyed, Lost and Stolen Notes.

(a) If any mutilated Note is surrendered to the Note Registrar, the Borrower shall execute and deliver (through the Note Registrar) in exchange therefor a new Note of like class and tenor and principal amount and bearing a number not contemporaneously outstanding.

- i. If there shall be delivered to the Borrower and the Note Registrar prior to the payment of the Notes (i) evidence to their satisfaction of the destruction, loss or theft of any Note and

- (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Borrower or the Note Registrar that such Note has been acquired by a bona fide Lender, the Borrower shall execute and deliver (through the Note Registrar), in lieu of any such destroyed, lost or stolen Note, a new Note of like class, tenor and principal amount and bearing a number not contemporaneously outstanding.
- ii. Upon the issuance of any new Note under this Section 15.6, the Borrower may require the payment from the transferor holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.
 - iii. Every new Note issued pursuant to this Section 15.6 and in accordance with the provisions of this Agreement, in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Borrower, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.
 - iv. The provisions of this Section 15.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of a mutilated, destroyed, lost or stolen Note.

Section 15.7 Persons Deemed Owners.

The Borrower, the Investment Manager, the Facility Agent, the Collateral Agent and any agent for any of the foregoing may treat the holder of any Note as the owner of such Note for all purposes whatsoever, whether or not such Note may be overdue, and none of Borrower, the Investment Manager, the Facility Agent, the Collateral Agent and any such agent shall be affected by notice to the contrary.

Section 15.8 Cancellation.

All Notes surrendered for payment or registration of transfer or exchange shall be promptly canceled. The Borrower shall promptly cancel and deliver to the Note Registrar any Notes previously authenticated and delivered hereunder which the Borrower may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Borrower. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 15.8, except as expressly permitted by this Agreement.

Section 15.9 Participations; Pledge.

(a) At any time and from time to time, each Lender may, in accordance with Applicable Law, at any time grant participations in all or a portion of its Note and/or its interest in the Advances and other payments due to it under this Agreement to any Person (each, a "Participant"). Each Lender hereby acknowledges and agrees that (A) any such participation will not alter or affect such Lender's direct obligations hereunder, and (B) none of the Borrower, the Investment Manager, the Facility Agent, any Agent, any Lender, the Collateral Agent nor the Investment Manager shall have any obligation to have any communication or relationship with any Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Section 4.3 and Section 5.1 (subject to the requirements and limitations therein, including the requirements under Section 4.3(f) (it being understood that the documentation required under Section 4.3(f) 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 this Article XV; provided that such Participant (A) agrees to be subject to the provisions of Section 17.16 as if it were an assignee under this Article XV; and (B) shall not be entitled to receive any greater payment under Section 4.3 or Section 5.1, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent that such entitlement to receive a greater payment results from a change in any Applicable Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 17.16(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 17.1 as though it were a Lender.

- i. Notwithstanding anything in Section 15.9(a) to the contrary, each Lender may pledge its interest in the Advances and the Notes to any Federal Reserve Bank as collateral in accordance with Applicable Law without the prior written consent of any Person.
- ii. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, 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 obligations under the Transaction Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any obligations under any Transaction Document) except to the extent that such disclosure is necessary to establish that such obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Facility Agent (in its capacity as Facility Agent) shall have no responsibility for maintaining a Participant Register.

Section 15.10 Reallocation of Advances.

Any reallocation of Advances among Committed Lenders pursuant to an assignment executed by such Committed Lender and its assignee(s) and delivered pursuant to Article XV shall be wired by the applicable purchasing Lender(s) to the Collateral Agent pursuant to the wiring instructions for the Principal Collection Account provided by the Collateral Agent and the Collateral Agent shall only release such funds at the direction of the Facility Agent and upon receipt of an executed assignment, as applicable.

A. INDEMNIFICATION

Section 16.1 Borrower Indemnity.

Without limiting any other rights which any such Person may have hereunder or under Applicable Law, the Borrower agrees to indemnify the Facility Agent, the Agents, the Lenders, the Note Registrar, the Collateral Custodian and the Collateral Agent and each of their Affiliates, and each of their respective successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each of the foregoing Persons being individually called an "Indemnified Party"), forthwith on demand, from and against any and all damages (including punitive damages), losses, claims, liabilities and related costs and expenses, including reasonable and documented attorneys' and accountants' fees and disbursements (all of the foregoing being collectively called "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to any Transaction Document or the transactions contemplated hereby or thereby or the use of proceeds therefrom by the Borrower, including in respect of the funding of any Advance or any breach of any representation, warranty or covenant of the Borrower or the Investment Manager in any Transaction Document or in any certificate or other written material delivered by any of them pursuant to any Transaction Document, excluding, however, Indemnified Amounts payable to an Indemnified Party (a) to the extent determined by a court of competent jurisdiction to have resulted from gross negligence, bad faith or willful misconduct on the part of any Indemnified Party and (b) resulting from the performance of the Collateral Obligations. This Section 16.1 shall not apply to Taxes, but shall be subject to Section 16.4.

Indemnification under this Section 16.1 shall survive the termination of this Agreement and the resignation or removal of any Indemnified Party and shall include reasonable fees and expenses of counsel and expenses of litigation.

Section 16.2 Reserved.

Section 16.3 Contribution.

If for any reason (other than the exclusions set forth in the first paragraph of Section 16.1) the indemnification provided above in Section 16.1 is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless, then the Borrower agrees to contribute to the amount paid or payable by such

Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party, on the one hand, and the Borrower and its Affiliates, on the other hand, but also the relative fault of such Indemnified Party, on the one hand, and the Borrower and its Affiliates, on the other hand, as well as any other relevant equitable considerations.

Section 16.4 Net After-Tax Basis.

Indemnification under Section 16.1 shall be in an amount necessary to make the Indemnified Party whole after taking into account any Tax consequences, on a net after-Tax basis (including, for example, taking into account the deductibility of an applicable underlying damage, cost or expense) to the Indemnified Party of the receipt of the indemnity provided hereunder (or of the incurrence of such applicable underlying damage, cost or expense), including the effect of such Tax or refund on the amount of Tax measured by net income or profits that is or was payable by the Indemnified Party.

A. MISCELLANEOUS

Section 17.1 No Waiver; Remedies.

No failure on the part of any Lender, the Facility Agent, the Collateral Agent, any Agent, any Indemnified Party or any Affected Person to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any of them of any right, power or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each Lender is hereby authorized by the Borrower during the existence of a Facility Termination Event, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by it to or for the credit or the account of the Borrower to the amounts owed by the Borrower under this Agreement, to the Facility Agent, the Collateral Agent, any Agent, any Affected Person, any Indemnified Party or any Lender or their respective successors and assigns.

Section 17.2 Amendments, Waivers.

This Agreement may not be amended, supplemented or modified nor may any provision hereof be waived except in accordance with the provisions of this Section 17.2. The Borrower and the Facility Agent may, upon written notice to the Investment Manager and each Agent, from time to time enter into written amendments, supplements, waivers or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of any party hereto or waiving, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement; provided, that no such amendment, supplement, waiver or modification shall (i) reduce the amount of or extend the maturity of any payment with respect to an Advance or reduce the rate or extend the time of payment of Yield thereon, or reduce or alter the timing of any other amount payable to any Lender hereunder, in each case without the consent of each Lender affected thereby, (ii) amend, modify or waive any provision of this Section 17.2 or Section 17.11, or reduce the percentage specified in the definition of Required Lenders, in each case without the written consent of all Lenders, (iii) amend, modify or waive any provision adversely affecting the obligations or duties of the Collateral Agent, in each case without the prior written consent of the Collateral Agent, (iv) amend, modify or waive any provision adversely affecting the obligations or duties of the Facility Agent, in each case without the prior written consent of the Facility Agent, (v) amend, modify or waive any provision adversely affecting the obligations or duties of the Collateral Custodian, in each case without the prior written consent of the Collateral Custodian, (vi) constitute a Fundamental Amendment without the prior written consent of each Lender, (vii) waive any Facility Termination Event or Investment Manager Event of Default without the prior written consent of the Majority Lenders or (viii) materially affect the rights or duties of the Investment Manager unless the Investment Manager has consented thereto. Notwithstanding the foregoing, if the ~~LIBOR~~ Facility Agent determines in its sole discretion that it can no longer support any Applicable Interest Rate, or if such Applicable Interest Rate ceases to exist or is reasonably expected to cease to exist within the succeeding three (3) months, the Borrower, the Investment Manager and the Facility Agent may (and such parties will reasonably cooperate with each other in good faith in order to) amend this Agreement to replace references herein to ~~the LIBOR~~ such Applicable Interest Rate (and any associated terms and provisions) with any alternative floating reference rate (and any associated terms and provisions) that is then being generally

used in ~~U.S. credit markets~~ the applicable interbank market for similar types of facilities. Any waiver of any provision of this Agreement shall be limited to the provisions specifically set forth therein for the period of time set forth therein and shall not be construed to be a waiver of any other provision of this Agreement.

Section 17.3 Notices, Etc.

All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, electronic mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on Annex A or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (a) if personally delivered, when received, (b) if sent by certified mail, three Business Days after having been deposited in the mail, postage prepaid, (c) if sent by overnight courier, one Business Day after having been given to such courier, and (d) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means, except that notices and communications pursuant to Section 2.2, shall not be effective until received.

Section 17.4 Costs and Expenses.

In addition to the rights of indemnification granted under Section 16.1, the Borrower agrees to pay on demand all reasonable and documented out-of-pocket costs and expenses of the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders in connection with the preparation, execution, delivery, syndication and administration of this Agreement, any liquidity support facility and the other documents and agreements to be delivered hereunder or with respect hereto, in each case, subject to any cap on such costs and expenses agreed upon in a separate letter agreement among the Borrower, the Investment Manager and the Facility Agent or the Collateral Agent and Collateral Custodian Fee Letter, as applicable, and the Borrower further agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Facility Agent in connection with any amendments, waivers or consents executed in connection with this Agreement, including the reasonable fees and out-of-pocket, documented expenses of counsel for the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders with respect thereto and with respect to advising the Facility Agent and the Lenders as to its rights and remedies under this Agreement, and to pay all reasonable, documented and out-of-pocket costs and expenses, if any (including reasonable counsel fees and expenses), of the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders, in connection with the enforcement against the Investment Manager or the Borrower of this Agreement or any of the other Transaction Documents and the other documents and agreements to be delivered hereunder or with respect hereto; provided, that in the case of reimbursement of (A) counsel for the Lenders other than the Facility Agent, such reimbursement shall be limited to one counsel for all the Facility Agent, the Agents and Lenders and (B) counsel for the Collateral Agent and Collateral Custodian shall be limited to one counsel for such Persons. For the avoidance of doubt, the costs and expenses described in this Section 17.4 shall not include Taxes.

Section 17.5 Binding Effect; Survival.

This Agreement shall be binding upon and inure to the benefit of Borrower, the Lenders, the Facility Agent, the Agents, the Collateral Agent, the Collateral Custodian and their respective successors and assigns, and the provisions of Section 4.3, Article V, and Article XVI shall inure to the benefit of the Affected Persons and the Indemnified Parties, respectively, and their respective successors and assigns; provided, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Article XV. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until (subject to the immediately following sentence) such time when all Obligations have been finally and fully paid in cash and performed. The rights and remedies with respect to any breach of any representation and warranty made by the Borrower pursuant to Article IX and the indemnification and payment provisions of Article V, Article XVI and the provisions of Section 17.10, Section 17.11 and Section 17.12 shall be continuing and shall survive any termination of this Agreement and any termination of the Investment Manager under the Investment Management Agreement.

Section 17.6 Captions and Cross References.

The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section of or Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

Section 17.7 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 17.8 GOVERNING LAW.

THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Section 17.9 Counterparts.

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original but all of which shall constitute together but one and the same agreement.

Section 17.10 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE BORROWER, THE INVESTMENT MANAGER, THE FACILITY AGENT, THE AGENTS, THE INVESTORS OR ANY OTHER AFFECTED PERSON. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER TRANSACTION DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ITS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER TRANSACTION DOCUMENT.

Section 17.11 No Proceedings.

- i. Notwithstanding any other provision of this Agreement, each of the Collateral Agent, the Collateral Custodian, each Agent, each Lender and the Facility Agent hereby agrees that it will not institute against the Borrower, or join any other Person in instituting against the Borrower, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Insolvency Event) so long as any Advances or other amounts due from the Borrower hereunder shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Advances or other amounts shall be outstanding. The foregoing shall not limit such Person's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than such Person.
- ii. The provisions of this Section 17.11 are a material inducement for the Secured Parties to enter into this Agreement and the transactions contemplated hereby and are an essential term hereof. The parties hereby agree that monetary damages are not adequate for a breach of the provisions of this Section 17.11 and the Facility Agent may seek and obtain specific performance of such provisions (including injunctive relief), including, without limitation, in any bankruptcy, reorganization, arrangement, winding up, insolvency, moratorium, winding up or liquidation proceedings, or other proceedings under United States federal or state bankruptcy laws or any similar laws. The provisions of this paragraph shall survive the termination of this Agreement.

Section 17.12 Limited Recourse.

No recourse under any obligation, covenant or agreement of a Lender contained in this Agreement shall be had against any incorporator, stockholder, officer, director, member, manager, employee or agent of any Lender or any of their respective Affiliates (solely by virtue of such capacity) by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely a corporate obligation of each Lender, and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, member, manager, employee or agent of any Lender or any of their respective Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of a Lender contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by a Lender of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, stockholder, officer, director, member, manager, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement.

Section 17.13 ENTIRE AGREEMENT.

THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS EXECUTED AND DELIVERED HERewith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 17.14 Confidentiality.

(a) The Borrower, the Investment Manager, the Collateral Custodian and the Collateral Agent shall hold in confidence, and not disclose to any Person, the identity of any Lender or the terms of any fees payable in connection with this Agreement except they may disclose such information (i) to their officers, directors, employees, agents, counsel, accountants, auditors, advisors, prospective lenders, equity investors or representatives, (ii) with the consent of such Lender, (iii) to the extent such information has become available to the public other than as a result of a disclosure by or through such Person, or (iv) to the extent the Borrower, the Investment Manager, the Collateral Custodian or the Collateral Agent or any Affiliate of any of them should be required by any law or regulation applicable to it (including securities laws) or requested by any Official Body to disclose such information.

- i. The Facility Agent, the Collateral Agent, the Collateral Custodian, each Agent and each Lender, severally and with respect to itself only, covenants and agrees that any information about the Borrower or its Affiliates or the Obligors, the Collateral Obligations, the Related Security or otherwise obtained by the Facility Agent, the Collateral Agent, such Agent or such Lender pursuant to this Agreement shall be held in confidence (it being understood that documents provided to the Facility Agent hereunder may in all cases be distributed by the Facility Agent to the Lenders and Agents) except that the Facility Agent, the Collateral Agent, the Collateral Custodian, such Agent or such Lender may disclose such information (i) to its affiliates, officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Facility Agent, the Collateral Agent, the Collateral Custodian, such Agent or such Lender, (iii) to the extent such information was available to the Facility Agent, such Agent or such Lender on a non-confidential basis prior to its disclosure to the Facility Agent, such Agent or such Lender hereunder, (iv) with the consent of the Investment Manager, (v) to the extent permitted by Article XV, or (vi) to the extent the Facility Agent, such Agent or such Lender should be (A) required in connection with any legal or regulatory proceeding or (B) requested by any Official Body to disclose such information; provided, that in the case of clause (vi) above, the Facility Agent, such Agent or such Lender, as applicable, will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Investment Manager of its intention to make any such disclosure prior to making any such disclosure.

Section 17.15 Non-Confidentiality of Tax Treatment.

All parties hereto agree that each of them and each of their employees, representatives, and other agents may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including, without limitation, opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure. "Tax treatment" and "tax structure" shall have the same meaning as such terms have for purposes of Treasury Regulation Section 1.6011-4; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, the provisions of this Section 17.15 shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the transactions contemplated hereby.

Section 17.16 Replacement of Lenders.

- i. If any Lender requests compensation under Section 5.1, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or Official Body for the account of any Lender pursuant to Section 4.3, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking the Obligations or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 4.3 or Section 5.1, as the case may be, in the future, and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.
- ii. At any time there is more than one Lender, the Borrower shall be permitted, at its sole expense and effort, to replace any Lender, except (i) the Facility Agent or (ii) any Lender which is administered by the Facility Agent or an Affiliate of the Facility Agent, that (a) requests reimbursement, payment or compensation for any amounts owing pursuant to Section 4.3 or Section 5.1 or (b) has received a written notice from the Borrower of an impending change in law that would entitle such Lender to payment of additional amounts pursuant to Section 4.3 or Section 5.1, unless such Lender designates a different lending office before such change in law becomes effective pursuant to Section 17.16(a) and such alternate lending office obviates the need for the Borrower to make payments of additional amounts pursuant to Section 4.3 or Section 5.1 or (c) has not consented to any proposed amendment, supplement, modification, consent or waiver, each pursuant to Section 17.2 or (d) defaults in its obligation to make Advances hereunder; provided, that (i) nothing herein shall relieve a Lender from any liability it might have to the Borrower or to the other Lenders for its failure to make any Advance, (ii) the replacement regulated bank or insurance company shall purchase, at par, all Advances and other amounts owing to such replaced Lender on or prior to the date of replacement, (iii) during the Revolving Period, the replacement regulated bank or insurance company, if not already a Lender, shall be reasonably satisfactory to the Facility Agent, (iv) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 15.5, (v) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) for Increased Costs or Indemnified Taxes, as the case may be, (vi) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Facility Agent or any other Lender shall have against the replaced Lender, and (vii) if such replacement is being effected as a result of a Lender requesting compensation pursuant to Section 4.3 or Section 5.1, such replacement, if effected, will result in a reduction in such compensation or payment thereafter. Notwithstanding anything to the contrary contained herein or in the Fee Letter, in the event that the Facility Agent or an Affiliate of the Facility Agent takes any action described in the

foregoing clauses (a), (b) or (d), the Borrower may elect to prepay all outstanding Advances and terminate the remaining Commitments hereunder. Notwithstanding anything contained to the contrary in this Agreement, no Lender removed or replaced under the provisions hereof shall have any right to receive any amounts set forth in Section 2.5(b) in connection with such removal or replacement. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 17.17 Consent to Jurisdiction.

Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to the Transaction Documents, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The parties hereto hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 17.18 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Notwithstanding anything to the contrary in any Transaction Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Transaction Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- i. the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- ii. the effects of any Bail-In Action on any such liability, including, if applicable:
 1. a reduction in full or in part or cancellation of any such liability;
 2. a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Transaction Document; or
 3. the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

B. COLLATERAL CUSTODIAN

Section 18.1 Designation of Collateral Custodian.

The role of Collateral Custodian with respect to the Collateral Obligation Files shall be conducted by the Person designated as Collateral Custodian hereunder from time to time in accordance with this Section 18.1. Wells Fargo Bank, National Association is hereby appointed as, and hereby accepts such appointment and agrees to perform the duties and obligations of, Collateral Custodian pursuant to the terms hereof.

Section 18.2 Duties of the Collateral Custodian.

- i. Duties. The Collateral Custodian shall perform, on behalf of the Secured Parties, the following duties and obligations:
 1. The Collateral Custodian, as the duly appointed agent of the Secured Parties, for these purposes, acknowledges that the Borrower shall cause the Investment Manager to deliver, on or prior to the applicable Funding Date (but no more than five (5) Business Days after such Funding Date, except as set forth in Section 10.21), the Collateral Obligation Files delivered to it for each Collateral Obligation listed on the Schedule of Collateral Obligations attached to the related

Asset Approval Request. The Collateral Custodian acknowledges that in connection with any Asset Approval Request, additional Collateral Obligation Files (specified on an accompanying Schedule of Collateral Obligations supplement) may be delivered to the Collateral Custodian from time to time, and that the Collateral Custodian will credit each Collateral Obligation File to the Collection Account in accordance with the terms hereof. Promptly upon the receipt of any such delivery of Collateral Obligation Files and without any review, the Collateral Custodian shall send notice of such receipt to the Investment Manager, the Facility Agent and each Agent.

2. With respect to each Collateral Obligation File which has been or will be delivered to the Collateral Custodian, the Collateral Custodian is acting exclusively as the custodian of the Secured Parties, and has no instructions to hold any Collateral Obligation File for the benefit of any Person other than the Secured Parties and undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. In so taking and retaining custody of the Collateral Obligation Files, the Collateral Custodian shall be deemed to be acting for the purpose of perfecting the Collateral Agent's security interest therein under the UCC. Except upon compliance with the provisions of Section 18.5, no Collateral Obligation File or other document constituting a part of a Collateral Obligation File shall be released from the possession of the Collateral Custodian.
3. The Collateral Custodian shall maintain continuous custody of all items in its possession in secure facilities in accordance with customary standards for such custody and shall reflect in its records the interest of the Secured Parties therein. Each Collateral Obligation File which comes into the possession of the Collateral Agent (other than documents delivered electronically) shall be maintained in fire-resistant vaults or cabinets at the office of the Collateral Custodian. Each Collateral Obligation File shall be marked with an appropriate identifying label and maintained in such manner so as to permit retrieval and access by the Collateral Custodian and the Facility Agent. The Collateral Custodian shall keep the Collateral Obligation Files clearly segregated from any other documents or instruments in its files.
4. With respect to the documents comprising each Collateral Obligation File, the Collateral Custodian shall (i) act exclusively as Collateral Custodian for the Secured Parties, (ii) hold all documents constituting such Collateral Obligation File received by it for the exclusive use and benefit of the Secured Parties and (iii) make disposition thereof only in accordance with the terms of this Agreement or with written instructions furnished by the Facility Agent; provided, that in the event of a conflict between the terms of this Agreement and the written instructions of the Facility Agent, the Facility Agent's written instructions shall control.
5. The Collateral Custodian shall accept only written instructions of an Executive Officer, in the case of the Borrower or the Investment Manager, or a Responsible Officer, in the case of the Facility Agent, concerning the use, handling and disposition of the Collateral Obligation Files.
6. In the event that (i) the Borrower, the Facility Agent, any Agent, the Investment Manager, the Collateral Custodian or the Collateral Agent shall be served by a third party with any type of levy, attachment, writ or court order with respect to any Collateral Obligation File or a document included within a Collateral Obligation File or (ii) a third party shall institute any court proceeding by which any Collateral Obligation File or a document included within a Collateral Obligation File shall be required to be delivered otherwise than in accordance

with the provisions of this Agreement, the party receiving such service shall promptly deliver or cause to be delivered to the other parties to this Agreement (to the extent not prohibited by Applicable Law) copies of all court papers, orders, documents and other materials concerning such proceedings. The Collateral Custodian shall, to the extent permitted by law, continue to hold and maintain all the Collateral Obligation Files that are the subject of such proceedings pending a final, nonappealable order of a court of competent jurisdiction permitting or directing disposition thereof. Upon final determination of such court, the Collateral Custodian shall dispose of such Collateral Obligation File or a document included within such Collateral Obligation File as directed by the Facility Agent, which shall give a direction consistent with such determination. Expenses of the Collateral Custodian incurred as a result of such proceedings shall be borne by the Borrower.

7. The Facility Agent may direct the Collateral Custodian to take any such incidental action hereunder. With respect to other actions which are incidental to the actions specifically delegated to the Collateral Custodian hereunder, the Collateral Custodian shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the direction of the Facility Agent; provided that the Collateral Custodian shall not be required to take any action hereunder at the request of the Facility Agent, any Secured Parties or otherwise if the taking of such action, in the reasonable determination of the Collateral Custodian, (x) shall be in violation of any Applicable Law or contrary to any provisions of this Agreement or (y) shall expose the Collateral Custodian to liability hereunder or otherwise (unless it has received indemnity which it reasonably deems to be satisfactory with respect thereto). In the event the Collateral Custodian requests the consent of the Facility Agent and the Collateral Custodian does not receive a consent (either positive or negative) from the Facility Agent within ten (10) Business Days of its receipt of such request, then the Facility Agent shall be deemed to have declined to consent to the relevant action.
8. The Collateral Custodian shall not be liable for any action taken, suffered or omitted by it in accordance with the request or direction of any Secured Party, to the extent that this Agreement provides such Secured Party the right to so direct the Collateral Custodian, or the Facility Agent. The Collateral Custodian shall not be deemed to have notice or knowledge of any matter hereunder, including a Facility Termination Event, unless a Responsible Officer of the Collateral Custodian has knowledge of such matter or written notice thereof is received by the Collateral Custodian.

Section 18.3 Delivery of Collateral Obligation Files.

(a) In connection with each delivery of a Collateral Obligation File to the Collateral Custodian, the Borrower shall represent, warrant and agree that the Collateral Obligation Files delivered to the Collateral Custodian shall include all of the documents listed in the related Document Checklist and all of such documents and the information contained in the Schedule of Collateral Obligations are complete in all material respects and correct pursuant to a certification in the form of Exhibit H executed by or on behalf of the Borrower.

- i. Reserved.
- ii. With respect to any documents comprising the Collateral Obligation File that have been delivered or are being delivered to recording offices for recording and have not been returned to the Borrower or the Investment Manager in time to permit their delivery hereunder at the time required, in lieu of delivering such original documents, the Borrower or the Investment Manager shall indicate such on a Schedule of Collateral

Obligations supplement and deliver to the Collateral Custodian a true copy thereof. The Borrower or the Investment Manager shall deliver such original documents to the Collateral Custodian promptly when they are received.

Section 18.4 Collateral Obligation File Certification.

(a) On or prior to each Funding Date, the Borrower shall cause the Investment Manager to provide a Schedule of Collateral Obligations and related Document Checklist dated as of such Funding Date to the Collateral Custodian, the Facility Agent and each Agent (such information contained on the Schedule of Collateral Obligations shall also be delivered to the Collateral Custodian, the Facility Agent and each Agent simultaneously in Microsoft Excel format) with respect to the Collateral Obligations to be delivered to the Collateral Agent on such Funding Date.

- i. In connection with (and as a part of) each Monthly Report, with respect to the Collateral Obligation Files delivered at least three (3) Business Days' prior to the related Reporting Date, the Collateral Custodian shall prepare a report (to be included as a part of each Monthly Report) in respect of each of the Collateral Obligations, to the effect that, as to each Collateral Obligation listed on the Schedule of Collateral Obligations attached to the related Advance Request or Reinvestment Request, based on the Collateral Custodian's examination of the Collateral Obligation File for each Collateral Obligation and the related Document Checklist, except for variances from the documents identified in the Document Checklist with respect to the related Collateral Obligation Files ("Exceptions"), (i) all documents required to be delivered in respect of such Collateral Obligations pursuant to the Document Checklist have been delivered and are in the possession of the Collateral Custodian as part of the Collateral Obligation File for such Collateral Obligation (other than those released pursuant to Section 18.5), and (ii) all such documents have been reviewed by the Collateral Custodian and appear on their face to be regular and to relate to such Collateral Obligation. The Collateral Custodian shall also maintain records of the total number of Collateral Obligation Files that do not have the documents provided on the Document Checklist and will include such total in each Monthly Report.
- ii. Notwithstanding any language to the contrary herein, the Collateral Custodian shall make no representations as to, and shall not be responsible to verify, (i) the validity, legality, ownership, title, perfection, priority, enforceability, due authorization, recordability, sufficiency for any purpose, or genuineness of any of the documents contained in each Collateral Obligation File or (ii) the collectability, insurability, effectiveness or suitability of any such Collateral Obligation.

Section 18.5 Release of Collateral Obligation Files.

(a) Upon satisfaction of any of the conditions set forth in Section 12.3, the Borrower shall cause the Investment Manager to provide an Officer's Certificate to such effect to the Collateral Custodian (with a copy to the Collateral Agent) and shall request in writing delivery to it of the Collateral Obligation File and a copy thereof shall be sent concurrently by the Investment Manager to the Facility Agent and each Agent. Upon receipt of such certification and request, unless it receives notice to the contrary from the Facility Agent, the Collateral Custodian shall within three Business Days release the related Collateral Obligation File to the Investment Manager and the Investment Manager will not be required to return the related Collateral Obligation File to the Collateral Custodian.

- i. From time to time and as appropriate for the management or foreclosure of any of the Collateral Obligations, including, for this purpose, collection under any insurance policy relating to the Collateral Obligations, the Collateral Custodian shall, upon receipt of a Request for Release and Receipt substantially in the form of Exhibit F-2 from an authorized representative of the Investment Manager (as listed on Exhibit F-1, as such exhibit may be amended from time to time by the Investment Manager with notice to the Collateral Custodian, the Facility Agent and each Agent), release the related Collateral Obligation File or the documents set forth in such Request for Release and Receipt to the

Investment Manager. In the event an Unmatured Facility Termination Event, a Facility Termination Event, an Unmatured Investment Manager Event of Default or an Investment Manager Event of Default has occurred and is continuing, the Borrower shall not permit the Investment Manager to make any such request with respect to any original documents unless the Facility Agent shall have consented in writing thereto (which consent may be evidenced by an executed counterpart to such request). The Borrower shall cause the Investment Manager to return each and every original document previously requested from the Collateral Obligation File to the Collateral Custodian when the need therefor by the Investment Manager no longer exists unless (x) the Collateral Obligation File or such document has been delivered to an attorney, or to a public trustee or other public official as required by law, for purposes of initiating or pursuing legal action or other proceedings for the foreclosure of the Related Security either judicially or non-judicially, and (y) the Investment Manager has delivered to the Collateral Custodian a certificate executed by an Executive Officer certifying as to the name and address of the Person to which such Collateral Obligation File or such document was delivered and the purpose or purposes of such delivery, in which case the Investment Manager shall complete such return as soon as possible. Upon receipt of a certificate of the Investment Manager substantially in the form of Exhibit F-3, with a copy to the Facility Agent and each Agent, stating that such Collateral Obligation was either (x) liquidated and that all amounts received or to be received in connection with such liquidation that are required to be deposited have been so deposited, or (y) sold pursuant to an Optional Sale in accordance with Section 7.10, the Collateral Custodian shall within three (3) Business Days release the Request for Release and Receipt to the Investment Manager, or, in connection with an Optional Sale, the requested Collateral Obligation File, and the Investment Manager will not be required to return the related Collateral Obligation File to the Collateral Custodian.

- ii. Notwithstanding anything to the contrary set forth herein, the Borrower shall not permit the Investment Manager to, without the prior written consent of the Facility Agent, request any documents (other than copies thereof) held by the Collateral Custodian if the sum of the unpaid Principal Balances of all Collateral Obligations for which the Investment Manager is then in possession of the related Collateral Obligation File or any document comprising such Collateral Obligation File (other than for Collateral Obligations then held by the Investment Manager which have been sold, repurchased, paid off or liquidated in accordance with this Agreement) (including the documents to be requested) exceeds 5% of the Adjusted Aggregate Eligible Collateral Obligation Balance. The Investment Manager may hold, and hereby acknowledges that it shall hold, any documents and all other property included in the Collateral that it may from time to time receive hereunder as Collateral Custodian for the Secured Parties solely at the will of the Collateral Custodian and the Secured Parties for the sole purpose of facilitating the management of the Collateral Obligations and such retention and possession shall be in a custodial capacity only. To the extent the Investment Manager, as agent of the Collateral Custodian and the Borrower, holds any Collateral, the Borrower shall cause the Investment Manager to do so in accordance with the Investment Management Standard as such standard applies to investment managers acting as custodial agent. The Borrower shall cause the Investment Manager to promptly report to the Collateral Custodian and the Facility Agent the loss by it of all or part of any Collateral Obligation File previously provided to it by the Collateral Custodian and shall promptly take appropriate action to remedy any such loss. In such custodial capacity, the Borrower shall cause the Investment Manager to perform the following powers and duties:
 1. hold the Collateral Obligation Files and any document comprising a Collateral Obligation File that it may from time to time receive hereunder from the

Collateral Custodian for the benefit of the Collateral Custodian, on behalf of the Secured Parties, maintain accurate records pertaining to each Collateral Obligation to enable it to comply with the terms and conditions of this Agreement, and maintain a current inventory thereof;

2. implement policies and procedures consistent with the Investment Management Standard and requirements of this Agreement so that the integrity and physical possession of such Collateral Obligation Files will be maintained; and
3. take all other actions, in accordance with the Investment Management Standard, in connection with maintaining custody of such Collateral Obligation Files on behalf of the Collateral Agent.

Acting as custodian of the Collateral Obligation Files pursuant to this Section 18.5, the Borrower shall cause the Investment Manager to agree that it does not and will not have or assert any beneficial ownership interest in the Collateral Obligations or the Collateral Obligation Files.

Section 18.6 Examination of Collateral Obligation Files.

Upon reasonable prior notice to the Collateral Custodian, the Borrower, the Investment Manager and their agents, accountants, attorneys and auditors will be permitted during normal business hours to examine and make copies of the Collateral Obligation Files, documents, records and other papers in the possession of or under the control of the Collateral Custodian relating to any or all of the Collateral Obligations. Prior to the occurrence of an Unmatured Facility Termination Event, a Facility Termination Event, an Unmatured Investment Manager Event of Default or an Investment Manager Event of Default, upon the request of the Facility Agent and at the cost and expense of the Borrower, the Collateral Custodian shall promptly provide the Facility Agent with the Collateral Obligation Files or copies, as designated by the Facility Agent, subject to any applicable cap on costs and expenses, the Collateral Custodian shall promptly provide the Facility Agent with the Collateral Obligation Files or copies, as designated by the Facility Agent; provided, the Collateral Custodian shall not be required to provide such copies if it does not receive adequate assurance of payment.

Section 18.7 Lost Note Affidavit.

In the event that the Collateral Custodian fails to produce any original promissory note delivered to it related to a Collateral Obligation that was in its possession pursuant to Section 10.22 within five (5) Business Days after required or requested by the Facility Agent and provided that (a) the Collateral Custodian previously certified in writing to the Facility Agent that it had received such original promissory note and (b) such original promissory note is not outstanding pursuant to a Request for Release and Receipt, then the Collateral Custodian shall with respect to any missing original promissory note, promptly deliver to the Facility Agent upon request a lost note affidavit.

Section 18.8 Transmission of Collateral Obligation Files.

Written instructions as to the method of shipment and shipper(s) the Collateral Custodian is directed to utilize in connection with the transmission of Collateral Obligation Files in the performance of the Collateral Custodian's duties hereunder shall be delivered by the Borrower or the Investment Manager to the Collateral Custodian prior to any shipment of any Collateral Obligation Files hereunder. In the event the Collateral Custodian does not receive such written instruction from the Borrower or the Investment Manager, the Collateral Custodian shall be authorized and indemnified as provided herein to utilize a nationally recognized courier service. The Borrower shall cause the Investment Manager to arrange for the provision of such services at its sole cost and expense (or, at the Collateral Custodian's option, reimburse the Collateral Custodian for all costs and expenses incurred by the Collateral Custodian consistent with such instructions) and shall maintain such insurance against loss or damage to the Collateral Obligation Files as the Investment Manager deems appropriate.

Section 18.9 Merger or Consolidation.

Any Person (i) into which the Collateral Custodian may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Collateral Custodian shall be a party, or (iii) that may succeed to the properties and assets of the Collateral Custodian substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Collateral Custodian

hereunder, shall be the successor to the Collateral Custodian under this Agreement without further act of any of the parties to this Agreement.

Section 18.10 Collateral Custodian Compensation.

As compensation for its Collateral Custodian activities hereunder and in its capacity as Securities Intermediary under the Account Control Agreement, the Collateral Custodian shall be entitled to its fees and expenses from the Borrower as set forth in the Collateral Agent and Collateral Custodian Fee Letter and any other accrued and unpaid fees, expenses (including reasonable attorneys' fees, costs and expenses) and indemnity amounts payable by the Borrower or the Investment Manager, or both but without duplication, to the Collateral Custodian (including Indemnified Amounts under Article XVI) under the Transaction Documents (which includes amounts payable to the Securities Intermediary under the Account Control Agreement) (collectively, the "Collateral Custodian Fees and Expenses"). The Borrower agrees to reimburse the Collateral Custodian in accordance with the provisions of Section 8.3 for all reasonable expenses, disbursements and advances incurred or made by the Collateral Custodian in accordance with any provision of this Agreement or the other Transaction Documents or in the enforcement of any provision hereof or in the other Transaction Documents.

Section 18.11 Removal or Resignation of Collateral Custodian.

(a) The Collateral Custodian may at any time resign and terminate its obligations under this Agreement upon at least 60 days' prior written notice to the Investment Manager, the Borrower and the Facility Agent and each Agent; provided, that no resignation or removal of the Collateral Custodian will be permitted unless a successor Collateral Custodian has been appointed which successor Collateral Custodian, so long as no Unmatured Investment Manager Event of Default, Investment Manager Event of Default, Unmatured Facility Termination Event or Facility Termination Event has occurred and is continuing, is reasonably acceptable to the Investment Manager. Promptly after receipt of notice of the Collateral Custodian's resignation, the Facility Agent shall promptly appoint a successor Collateral Custodian by written instrument, in duplicate, copies of which instrument shall be delivered to the Borrower, the Investment Manager, each Agent, the resigning Collateral Custodian and to the successor Collateral Custodian.

- i. The Facility Agent upon at least 60 days' prior written notice to the Collateral Custodian and each Agent, may (or shall upon the request of the Majority Lenders) remove and discharge the Collateral Custodian or any successor Collateral Custodian thereafter appointed from the performance of its duties under this Agreement for cause. Promptly after giving notice of removal of the Collateral Custodian, the Facility Agent shall appoint, or petition a court of competent jurisdiction to appoint, a successor Collateral Custodian (which successor Collateral Custodian shall be reasonably acceptable to the Majority Lenders and the Borrower). Any such appointment shall be accomplished by written instrument and one original counterpart of such instrument of appointment shall be delivered to the Collateral Custodian and the successor Collateral Custodian, with a copy delivered to the Borrower and the Investment Manager.
- ii. In the event of any such resignation or removal, the Collateral Custodian shall, no later than five (5) Business Days after receipt of notice of the successor Collateral Custodian, transfer to the successor Collateral Custodian, as directed in writing by the Facility Agent, all the Collateral Obligation Files being administered under this Agreement. The cost of the shipment of Collateral Obligation Files arising out of the resignation of the Collateral Custodian pursuant to Section 18.11(a), or the termination for cause of the Collateral Custodian pursuant to Section 18.11(b), shall be at the expense of the Collateral Custodian. Any cost of shipment arising out of the removal or discharge of the Collateral Custodian without cause pursuant to Section 18.11(b) shall be at the expense of the Borrower.

Section 18.12 Limitations on Liability.

(a) The Collateral Custodian may conclusively rely on and shall be fully protected in acting upon any certificate, instrument, opinion, notice, letter, telegram or other document delivered to it and that in good faith it reasonably believes to be genuine and that has been signed by the proper party or parties. The Collateral

Custodian may rely conclusively on and shall be fully protected in acting upon (a) the written instructions of any designated officer of the Facility Agent or (b) the verbal instructions of the Facility Agent.

- i. The Collateral Custodian may consult counsel satisfactory to it and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel.
- ii. The Collateral Custodian shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except in the case of its willful misconduct or grossly negligent performance or omission of its duties and in the case of the grossly negligent performance of its duties in taking and retaining custody of the Collateral Obligation Files; provided that, the Collateral Custodian hereby agrees that any failure of the Collateral Custodian to produce an original promissory note satisfying the conditions described in clauses (a) and (b) of Section 18.7 shall constitute negligence.
- iii. The Collateral Custodian makes no warranty or representation and shall have no responsibility (except as expressly set forth in this Agreement) as to the content, enforceability, completeness, validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, and will not be required to and will not make any representations as to the validity or value (except as expressly set forth in this Agreement) of any of the Collateral. The Collateral Custodian shall not be obligated to take any action hereunder that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it.
- iv. The Collateral Custodian shall have no duties or responsibilities except such duties and responsibilities as are specifically set forth in this Agreement and no covenants or obligations shall be implied in this Agreement against the Collateral Custodian.
- v. The Collateral Custodian shall not be required to expend or risk its own funds in the performance of its duties hereunder. In no event shall the Collateral Custodian be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action (including any laws, ordinances, regulations) or the like that delay, restrict or prohibit the providing of services by the Collateral Custodian as contemplated by this Agreement.
- vi. It is expressly agreed and acknowledged that the Collateral Custodian is not guaranteeing performance of or assuming any liability for the obligations of the other parties hereto or any parties to the Collateral.
- vii. In case any reasonable question arises as to its duties hereunder, the Collateral Custodian may, prior to the occurrence of a Facility Termination Event or the Facility Termination Date, request instructions from the Investment Manager and may, after the occurrence of a Facility Termination Event or the Facility Termination Date, request instructions from the Facility Agent, and shall be entitled at all times to refrain from taking any action unless it has received instructions from the Investment Manager or the Facility Agent, as applicable. The Collateral Custodian shall in all events have no liability, risk or cost for any action taken pursuant to and in compliance with the instruction of the Facility Agent. In no event shall the Collateral Custodian be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collateral Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.
- viii. Each of the protections, reliances, indemnities and immunities offered to the Collateral Agent in Section 11.7 and Section 11.8 shall be afforded to the Collateral Custodian.

Section 18.13 Collateral Custodian as Agent of Collateral Agent.

The Collateral Custodian agrees that, with respect to any Collateral Obligation File at any time or times in its possession or held in its name, the Collateral Custodian shall be the agent and custodian of the Collateral Agent, for the benefit of the Secured Parties, for purposes of perfecting (to the extent not otherwise perfected) the Collateral Agent's security interest in the Collateral and for the purpose of ensuring that such security interest is entitled to first priority status under the UCC. For so long as the Collateral Custodian is the same entity as the Collateral Agent, the Collateral Custodian shall be entitled to the same rights and protections afforded to the Collateral Agent hereunder.

[signature pages begin on next page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

DARBY CREEK LLC, as Borrower

By: _____ Name: Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and as

Collateral Custodian

By: _____ Name: Title:

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent

By: _____ Name: Title:

By: _____ Name: Title:

DEUTSCHE BANK AG, NEW YORK BRANCH, as an Agent, as a Dollar Lender, as a Euro Lender, as a GBP Lender, as a CAD Lender, as a AUD Lender and as a Committed Lender

By: _____ Name: Title:

By: _____ Name: Title:

KEYBANK NATIONAL ASSOCIATION, as an Agent, as a Dollar Lender and as a Committed Lender

By: _____ Name: Title:

TIAA, FSB, as an Agent, as a Dollar Lender and as a Committed Lender

By: _____ Name: Title:

ANNEX A

DARBY CREEK LLC

201 Rouse Boulevard

Philadelphia, PA 19112 Attention: William Goebel, Chief Financial Officer Telephone: (215) 220-4247 Facsimile: (215) 339-1931

Email: credit.notices@fsinvestments.com; FSICII_Team@fsinvestments.com; portfolio_finance@fsinvestments.com

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and Collateral Custodian

Wells Fargo Bank, National Association

9062 Old Annapolis Rd.

Columbia, Maryland 21045
 Attn: CDO Trust Services—Darby Creek LLC
 Fax: (410) 715 3748
 Phone: (410) 884 2000

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent

One Columbus Circle New York, New York 10019 Attention: Asset Finance Department Email: Amit.Patel@db.com, James.Kwak@db.com

DEUTSCHE BANK AG, NEW YORK BRANCH, as an Agent and as a Committed Lender

One Columbus Circle New York, New York 10019 Attention: Asset Finance Department Email: Amit.Patel@db.com, James.Kwak@db.com

TIAA, FSB, as successor in interest to certain assets of EverBank Commercial Finance, Inc., as an Agent and as a Committed Lender

10000 Midlantic Drive, Suite 400 E Mount Laurel, NJ 08054 Attention: Lender Finance Facsimile No.: 201-770-4768
 Email: LFLoanAdmin@tiaabank.com

KEYBANK NATIONAL ASSOCIATION, as an Agent and as a Committed Lender

1000 S. McCaslin Blvd.
 Superior, CO 80027 Attention: Richard Andersen Facsimile No.: 216-370-6396
 Email: richard_s_anderson@key.com

CUSTOMERS BANK, as an Agent and as a Committed Lender

99 Bridge Street Phoenixville, PA 19046 Attention: Brian Luff Telephone No.: (484) 302-0932 Facsimile No.: (610) 302-0932 Email: participationwires@customersbank.com

Annex B

<u>Lender</u>	<u>Commitment</u>
Deutsche Bank AG, New York Branch	\$100,000,000
TIAA, FSB, as successor in interest to certain assets of EverBank Commercial Finance, Inc.	\$50,000,000
KeyBank National Association	\$50,000,000
Customers Bank	\$50,000,000

Total \$250,000,000

[Document comparison by Workshare Compare](#) on Thursday, February 23, 2023 8:36:04 AM

Input:	
Document 1 ID	iManage://USDMS10/USActive/31637433/27
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Document 2 ID	iManage://USDMS10/USActive/31637433/30

Description	#31637433v30<USActive> - DB - Darby Creek: LFSA (11th Am)
Rendering set	Standard

Legend:	
Insertion	
Deletion	
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Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	208
Deletions	200
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	408

AMENDMENT NO. 15 TO LOAN FINANCING AND SERVICING AGREEMENT, dated as of February 23, 2023 (this “Amendment”), among Dunlap Funding LLC, a Delaware limited liability company (the “Borrower”) and Deutsche Bank AG, New York Branch, as facility agent (the “Facility Agent”) and as lender (the “Lender”).

WHEREAS, the Borrower, and Wells Fargo Bank, National Association, as collateral agent and collateral custodian (the “Collateral Agent”), the Lender and the Facility Agent are party to the Loan Financing and Servicing Agreement, dated as of December 2, 2014 (as amended, supplemented, amended and restated and otherwise modified from time to time, the “Loan Agreement”); and

WHEREAS, the Borrower, the Facility Agent and the Lender have agreed to amend the Loan Agreement in accordance with Section 17.2 of the Loan Agreement and the terms and conditions set forth herein.

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

A. Definitions

Section 1.1 Defined Terms.

Terms used but not defined herein have the respective meanings given to such terms in the Loan Agreement.

A.

Section 2.1 Amendments to Loan Agreement. As of the date of this Amendment, the Loan Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the pages of the Loan Agreement attached as Appendix A hereto.

B. Conditions to Effectiveness

Section 3.1 This Amendment shall become effective as of the date first written above upon:

- a. the execution and delivery of this Amendment by each party hereto; and
- b. the Facility Agent shall have received certified copies of the resolutions of the board of managers (or similar items) of the Borrower approving this Amendment and the transactions contemplated hereby, certified by its secretary or assistant secretary or other authorized officer;
- c. the Facility Agent shall have received the executed legal opinion of Dechert LLP, counsel to the Borrower, in form and substance acceptable to the Lender in its reasonable discretion; and
- d. the payment in full of all fees (including reasonable fees and out-of-pocket, documented expenses of counsel) due to the Lenders on or prior to the effective date of this Amendment.

A. Representations and Warranties

Section 4.1 The Borrower hereby represents and warrants to the Facility Agent that, as of the date first written above, (i) no Facility Termination Event or Unmatured Facility Termination Event has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

B. Miscellaneous

Section 5.1 Governing Law.

THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 5.2 Severability Clause.

In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 5.3 Ratification.

Except as expressly amended and waived hereby, the Loan Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect.

Section 5.4 Counterparts.

The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof. The parties agree that this Amendment may be executed and delivered by electronic signatures and that the electronic signatures appearing on this Amendment are the same as handwritten signatures for the purposes of validity, enforceability and admissibility.

Section 5.5 Headings.

The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature pages follow]

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

DUNLAP FUNDING LLC, as Borrower

By: /s/ William Goebel Name: William Goebel Title: Chief Financial

Officer

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent and Lender

By: /s/ Peter Sabino Name: Peter Sabino Title: Director

By: /s/ Thorben Wedderien Name: Thorben Wedderien Title: Vice President

Appendix A

LOAN FINANCING AND SERVICING AGREEMENT
dated as of December 2, 2014
DUNLAP FUNDING LLC, as Borrower
THE LENDERS FROM TIME TO TIME PARTIES HERETO,
DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent
THE OTHER AGENTS PARTIES HERETO,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and as Collateral Custodian

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LOAN FINANCING AND SERVICING AGREEMENT

THIS LOAN FINANCING AND SERVICING AGREEMENT is made and entered into as of December 2, 2014, among DUNLAP FUNDING LLC, a Delaware limited liability company (the "Borrower"), each LENDER (as hereinafter defined) FROM TIME TO TIME PARTY HERETO, the AGENTS for the Lender Groups (as hereinafter defined) from time to time parties hereto (each such party, in such capacity, together with their respective successors and permitted assigns in such capacity, an "Agent"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and Collateral Custodian (each as hereinafter defined), and DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Facility Agent").

RECITALS

WHEREAS, the Borrower desires that each Lender extend financing on the terms and conditions set forth herein; and

WHEREAS, each Lender desires to extend financing on the terms and conditions set forth herein.

NOW, THEREFORE, based upon the foregoing Recitals, the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

A. DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"1940 Act" means the Investment Company Act of 1940, as amended.

"Account" means the Unfunded Exposure Account, the Principal Collection Account and the Interest Collection Account, together with any sub-accounts deemed appropriate or necessary by the Securities Intermediary, for convenience in administering such accounts.

"Account Collateral" has the meaning set forth in Section 12.1(d).

“Account Control Agreement” means the Securities Account Control Agreement, dated as of the Effective Date, by and between the Borrower, as pledgor, the Collateral Agent on behalf of the Secured Parties, as secured party, and the Collateral Custodian, as Securities Intermediary.

“Adjusted Aggregate Eligible Collateral Obligation Balance” means, as of any date, the Aggregate Eligible Collateral Obligation Amount minus the Excess Concentration Amount on such date.

“Advance” has the meaning set forth in Section 2.1(a).

“Advance Date” has the meaning set forth in Section 2.1(a).

“Advance Rate” means, with respect to any Eligible Collateral Obligation on any date of determination, the applicable percentage set forth in the table below:

<u>Loan Type</u>	<u>Advance Rate</u>
First Lien Loan or Senior Secured Bond	70%
First Lien Last Out Loan (Leverage Multiple of 1.0 – 1.5x) (as of the most recent date of determination)	65%
First Lien Last Out Loan (Leverage Multiple of 1.5 – 2.0x) (as of the most recent date of determination)	60%
First Lien Last Out Loan (Leverage Multiple of 2.0 – 2.5x) (as of the most recent date of determination)	55%
Second Lien Loan	45%
Unsecured Loan or Unsecured Bond	35%

“Advance Request” has the meaning set forth in Section 2.2(a).

“Adverse Claim” means any claim of ownership or any Lien, title retention, trust or other charge or encumbrance, or other type of preferential arrangement having the effect or purpose of creating a Lien, other than Permitted Liens.

“Affected Person” has the meaning set forth in Section 5.1.

“Affiliate” of any Person means any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person (excluding any trustee under, or any committee with responsibility for administering, any employee benefit plan). For the purposes of this definition, “Control” shall mean the possession, directly or indirectly (including through affiliated entities), of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “Controlling” and “Controlled” shall have meanings correlative thereto.

“Agent” has the meaning set forth in the Preamble.

“Aggregate Eligible Collateral Obligation Amount” means, as of any date, the sum of the Collateral Obligation Amounts for all Eligible Collateral Obligations.

“Aggregate Funded Spread” means, as of any day, the sum of: (a) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that bears interest at a spread over the Applicable Interest Rate, (i) the sum of (I) the stated interest rate spread on each such Collateral Obligation above such index plus (II) for each such Collateral Obligation that provides for a minimum index amount, the excess, if any, of such minimum index amount over such index multiplied by (ii) the Collateral Obligation Amount of each such Collateral Obligation plus (b) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that bears interest at a spread over an index other than the Applicable Interest Rate, (A) the excess for each such Collateral Obligation of the sum of such spread for each such Collateral Obligation and such index for each such Collateral Obligation over the Applicable Interest Rate for such applicable period of time (which spread or excess may be expressed as a negative percentage) multiplied by (B) the Collateral Obligation Amount of each such Collateral Obligation plus (c) in the case of each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that is a Fixed Rate Collateral Obligation, (x) the interest rate for such Collateral Obligation minus the Applicable Interest Rate multiplied by (y) the Collateral Obligation Amount of each such Collateral Obligation.

“Aggregate Notional Amount” shall mean, with respect to any date of determination, an amount equal to the sum of the notional amounts or equivalent amounts of all outstanding Hedging Agreements, Replacement Hedging Agreements and Qualified Substitute Arrangements, each as of such date of determination.

“Aggregate Unfunded Amount” shall mean, as of any date of determination, the sum of the unfunded commitments and all other standby or contingent commitments associated with each Variable Funding Asset included in the Collateral as of such date.

“Agreement” means this Loan Financing and Servicing Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“AIF” has the meaning given to the term under the AIFMD Law.

“AIFM” has the meaning given to the term under the AIFMD Law.

“AIFMD” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010, as the same may be amended, supplemented, superseded or re-adopted from time to time (whether with or without qualification).

“AIFMD Law” means (a) the AIFMD and (b) any applicable law of a member state of the European Union implementing the AIFMD.

“Alternate Base Rate” means a fluctuating rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the highest of:

- a. (a) the rate of interest announced publicly by DBNY in New York, New York, from time to time as DBNY’s base commercial lending rate;
- b. (b) ½ of one percent above the Federal Funds Rate; and
- c. (c) zero.

“Amount Available” means, with respect to any Distribution Date, the sum of (a) the amount of Collections with respect to the related Collection Period and any amounts paid into the Collection Account under any Hedging Agreement with respect to the Collection Period ending on the Determination Date preceding such Distribution Date (excluding any Collections necessary to settle the acquisition of Eligible Collateral Obligations), plus (b) any investment income earned on amounts on deposit in the Collection Account since the immediately prior Distribution Date (or since the Effective Date in the case of the first Distribution Date), plus (c) any Repurchase Amounts deposited in the Collection Account with respect to the related Collection Period.

“Anti-Bribery and Corruption Laws” has the meaning set forth in Section 9.30(a).

“Anti-Money Laundering Laws” has the meaning set forth in Section 9.29(b).

“Applicable Conversion Rate” means, with respect to Euros, GBPs, AUDs or CADs (x) for an actual currency exchange, the applicable currency-Dollar spot rate obtained by the Borrower through customary banking channels, including the Collateral Agent’s own banking facilities or (y) for all other purposes, the applicable currency-Dollar spot rate that appeared on the Bloomberg screen for such currency (i) if such date is a Determination Date, at the end of such day or (ii) otherwise, at the end of the immediately preceding Business Day.

“Applicable Exchange Rate” means with respect to any Collateral Obligation denominated and payable in Euros, GBPs, AUDs or CADs on any day, the lesser of (a) the applicable currency-Dollar spot rate used by the Borrower (as determined by the Investment Manager) to acquire such currency on the related Cut-Off Date and (b) the Applicable Conversion Rate for such currency.

“Applicable Interest Rate” means (a) with respect to any Collateral Obligation or any Advance denominated in CAD, the CDOR Rate, (b) with respect to any Collateral Obligation or any Advance denominated in AUD, the BBSW Rate, (c) with respect to any Collateral Obligation or any Advance denominated in Euros, the EURIBOR Rate, (d) with respect to any Collateral Obligation or any Advance denominated in GBP, the sum of (i) Daily Simple SONIA and (ii) the SONIA Adjustment (provided that if such sum is less than 0%, the Applicable Interest Rate determined pursuant to this clause (d) shall be deemed to be 0% for purposes of this Agreement), and (e) with respect to any other Collateral Obligation or any other Advance, ~~the LIBOR Rate~~ Term SOFR.

“Applicable Law” means for any Person all existing and future laws, rules, regulations (including temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders, licenses of and interpretations by any Official Body applicable to such Person (including, without limitation, predatory and abusive lending laws, usury laws, the Federal Truth in Lending Act, the Equal Credit Opportunity

Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson Moss Warranty Act, the Federal Reserve Board's Regulations "B" and "Z", the Servicemembers Civil Relief Act of 2003 and state adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and all other consumer credit laws and equal credit opportunity and disclosure laws) and applicable judgments, decrees, injunctions, writs, awards or orders of any court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

"Applicable Margin" means prior to the occurrence of any Facility Termination Event, (i) during the Revolving Period, 1.85% per annum and (ii) thereafter, ~~1.95~~2.90% per annum; provided that, during any period while a Facility Termination Event has occurred and is continuing, the Applicable Margin otherwise in effect shall be increased by the addition thereto of 2.00% per annum.

"Applicable Time Zone" means (i) with respect to Dollar Advances and CAD Advances, New York City time, (ii) with respect to Euro Advances and GBP Advances, London time and (iii) with respect to AUD Advances, Sydney time.

"Appraised Value" means, with respect to any Asset Based Loan, the appraised value of the *pro rata* portion of the underlying collateral securing such Collateral Obligation as determined by an Approved Valuation Firm.

"Approval Notice" means, with respect to any Collateral Obligation, a copy of a notice executed by the Facility Agent in the form of Exhibit E, evidencing, among other things, the approval of the Facility Agent, in its sole discretion, of such Collateral Obligation, the applicable Eligible Currency and the applicable Discount Factor, the jurisdiction (if other than the United States or any State thereof) of the applicable Obligor, the loan type and lien priority, the Effective LTV, the Original Effective LTV and the Attaching Original Effective LTV (if such Collateral Obligation is an Asset Based Loan), the Original Leverage Multiple and the Attaching Leverage Multiple, other non-cash charges included in EBITDA and each other item listed in Section 6.2(h).

"Approved Appraisal Firm" means an independent third-party appraisal firm, including, Hilco Valuation Services, Gordon Brothers, Great American Group and Tiger Group and, any other independent nationally recognized third-party appraisal firm either (a) specified on the related Asset Approval Request and approved on the related Approval Notice or (b) selected by the Borrower and approved in writing by the Facility Agent (such approval not to be unreasonably withheld or delayed).

"Approved Valuation Firm" means an independent third-party valuation firm, including, (i) for any Asset Based Loan, Hilco Valuation Services, Gordon Brothers, Great American Group and Tiger Group, and (ii) for all other Collateral Obligations, Murray, Devine & Co., Houlihan Lokey, Duff & Phelps, Lincoln Advisors and Valuation Research Corporation and, in each case, any other independent nationally recognized third-party valuation firm either (a) specified on the related Asset Approval Request and approved on the related Approval Notice or (b) selected by the Borrower and approved in writing by the Facility Agent (such approval not to be unreasonably withheld or delayed).

"Asset Approval Request" means a notice in the form of Exhibit C-3 which requests an Approval Notice with respect to one or more Collateral Obligations and shall include (among other things):

- a. (a) the proposed date of each related acquisition;
- b. (b) the Investment Manager's internal risk rating (including all other output and related calculations) for each such Collateral Obligation;
- c. (c) the Original Leverage Multiple and Original Effective LTV (if such Collateral Obligation is an Asset Based Loan) for each such Collateral Obligation, measured as of the date of such notice;
- d. (d) each requested other non-cash charge to be included in EBITDA (if any);
- e. (e) a list, for each such Second Lien Loan, of any Liens permitted under the applicable Underlying Instruments that are permitted to (i) secure borrowed money in excess of \$500,000, whether individually or in the aggregate and (ii) rank in priority senior to or *pari passu* with such Second Lien Loan;
- f. (f) all Obligor Information, including notice of any unavailable items of Obligor Information; and
- g. (g) a related Schedule of Collateral Obligations.

“Asset Based Loan” means any Loan which the Investment Manager identifies on the related Asset Approval Request that (i) was underwritten primarily on the appraised value of the assets securing such Loan and (ii) is governed by a borrowing base.

“Attaching Leverage Multiple” means, with respect to any Collateral Obligation that is an Enterprise Value Loan, the Leverage Multiple of any Loan of the applicable Obligor that is immediately senior in right of payment to such Collateral Obligation.

“Attaching Original Effective LTV” means, with respect to any Collateral Obligation that is an Asset Based Loan, the Original Effective LTV of any Loan of the applicable Obligor that is immediately senior in right of payment to such Collateral Obligation.

“AUD Advance” means each Advance made in AUDs.

“AUD Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of an “AUD Lender”.

“AUDs” means the lawful money of Australia.

“Average Life” means, as of any day and with respect to any Collateral Obligation, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded up to the nearest one hundredth thereof) from such day to the respective dates of each successive Scheduled Collateral Obligation Payment of principal on such Collateral Obligation multiplied by (b) the respective amounts of principal of such Scheduled Collateral Obligation Payments by (ii) the sum of all successive Scheduled Collateral Obligation Payments of principal on such Collateral Obligation.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., as amended.

“Base Rate” for any Advance means a rate per annum equal to the Applicable Interest Rate for such Advance or portion thereof; provided, that in the case of

- a. (a) any day on or after the first day on which a Committed Lender shall have notified the Facility Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Official Body asserts that it is unlawful, for such Committed Lender to fund such Advance at the Base Rate set forth above (and such Committed Lender shall not have subsequently notified the Facility Agent that such circumstances no longer exist), or

b. (b) any period in the event the Applicable Interest Rate is not reasonably available to any Lender for such period, the “Base Rate” shall be a floating rate per annum equal to the Alternate Base Rate in effect on each day of such period.

“Basel III Regulation” shall mean, with respect to any Affected Person, any rule, regulation or guideline applicable to such Affected Person and arising directly or indirectly from (a) any of the following documents prepared by the Basel Committee on Banking Supervision of the Bank of International Settlements: (i) Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring (December 2010), (ii) Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems (June 2011), (iii) Basel III: The Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools (January 2013), or (iv) any document supplementing, clarifying or otherwise relating to any of the foregoing, or (b) any accord, treaty, statute, law, rule, regulation, guideline or pronouncement (whether or not having the force of law) of any governmental authority implementing, furthering or complementing any of the principles set forth in the foregoing documents of strengthening capital and liquidity, in each case as from time to time amended, restated, supplemented or otherwise modified. Without limiting the generality of the foregoing, “Basel III Regulation” shall include Part 6 of the European Union regulation on prudential requirements for credit institutions and

investment firms (the “CRR”) and any law, regulation, standard, guideline, directive or other publication supplementing or otherwise modifying the CRR.

“BBSW Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the average rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) applicable to bankers’ acceptances for a term equivalent to the Collection Period appearing on the Bloomberg Professional Service (or any successor thereto) Bank Bill Swap Reference Bid Rate as of 10:00 a.m. (Sydney, Australia time), on the first day of such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day; provided, however, if such rate does not appear on the Bloomberg Professional Service (or any successor thereto) Bank Bill Swap Reference Bid Rate as contemplated, then the BBSW Rate on any date shall be calculated as the arithmetic mean of the rates of interest quoted as of 10:00 a.m. (Sydney, Australia time) on such day by the Facility Agent on the basis of the discount amount at which the Facility Agent is then offering to purchase AUD denominated bankers’ acceptances that have a comparable aggregate face amount to the Advances outstanding in AUD and the same term to maturity as such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day.

“Borrower” has the meaning set forth in the Preamble.

“Borrower Assigned Agreements” has the meaning set forth in Section 12.1(c).

“Borrowing Base” means, on any day of determination, (i) the product of the lower of (a) the Weighted Average Advance Rate and (b) the Maximum Portfolio Advance Rate multiplied by the Adjusted Aggregate Eligible Collateral Obligation Balance plus (ii) the equivalent in Dollars of the amount on deposit in the Principal Collection Account (as determined by the Investment Manager using the Applicable Conversion Rate) minus (iii) the Aggregate Unfunded Amount plus (iv) the equivalent in Dollars of the amount on deposit in the Unfunded Exposure Account (as determined by the Investment Manager using the Applicable Conversion Rate).

“Borrowing Base Condition” means, both before and after giving pro forma effect to any such distribution, (i) with respect to any distribution permitted under Sections 10.16(a)(A)(1) and 10.16(a)(A)(2), the Borrowing Base is greater than or equal to the Advances outstanding, and (ii) with respect to any distribution permitted under Section 10.16(a)(A)(3), the Borrowing Base is greater than or equal to 110% of the Advances outstanding.

“Business Day” means any day (and, solely for the purposes of determining the Applicable Interest Rate if Term SOFR applies, a day that is also a U.S. Government Securities Business Day) that is not (i) a Saturday or Sunday, (ii) any other day on which banking institutions in New York, New York or the city in which the offices of the Collateral Agent or Collateral Custodian are located are authorized or obligated by law, executive order or government decree to remain closed or (iii) if the applicable Business Day relates to the advance or continuation of, or payment of an Advance bearing interest at the Applicable Interest Rate or the determination of the Applicable Interest Rate, days on which banks are dealing in Dollar deposits in the interbank eurodollar market in London, England, Toronto, Canada or Sydney, Australia are closed. All references to any “day” or any particular day of any “calendar month” shall mean calendar day unless otherwise specified.

“CAD” means the lawful money of Canada.

“CAD Advance” means each Advance made in CAD.

“CAD Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “CAD Lender”.

“Capped Fees/Expenses” means, at any time, the Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses such that the aggregate amount of such Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses paid to the Collateral Agent or the Collateral Custodian under the Transaction Documents in any calendar year do not exceed the sum of (i) 0.03% per annum of the Aggregate Eligible Collateral Obligation Amount plus (ii) \$200,000.

“CDOR Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the average rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) applicable to bankers’ acceptances for a term equivalent to the Collection Period appearing on the Bloomberg Professional Service (or any successor thereto) Canadian Dealer Offered Rate as of 10:00 a.m. (Toronto time), on the first day of such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day; provided,

however, if such rate does not appear on the Bloomberg Professional Service (or any successor thereto) Canadian Dealer Offered Rate as contemplated, then the CDOR Rate on any date shall be calculated as the arithmetic mean of the rates of interest quoted as of 10:00 a.m. (Toronto time) on such day by the Facility Agent on the basis of the discount amount at which the Facility Agent is then offering to purchase CAD denominated bankers' acceptances that have a comparable aggregate face amount to the Advances outstanding in CAD and the same term to maturity as such Collection Period, or if such date is not a Business Day, then on the immediately preceding Business Day.

"Change of Control" means the Equityholder shall no longer be the sole equityholder of the Borrower; provided, however, that any publicly announced transaction or other series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall not constitute a Change of Control.

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

"Collateral" has the meaning set forth in Section 12.1.

"Collateral Agent" means Wells Fargo Bank, National Association, solely in its capacity as Collateral Agent, together with its successors and permitted assigns in such capacity.

"Collateral Agent and Collateral Custodian Fee Letter" means that certain letter agreement between the Collateral Agent and Collateral Custodian and the Borrower, as the same may be amended, supplemented or otherwise modified by the parties thereto with the consent of the Facility Agent.

"Collateral Agent Fees and Expenses" has the meaning set forth in Section 11.11.

"Collateral Custodian" means Wells Fargo Bank, National Association, solely in its capacity as collateral custodian, together with its successors and permitted assigns in such capacity.

"Collateral Custodian Fees and Expenses" has the meaning set forth in Section 18.10.

"Collateral Database" has the meaning set forth in Section 11.3(a)(i).

"Collateral Obligation" means a Loan or participation interest therein owned by the Borrower, excluding the Retained Interest thereon.

"Collateral Obligation Amount" means for any Collateral Obligation, as of any date of determination, an amount equal to the product of (i) the Discount Factor of such Collateral Obligation at such time multiplied by (ii) the Principal Balance of such Collateral Obligation at such time.

The Collateral Obligation Amount of any Collateral Obligation that ceases to be (or otherwise is not) an Eligible Collateral Obligation shall be zero.

"Collateral Obligation File" means, with respect to each Collateral Obligation as identified on the related Document Checklist, (i) if the Collateral Obligation includes a promissory note, (x) an original, executed copy of such promissory note, or (y) in the case of a lost promissory note, a copy of such executed promissory note accompanied by an original executed affidavit and indemnity endorsed by the Borrower in blank, in each case with respect to clause (x) or clause (y) with an unbroken chain of endorsements from each prior holder of such promissory note to the Borrower or in blank (unless such note is in bearer form, in which case delivery alone shall suffice), or (z) in the case of a noteless Collateral Obligation, a copy of each executed document or instrument evidencing the assignment of such Collateral Obligation to the Borrower, (ii) copies (as indicated on the Schedule of Collateral Obligations and the related Document Checklist) of any related loan agreement, security agreement, mortgage, moveable or immovable hypothec, deed of hypothec, guarantees, note purchase agreement, intercreditor and/or subordination agreement, each to the extent in the possession of the Borrower, (iii) copies of the file-stamped (or the electronic equivalent of) UCC financing statements and continuation statements (including amendments or modifications thereof) authorized by the Obligor thereof or by another Person on the Obligor's behalf in respect of such Collateral Obligation, and (iv) any other document included by the Investment Manager on the related Document Checklist.

"Collateral Obligation Schedule" means the list of Collateral Obligations set forth on Schedule 3, as the same may be updated by the Borrower (or the Investment Manager on behalf of the Borrower) from time to time.

“Collateral Quality Tests” means, collectively or individually as the case may be, the Minimum Diversity Test, the Minimum Weighted Average Spread Test and the Maximum Weighted Average Life Test.

“Collection Account” means, collectively, the Principal Collection Account and the Interest Collection Account.

“Collection Period” means, with respect to the first Distribution Date, the period from and including the Effective Date to and including the Determination Date preceding the first Distribution Date; and thereafter, the period from but excluding the Determination Date preceding the previous Distribution Date to and including the Determination Date preceding the current Distribution Date.

“Collections” means the sum of all Interest Collections and all Principal Collections received with respect to the Collateral.

“Commitment” means, for each Committed Lender, (a) prior to the Facility Termination Date, the commitment of such Committed Lender to make Advances to the Borrower in an amount not to exceed, in the aggregate, the amount set forth opposite such Committed Lender’s name on Annex B or pursuant to the assignment executed by such Committed Lender and its assignee(s) and delivered pursuant to Article XV (as such Commitment may be reduced as set forth in Section 2.5), and (b) on and after the earlier to occur of (i) Facility Termination Date and (ii) the end of the Revolving Period, such Committed Lender’s *pro rata* share of all Advances outstanding.

“Committed Lenders” means, for any Lender Group, the Persons executing this Agreement in the capacity of a “Committed Lender” for such Lender Group (or an assignment hereof) in accordance with the terms of this Agreement.

“Competitor” means (a) any Person primarily engaged in the business of private investment management as a business development company, mezzanine fund, private debt fund, hedge fund or private equity fund, which is in direct or indirect competition with the Borrower, the Investment Manager, the advisor of the Investment Manager, or any Affiliate thereof that is an investment advisor, (b) any Person controlled by, or controlling, or under common control with, a Person referred to in clause (a) above, or (c) any Person for which a Person referred to in clause (a) above serves as an investment advisor with discretionary investment authority.

“Corporate Facility” means the Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of December 23, 2020 (as amended, supplemented, amended and restated or otherwise modified from time to time”), among FS KKR Capital Corp., a Maryland corporation (including as successor by merger of FSK Capital Corp. II, the “Borrower”), the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the “Administrative Agent”) and ING Capital LLC, as Collateral Agent, or any such successor or replacement parent loan facility.

“Corporate Trust Office” means the applicable designated corporate trust office of the Collateral Agent or the Collateral Custodian, as applicable, specified on Annex A, or such other address within the United States as it may designate from time to time by notice to the Facility Agent.

“Cut-Off Date” means, with respect to each Collateral Obligation, the date such Collateral Obligation becomes a part of the Collateral.

“Daily Simple SONIA” means, for any day, SONIA for the day that is the fifth Business Day in London England prior to (A) if the relevant date of such setting is a Business Day in London England, such date of setting or (B) if the relevant date of such setting is not a Business Day in London England, the Business Day in London England immediately preceding such date of setting; provided that, if the Facility Agent decides that any such convention is not administratively feasible for the Facility Agent, then the Facility Agent may establish another convention with the consent of the Borrower (not to be unreasonably withheld).

“DBNY” means Deutsche Bank AG, New York Branch, and its successors.

“Defaulted Collateral Obligation” means any Collateral Obligation as to which any one of the following events has occurred:

- a. (a) any Scheduled Collateral Obligation Payment or part thereof is unpaid more than 2 Business Days beyond the grace period (if any) permitted by the related Underlying Instrument;
- b. (b) an Insolvency Event occurs with respect to the Obligor thereof;

- c. (c) the Investment Manager or the Borrower has actual knowledge of a default as to the payment of principal and/or interest that has occurred and continues for more than two Business Days on another loan or other debt obligation of the same Obligor that is (a) senior or pari passu in right of payment to such Collateral Obligation, (b) either a full recourse obligation of the Obligor or secured by the same collateral securing such Collateral Obligation and (c) in an amount (whether separately or in the aggregate) in excess of \$250,000;
- d. (d) a Responsible Officer of the Investment Manager or the Borrower has received written notice or has actual knowledge that a default has occurred under the Underlying Instruments, any applicable grace period has expired and the holders of such Collateral Obligation have accelerated the repayment of such Collateral Obligation (but only until such default is cured or waived) in the manner provided in the Underlying Instruments;
- e. (e) with respect to any Related Collateral Obligation, (i) the Equityholder or any of its subsidiaries fails to comply with any funding obligation under such Variable Funding Asset, and (ii) the Equityholder fails to notify the Facility Agent prior to such failure to fund and in reasonable detail that, to the knowledge of the Equityholder, such failure to comply was not solely as a result of the Equityholder's or such subsidiary's inability to fund such obligation; or
- f. (f) the Investment Manager determines, in its sole discretion, in accordance with the Investment Management Standard, that all or a material portion of such Collateral Obligation is not collectible or otherwise places such Collateral Obligation on non-accrual status.

“Deferrable Collateral Obligation” means a Collateral Obligation that by its terms permits the deferral or capitalization of payment of accrued and unpaid interest.

“Determination Date” means the last day of each calendar month.

“DIP Loan” means any Loan made to a debtor-in-possession pursuant to Section 364 of the Bankruptcy Code having the priority allowed by either Section 364(c) or 364(d) of the Bankruptcy Code and fully secured by senior Liens.

“Discount Factor” means, with respect to each Collateral Obligation and as of any date of determination pursuant to [Section 2.7](#), the value (expressed as a percentage of par) of such Collateral Obligation as determined by the Facility Agent in its sole discretion in accordance with [Section 2.7](#).

“Distribution Date” means the 15th day of each January, April, July and October, or if such date is not a Business Day, the next succeeding Business Day, commencing in April 2015.

“Diversity Score” means, as of any day, a single number that indicates collateral concentration in terms of both issuer and industry concentration, calculated as set forth in [Schedule 1](#) hereto, as such diversity scores shall be updated by written notice to the Borrower at the option of the Facility Agent in its sole discretion if Moody's publishes revised criteria and the application of such revised criteria to this facility is necessary to avoid an increased regulatory capital charge for the Facility Agent or its Affiliates that are Lenders hereunder.

“Document Checklist” means an electronic or hard copy list delivered by the Borrower (or by the Investment Manager on behalf of the Borrower) to the Collateral Custodian that identifies each of the documents contained in each Collateral Obligation File and whether such document is an original or a copy and whether a hard copy or electronic copy will be delivered to the Collateral Custodian related to a Collateral Obligation and includes the name of the Obligor with respect to such Collateral Obligation, in each case as of the related Funding Date.

“Dodd-Frank Regulation” means, with respect to any Affected Person, any rule, regulation or guideline applicable to such Affected Person and arising directly or indirectly from the Dodd-Frank Wall Street Reform and Consumer Protection Act and all laws, regulations requests, rules, guidelines or directives thereunder or issued in connection therewith.

“Dollar(s)” and the sign “\$” mean lawful money of the United States of America.

“EBITDA” means, with respect to any period and any Collateral Obligation, the meaning of “EBITDA,” “Adjusted EBITDA” or any comparable definition in the Underlying Instruments for each such Collateral Obligation. In any case that “EBITDA,” “Adjusted EBITDA” or such comparable definition is not defined in such Underlying Instruments, an amount, for the related Obligor and any of its parents or Subsidiaries that are obligated with respect to such Collateral Obligation pursuant to its Underlying Instruments (determined on a

consolidated basis without duplication in accordance with GAAP) equal to earnings from continuing operations for such period plus interest expense, income taxes, depreciation, amortization and, to the extent reported pursuant to the related Underlying Instruments and set forth on the related Approval Notice or otherwise approved by the Facility Agent in its sole discretion, other non-cash charges that were deducted in determining earnings from continuing operations for such period and, to the extent approved by the Facility Agent on a Collateral Obligation by Collateral Obligation basis, any other costs and expenses reducing earnings and other extraordinary non-recurring costs and expenses for such period (to the extent deducted in determining earnings from continuing operations for such period).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution to the extent such public administrative authority or Person has the authority to exercise Write-Down and Conversion Powers.

“Effective Date” has the meaning set forth in Section 6.1.

“Effective Equity” means, as of any day, the greater of (x) the sum of the Principal Balances of all Eligible Collateral Obligations *plus* the balances of Principal Collections in the Principal Collection Account *minus* (ii) the outstanding principal amount of all Advances and (y) \$0.

“Effective LTV” means, with respect to any Asset Based Loan as of any date of determination, the product of (i) the Principal Balance of such Collateral Obligation *divided* by (ii) the Appraised Value of such Collateral Obligation as of such date of determination.

“Eligible Account” means (i) a segregated trust account or (ii) a segregated direct deposit account, in each case, maintained with a securities intermediary or trust company organized under the laws of the United States of America, or any of the States thereof, or the District of Columbia, having a certificate of deposit, short term deposit or commercial paper rating of at least A-1 by Standard & Poor’s and P-1 by Moody’s. In either case, such depository institution or trust company shall have been approved by the Facility Agent, acting in its reasonable discretion, by written notice to the Borrower. DBNY and Wells Fargo Bank, National Association are deemed to be acceptable securities intermediaries to the Facility Agent.

“Eligible Collateral Obligation” means, on any Measurement Date, each Collateral Obligation that satisfies the following conditions (unless otherwise waived by the Facility Agent and the Majority Lenders (provided, that if there is more than one Lender on such Measurement Date, at least two Lenders) in their respective sole discretion on the applicable Approval Notice; provided, that the Borrower shall be permitted, at its sole expense and effort, to replace any Lender that has not consented to any such proposed waiver in accordance with Section 17.16(b)):

- a. (a) the Facility Agent in its sole discretion has delivered an Approval Notice with respect to such Collateral Obligation;
- b. (b) such Collateral Obligation is a First Lien Loan, a First Lien Last Out Loan, a Second Lien Loan, an Unsecured Loan, a Senior Secured Bond or an Unsecured Bond;
- c. (c) such Collateral Obligation is not a Defaulted Collateral Obligation;
- d. (d) such Collateral Obligation is not an Equity Security and is not convertible into an Equity Security at the option of the applicable Obligor or any other Person other than the Borrower;
- e. (e) such Collateral Obligation is not a Structured Finance Obligation;
- f. (f) such Collateral Obligation is denominated in an Eligible Currency and is not convertible by the Obligor thereof into any currency (other than an Eligible Currency);

- g. (g) such Collateral Obligation is not a single-purpose real estate based loan (unless the related real estate is a hotel, casino or other operating company), a construction loan or a project finance loan;
- h. (h) such Collateral Obligation is not a lease (including a financing lease);
- i. (i) if such Collateral Obligation is a Deferrable Collateral Obligation, it provides for periodic payments of interest thereon in cash no less frequently than semi-annually and the portion of interest required to be paid in cash under the terms of the related Underlying Instruments results in the outstanding principal amount of such Collateral Obligation having an effective rate of current interest paid in cash on such day of not less than (i) if such Deferrable Collateral Obligation is a Fixed Rate Collateral Obligation, 3.00% per annum over the Applicable Interest Rate or (ii) otherwise, 3.00% per annum over the applicable index rate;
- j. (j) reserved;
- k. (k) such Collateral Obligation is not incurred or issued in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a Person, restructuring or similar transaction, which obligation or security by its terms is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (other than any additional borrowing or refinancing if one or more financial institutions has provided the issuer of such obligation or security with a binding written commitment to provide the same, so long as (i) such commitment is equal to the outstanding principal amount of such Collateral Obligation and (ii) such committed replacement facility has a maturity of at least one year and cannot be extended beyond such one year maturity pursuant to the terms thereof);
- l. (l) such Collateral Obligation is not a trade claim;
- m. (m) the Obligor with respect to such Collateral Obligation is an Eligible Obligor;
- n. (n) such Collateral Obligation is not Margin Stock;
- o. (o) such Collateral Obligation is not a security or swap transaction that has payments associated with either payments of interest on and/or principal of a reference obligation or the credit performance of a reference obligation;
- p. (p) such Collateral Obligation provides for the periodic payment of cash interest;
- q. (q) such Collateral Obligation is not subject to substantial non-credit related risk, as determined by the Investment Manager in accordance with the Investment Management Standard, other than non-credit related risks that have previously been disclosed to the Facility Agent during the process of obtaining an Approval Notice with respect to such Collateral Obligation;
- r. (r) the acquisition of which will not cause the Borrower to be deemed to own 5.0% or more of any class of voting securities of any Obligor or 25.0% or more of the total equity of any Obligor or any securities that are immediately convertible into or immediately exercisable or exchangeable for 5.0% or more of any class of voting securities of any Obligor or 25.0% or more of the total equity of any Obligor, in each case as determined by the Investment Manager;
- s. (s) the Underlying Instrument for which does not contain confidentiality provisions that restrict the ability of the Facility Agent to exercise its rights under the Transaction Documents, including, without limitation, its rights to review such debt obligation or participation, the Underlying Instrument and related documents and credit approval file;
- t. (t) the acquisition of which is not in violation of Regulations T, U or X of the FRS Board;
- u. (u) such Collateral Obligation is capable of being transferred to and owned by the Borrower (whether directly or by means of a security entitlement) and of being pledged, assigned or novated by the owner thereof or of an interest therein (a) subject to customary qualifications for instruments similar to such Collateral Obligation, to the Facility Agent, (b) subject to customary qualifications for instruments similar to such Collateral Obligation, to any assignee of the Facility Agent permitted or contemplated under this Agreement, (c) subject to customary qualifications for instruments similar to such Collateral Obligation, to any Person at any foreclosure or strict sale or other disposition initiated by a secured creditor in furtherance of its

security interest, and (d) subject to customary qualifications for instruments similar to such Collateral Obligation, to commercial banks, financial institutions, offshore and other funds (in each case, including transfer permitted by operation of the Uniform Commercial Code);

- v. (v) the proceeds of such Loan will not be used to finance activities of the type engaged in by businesses classified under NAICS Codes 2361 (Residential Building Construction), 2362 (Nonresidential Building Construction), 2371 (Utility System Construction), or 2372 (Land Subdivision); and
- w. (w) the Related Security for such Collateral Obligation is primarily located in the United States or an Eligible Jurisdiction.

“Eligible Currency” means AUDs, CADs, Dollars, Euros and GBPs.

“Eligible Jurisdiction” means Australia, Canada, Cayman Islands, Germany, Ireland, Luxembourg, New Zealand, Sweden, Switzerland, The Netherlands, the United Kingdom and the United States.

“Eligible Obligor” means, on any day, any Obligor that (i) is a business organization (and not a natural person) that is duly organized and validly existing under the laws of, the United States or any State thereof (or any other Eligible Jurisdiction), (ii) is a legal operating entity or holding company, (iii) is not an Official Body and (iv) is not an Affiliate of, or controlled by, the Borrower, the Investment Manager or the Equityholder.

“Enterprise Value Loan” means any Loan that is not an Asset Based Loan.

“Environmental Laws” means any and all foreign, federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, interpretations and orders of courts or any other Official Body, relating to the protection of human health or the environment, including requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials. Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 331 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300, et seq.), the Environmental Protection Agency’s regulations relating to underground storage tanks (40 C.F.R. Parts 280 and 281), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and the rules and regulations thereunder, each as amended or supplemented from time to time.

“Equityholder” means FS KKR Capital Corp., a Maryland corporation, together with its permitted successors and assigns.

“Equity Security” means any asset that is not a First Lien Loan, a Second Lien Loan, a an Unsecured Loan, a Permitted Investment, a Senior Secured Bond or an Unsecured Bond.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

“EURIBOR Rate” means, with respect to any Collection Period, the greater of (a) 0 and (b) the rate *per annum* shown by the Reuters Screen (or any applicable successor page) that displays an average European Money Markets Institute Settlement Rate for deposits in Euros for a period equal to such Collection Period as of 11:00 a.m., Brussels time, two Business Days prior to the first day of such Collection Period; provided, that in the event no such rate is shown, the EURIBOR Rate shall be the rate *per annum* based on the rates at which Euro deposits for a period equal to such Collection Period are displayed on page “EURIBOR” of the Reuters Screen (or any applicable successor page) for the purpose of displaying Euro interbank offered rates of major banks as of 11:00 a.m., Brussels time, two Business Days prior to the first day of such Collection Period (it being understood that if at least two such rates appear on such page, the rate will be the arithmetic mean of such displayed rates); provided, further, that in the event fewer than two such rates are displayed, or if no such rate is relevant, the EURIBOR Rate shall be a rate *per annum* at which deposits in Euros are offered by the principal office of the Facility Agent in Brussels, Belgium to prime banks in the euro interbank market at 11:00 a.m. (Brussels time) two Business Days before the first day of such Collection Period for delivery on such first day and for a period equal to such Collection Period.

“Euro”, “Euros”, “euro” and “€” mean the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the treaty establishing the European Community, as amended from time to time; provided, that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the “Exiting State(s)”), such term shall mean the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s).

“Euro Advance” means each Advance made in Euros.

“Euro Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “Euro Lender”.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Exceptions” has the meaning set forth in Section 18.4(b).

“Excess Concentration Amount” means, as of the most recent Measurement Date (and after giving effect to all Collateral Obligations to be purchased or sold by the Borrower on such date), the sum, without duplication, of the following amounts, in each case multiplied by the Discount Factor applicable to each such individual Collateral Obligation:

- a. (a) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are First Lien Last Out Loans, Second Lien Loans, Unsecured Loans or Unsecured Bonds over 15% of the Excess Concentration Measure; provided, that the sum of the Principal Balances of all Collateral Obligations that are Unsecured Loans or Unsecured Bonds shall not exceed 10% of the Excess Concentration Measure;
- b. (b) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are obligations of any single Obligor (other than an Obligor described in the following proviso) over 5% of the Excess Concentration Measure; provided, that (x) the sum of the Principal Balances of all Collateral Obligations that are obligations of any Obligor that represents Principal Balances in excess of all other single Obligors may be up to 10% of the Excess Concentration Measure and (y) the sums of the Principal Balances of all Collateral Obligations that are obligations of any three Obligors (other than the Obligor specified in clause (x)) that represent Principal Balances in excess of all other single Obligors (other than the Obligor specified in clause (x)) may be up to 7.5% of the Excess Concentration Measure;
- c. (c) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations in any single Moody’s Industry Classification (other than the Moody’s Industry Classifications described in the following proviso) over 15% of the Excess Concentration Measure; provided, that (i) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the largest Moody’s Industry Classification may be up to 22.5% of the Excess Concentration Measure, (ii) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors (other than any Obligor specified in clause (i)) in any two Moody’s Industry Classifications in excess of all other Moody’s Industry Classifications may be up to 20% of the Excess Concentration Measure, (iii) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors (other than any Obligor specified in clause (i) and (ii)) in any one Moody’s Industry Classification in excess of all other Moody’s Industry Classifications may be up to 17.5% of the Excess Concentration Measure, (iv) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the “Utilities: Oil & Gas”, “Corp-Energy: Oil & Gas” and “Corp-Metals & Mining” Moody’s Industry Classifications may be up to 10% of the Excess Concentration Measure and (v) the sum of the Principal Balances of all Collateral Obligations that are obligations of Obligors in the “Corp-Retail” Moody’s Industry Classifications may be up to 15% of the Excess Concentration Measure;
- d. (d) the excess, if any, of the sum of the Principal Balances of all Loans that are Fixed Rate Collateral Obligations that are not subject to a qualifying Hedging Agreement pursuant to

Section 10.6 over (i) if the Interest Spread Test is not satisfied, 10% or (ii) if the Interest Spread Test is satisfied, 15% of the Excess Concentration Measure;

- e. (f) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in country other than the United States over 40% of the Excess Concentration Measure; provided that, (x) the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in Europe or the United Kingdom may be up to 25% of the Excess Concentration Measure and (y) the sum of the Principal Balances of all Collateral Obligations which have an Obligor organized in Australia may be up to 10% of the Excess Concentration Measure;
- f. (g) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations which have an Obligor with either or both of (x) a public rating by Standard & Poor's of "CCC" or lower or (y) a Moody's probability of default rating (as published by Moody's) of "Caa2" or lower over 15% of the Excess Concentration Measure;
- g. (h) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are DIP Loans over 10% of the Excess Concentration Measure;
- h. (i) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are participation interests over 10% of the Excess Concentration Measure;
- i. (j) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are Variable Funding Assets over 10% of the Excess Concentration Measure;
- j. (k) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are CAD denominated Obligors over 10% of the Excess Concentration Measure;
- k. (l) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are EUR or GBP denominated Obligors over 25% of the Excess Concentration Measure;
- l. (m) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that are AUD denominated Obligors over 10% of the Excess Concentration Measure; and
- m. (n) the excess, if any, of the sum of the Principal Balances of all Collateral Obligations that have a Purchase Price (expressed as a percentage of par) of less than 60% over 15% of the Excess Concentration Measure.

"Excess Concentration Measure" means (a) during the Ramp-up Period, the Target Portfolio Amount, and (b) after the Ramp-up Period, the sum of (x) the Aggregate Eligible Collateral Obligation Amount, (y) all Principal Collections on deposit in the Principal Collection Account and (z) all amounts on deposit in the Unfunded Exposure Account.

"Excluded Amounts" means (i) any amount received in the Collection Account with respect to any Collateral Obligation, which amount is attributable to the reimbursement of payment by the Borrower of any Tax, fee or other charge imposed by any Official Body on such Collateral Obligation or on any Related Security, (ii) 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 Borrower purchased such Collateral Obligation, (iii) any reimbursement of insurance premiums, (iv) any escrows relating to Taxes, insurance and other amounts in connection with Collateral Obligations which are held in an escrow account for the benefit of the Obligor and the secured party pursuant to escrow arrangements under Underlying Instruments, (v) any amount deposited into the Collection Account in error or (vi) payments by the Obligors of indemnification obligations and reimbursements for actually incurred out-of-pocket expenses, in each case that are not received in lieu of principal, interest or fees owed under the related Underlying Instruments.

"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 the Obligations pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Obligations (other

than pursuant to Section 17.16) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.3, 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 4.3(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Executive Officer" means, with respect to the Borrower, the Investment Manager or the Equityholder, the Chief Executive Officer, the Chief Operating Officer, the Executive Vice President of such Person or any other Person included on the incumbency of the Borrower, Investment Manager or Equityholder, as applicable, delivered pursuant to Section 6.1(g) and, with respect to any other Person, the President, Chief Financial Officer, Executive Vice President or any Vice President.

"Extension Request" has the meaning set forth in Section 2.6.

"Facility" means the loan facility to be provided to the Borrower pursuant to, and in accordance with, this Agreement.

"Facility Agent" has the meaning set forth in the Preamble.

"Facility Amount" means (a) prior to the end of the Revolving Period, \$500,000,000, unless this amount is permanently (x) increased pursuant to Section 2.8 and/or (y) reduced pursuant to Section 2.5, in which event it means such higher or lower amount, as applicable, and (b) after the end of the Revolving Period, the Advances outstanding.

"Facility Termination Date" means the earlier of (i) the date that is twenty-four months after ~~the last day of~~ the Revolving Period Interim End Date and (ii) the effective date on which the facility hereunder is terminated pursuant to Section 13.2.

"Facility Termination Event" means any of the events described in Section 13.1.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with such sections of the Code and any legislation, law, regulation or practice enacted or promulgated pursuant to such intergovernmental agreement.

"Federal Funds Rate" means, for any period, the greater of (a) 0 and (b) a fluctuating rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Facility Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" has the meaning set forth in Section 8.4.

"Fees" has the meaning set forth in Section 8.4.

"First Lien Last Out Loan" means any Loan that (i) becomes, by its terms, subordinate in right of payment to one or more other obligations of the related Obligor, in each case issued under the same Underlying Instruments as such Loan, in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, (ii) is secured by a pledge of collateral, which security interest is validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar loans, and liens accorded priority by law in favor of any Official Body), and (iii) the Investment Manager determines in good faith that the value of the collateral or the enterprise value securing the Loan on or about the time of origination or acquisition equals or exceeds the outstanding principal balance of the Loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by the same collateral; provided that any Loan that would otherwise be a First Lien Last Out Loan hereunder but, as of the Cut-Off Date, (i) has a Leverage Multiple that attaches less than or equal to 1.0x and (ii) less than 25% of the applicable tranche will be paid after one or more other tranches of first lien loans issued by the same obligor(s) have been paid in full in accordance with a priority of payments, it shall be deemed to be a First Lien Loan for all purposes hereunder.

“First Lien Loan” means any Loan that (i) is not (and is not expressly permitted by its terms to become) subordinate in right of payment to any obligation of the Obligor in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings (other than any Permitted Working Capital Facility), (ii) is secured by a pledge of collateral, which security interest is validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar loans, and liens accorded priority by law in favor of any Official Body), and (iii) the Investment Manager determines in good faith that the value of the collateral for such loan or the enterprise value securing the loan on or about the time of acquisition equals or exceeds the outstanding principal balance of the loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by a first priority Lien over the same collateral. For the avoidance of doubt, DIP Loans shall constitute First Lien Loans.

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd. and their subsidiaries, including Derivative Fitch Inc. and Derivative Fitch Ltd. and any successor thereto.

“Fixed Rate Collateral Obligation” means any Collateral Obligation that bears a fixed rate of interest.

“Foreign Currency Advance Amount” means, on any Measurement Date, the sum of (a) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in Euros outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate *plus* (b) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in GBPs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, *plus* (c) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in AUDs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, *plus* (d) the equivalent in Dollars of the aggregate principal amount of all Advances denominated in CADs outstanding on such date, as determined by the Investment Manager using the Applicable Conversion Rate, in each case after giving effect to all repayments of Advances and the making of new Advances on such date.

“Foreign Currency Sublimit” means, on any Measurement Date and with respect to any Eligible Currency (other than Dollars), a Dollar amount equal to the lesser of (a) the sum of each AUD Lender’s, CAD Lender’s, Euro Lender’s or GBP Lender’s, as applicable, Pro Rata Percentage of the Advances outstanding and (b) 30% of the Facility Amount on such date; provided, that on any Measurement Date and with respect to Euros and GBPs, a Dollar amount equal to the lesser of (x) the sum of each Euro Lender’s and GBP Lender’s, as applicable, Pro Rata Percentage of the Advances outstanding, as determined by the Investment Manager using the Applicable Conversion Rate and (y) 25.0% of the Facility Amount on such date.

“Foreign Lender” means a Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“Fourteenth Amendment Effective Date” means December 28, 2021.

“FRS Board” means the Board of Governors of the Federal Reserve System and, as applicable, the staff thereof.

“Fundamental Amendment” means any amendment, modification, waiver or supplement of or to this Agreement that would have a material and adverse effect on any Lender and (a) increase or extend the term of the Commitments (other than an increase in the Commitment of another Lender or the addition of a new Lender) or change the Facility Termination Date, (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, in each case owing to such Lender, (c) reduce the amount of any such payment of principal or interest owing to such Lender, (d) reduce the rate at which interest is payable to such Lender or any fee is payable hereunder to such Lender, excluding in each case, any such reduction as a result of a full or partial waiver of interest or fees accruing at a default rate imposed during a Facility Termination Event or a result of a waiver of a Facility Termination Event), (e) release any material portion of the Collateral, except in connection with dispositions permitted hereunder, (f) alter the terms of Section 2.4(a), Section 8.3, or Section 17.2 or any related definitions or provisions in a manner that would alter the effect of such Sections, (g) modify the definition of the “Required Lenders” or “Majority Lenders” or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, (h) modify the definition of the terms “Advance Rate”, “Borrowing Base”, “Eligible Collateral Obligation”, “Eligible Jurisdiction”, “Excess Concentration Amount”, “Facility Termination Date”, “First Lien Loan”, “Fundamental Amendment”, “Maximum Portfolio Advance

Rate”, or “Minimum Equity Condition”, or any defined term used therein, in each case in a manner which would have the effect of making more credit available to the Borrower, or make such provision less restrictive on the Borrower in any other material fashion, (i) extend the Revolving Period or (j) modify the form or details of the Monthly Report in a manner that reduces the reporting requirements.

“Funding Date” means any Advance Date or any Reinvestment Date, as applicable.

“FX Evaluation Date” means (a) each Funding Date, (b) each Determination Date, (c) the date on which any Facility Termination Event occurs and (d) each other date requested by any other Lender in its sole discretion.

“FX Reallocation Notice” has the meaning set forth in Section 2.2(d)(ii).

“GAAP” means generally accepted accounting principles in the United States, which are applicable to the circumstances as of any day.

“GBP” means the lawful currency for the time being of the United Kingdom.

“GBP Advance” means each Advance made in GBP.

“GBP Lender” means the Persons executing this Agreement (or an assignment hereof in accordance with Article XV) in the capacity of a “GBP Lender”.

“Hazardous Materials” means all materials subject to any Environmental Law, including materials listed in 49 C.F.R. § 172.101, materials defined as hazardous pursuant to § 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, flammable, explosive or radioactive materials, hazardous or toxic wastes or substances, lead-based materials, petroleum or petroleum distillates or asbestos or material containing asbestos, polychlorinated biphenyls, radon gas, urea formaldehyde and any substances classified as being “in inventory,” “usable work in process” or similar classification that would, if classified as unusable, be included in the foregoing definition.

“Hedge Breakage Costs” means, with respect to each Hedge Counterparty upon the early termination of any Hedge Transaction with such Hedge Counterparty, the net amount, if any, payable by the Borrower to such Hedge Counterparty for the early termination of that Hedge Transaction or any portion thereof.

“Hedge Counterparty” means (a) DBNY and its Affiliates and (b) any other entity that (i) on the date of entering into any Hedge Transaction (x) is an interest rate swap dealer that has been approved in writing by the Facility Agent, and (y) has a long-term unsecured debt rating of not less than “A” by S&P, not less than “A2” by Moody’s and not less than “A” by Fitch (if such entity is rated by Fitch) (the “Long-term Rating Requirement”) and a short-term unsecured debt rating of not less than “A-1” by S&P, not less than “P-1” by Moody’s and not less than “F1” by Fitch (if such entity is rated by Fitch) (the “Short-term Rating Requirement”), and (ii) in a Hedging Agreement (x) consents to the assignment hereunder of the Borrower’s rights under the Hedging Agreement to the Facility Agent on behalf of the Secured Parties and (y) agrees that in the event that Moody’s, S&P or Fitch reduces its long-term unsecured debt rating below the Long-term Rating Requirement or reduces its short-term debt rating below the Short-term Rating Requirement, it shall either collateralize its obligations in a manner reasonably satisfactory to the Facility Agent, or transfer its rights and obligations under each Hedging Agreement (excluding, however, any right to net payments or Hedge Breakage Costs under any Hedge Transaction, to the extent accrued to such date or to accrue thereafter and owing to the transferring Hedge Counterparty as of the date of such transfer) to another entity that meets the requirements of clauses (b)(i) and (b)(ii) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer.

“Hedge Transaction” means each interest rate swap, index rate swap or interest rate cap transaction or comparable derivative arrangement between the Borrower and a Hedge Counterparty that is entered into pursuant to Section 10.6 and is governed by a Hedging Agreement.

“Hedging Agreement” means the agreement between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into by the Borrower and such Hedge Counterparty pursuant to Section 10.6, which agreement shall consist of a “Master Agreement” in a form published by the International Swaps and Derivatives Association, Inc., together with a “Schedule” thereto, and each “Confirmation” thereunder confirming the specific terms of each such Hedge Transaction or a “Confirmation” that incorporates the terms of such a “Master Agreement” and “Schedule.”

“Increased Costs” means collectively, any increased cost, loss or liability owing to the Facility Agent and/or any other Affected Person under Article V of this Agreement.

“Indebtedness” means, with respect to any Person, at any day, without duplication: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, deferrable securities or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all obligations of such Person as lessee under capital leases; (v) all non-contingent obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument; (vi) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person; and (vii) all debt of others guaranteed by such Person and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss other than any unfunded commitments of the Borrower with respect to Variable Funding Assets.

“Indemnified Amounts” has the meaning set forth in Section 16.1.

“Indemnified Party” has the meaning set forth in Section 16.1.

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

“Independent Accountants” means a firm of nationally recognized independent certified public accountants.

“Independent Manager” means an individual who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience and who is provided by CT Corporation, Corporation Service Company, Puglisi & Associates, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional Independent Managers, another nationally-recognized company reasonably approved by the Required Lenders, in each case that is not an Affiliate of the Borrower and that provides professional Independent Managers and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Manager and is not, and has never been, and will not while serving as Independent Manager be, any of the following:

- a. (a) a member, partner, equityholder, manager, director, officer or employee of the Borrower, the Equityholder, or any of their respective equityholders or Affiliates (other than as an Independent Manager of the Borrower or an Affiliate of the Borrower that is not in the direct chain of ownership of the Borrower and that is required by a creditor to be a single purpose bankruptcy remote entity; provided that such Independent Manager is employed by a company that routinely provides professional Independent Managers or managers in the ordinary course of its business);
- b. (b) a creditor, supplier or service provider (including provider of professional services) to the Borrower, the Equityholder, or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Managers and other corporate services to the Borrower, the Equityholder or any of their respective Affiliates in the ordinary course of its business);
- c. (c) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or
- d. (d) a Person that controls (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

“Insolvency Event” means, with respect to any Person, (a) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, or the commencement of an involuntary case under the federal bankruptcy laws, as now

or hereinafter in effect, or another present or future federal or state bankruptcy, insolvency or similar law and such case is not dismissed within 60 days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or such Person shall admit in writing its inability to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Instrument” has the meaning given such term in the UCC.

“Interest Collections” means, with respect to the Collateral following the applicable Cut-Off Date, (i) all payments and collections owing to the Borrower in its capacity as lender and attributable to interest on any Collateral Obligation or other Collateral, including scheduled payments of interest and payments of interest relating to principal prepayments, all guaranty payments attributable to interest and proceeds of any liquidations, sales, dispositions or securitizations attributable to interest on such Collateral Obligation or other Collateral, (ii) any commitment, ticking, upfront, underwriting, origination or amendment fees received in respect of any Collateral Obligation (including any proceeds received by the Borrower as a result of exercising any Warrant Asset at any time), (iii) all payments received by the Borrower pursuant to any Hedging Agreement that is an interest rate cap transaction and (iv) the earnings on Interest Collections in the Collection Account that are invested in Permitted Investments, in each case other than Retained Interests.

“Interest Collection Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as interest collection accounts and, in each case, (x) is in the name of the Borrower or the applicable Permitted Subsidiary, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Interest Rate” means, for any Collection Period and any Lender, a rate per annum equal to the sum of (a) the Applicable Margin and (b) the Base Rate for such Collection Period and such Lender.

“Interest Spread Test” means a test that will be satisfied on any day if the excess of Weighted Average Coupon *minus* the Applicable Spread is not less than 2.00%.

“Investment Management Agreement” means the Investment Management Agreement, dated as of the date hereof, by and between the Investment Manager and the Borrower.

“Investment Management Standard” means, with respect to any Collateral Obligations, to service and administer such Collateral Obligations on behalf of the Secured Parties in accordance with Applicable Law, the terms of the Transaction Documents, all customary and usual servicing practices for loans like the Collateral Obligations and, to the extent consistent with the foregoing, (i) with reasonable care, using a degree of skill and diligence not less than that with which the Borrower or Investment Manager, as applicable, services and administers loans for its own account or for the account of its Affiliates having similar lending objectives and restrictions, and (ii) to the extent not inconsistent with clause (i), in a manner consistent with the customary standards, policies and procedures followed by institutional managers of national standing relating to assets of the nature and character of the Collateral Obligations and without regard to any relationship that the Investment Manager or any Affiliate thereof may have with any Obligor or any Affiliate of any Obligor.

“Investment Manager” means initially FS KKR Capital Corp., a Maryland corporation or any successor investment manager appointed pursuant to this Agreement.

“Investment Manager Event of Default” means the occurrence of one of the following events:

(a) any failure by the Investment Manager to deposit or credit, or to deliver for deposit, in the Collection Account any amount required hereunder to be so deposited, credited or delivered or to make any required distributions therefrom;

(b) failure on the part of the Investment Manager duly to observe or to perform in any respect any other covenant or agreement of the Investment Manager set forth in the Investment Management Agreement which failure continues unremedied for a period of 30 days (if such failure can be remedied) after

the date on which written notice of such failure shall have been given to the Investment Manager by the Borrower, the Collateral Agent or the Facility Agent (with a copy to each Agent);

(c) the occurrence of an Insolvency Event with respect to the Investment Manager;

(d) any representation, warranty or statement of the Investment Manager made in the Investment Management Agreement or any certificate, report or other writing delivered pursuant hereto shall prove to be incorrect as of the time when the same shall have been made (i) which incorrect representation, warranty or statement has a material and adverse effect on (1) the validity, enforceability or collectability of the Investment Management Agreement or any other Transaction Document or (2) the rights and remedies of any Secured Party with respect to matters arising under this Agreement or any other Transaction Document, and (ii) within 30 days after written notice thereof shall have been given to the Investment Manager by the Borrower, the Collateral Agent or the Facility Agent, the circumstance or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured;

(e) a Facility Termination Event occurs;

(f) the failure of the Investment Manager to make any payment when due (after giving effect to any related grace period) under one or more agreements for borrowed money to which it is a party in an aggregate amount in excess of \$2,500,000, individually or in the aggregate; or (ii) the occurrence of any event or condition that has resulted in or permits the acceleration of such recourse debt, whether or not waived;

(g) the rendering against the Investment Manager of one or more final, non-appealable judgments, decrees or orders for the payment of money in excess of \$2,500,000, individually or in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of more than sixty (60) consecutive days without a stay of execution;

(h) a Change of Control occurs;

(i) the Equityholder ceases to be a "business development company" within the meaning of the 1940 Act;

(j) a "cause event" (as defined in Section 11(a) of the Investment Management Agreement) occurs; or

(k) either FS KKR Capital Corp. is terminated as, removed from being, or otherwise ceases to be the Investment Manager (including by reason of any failure to renew the term of the Investment Management Agreement), or FS/KKR Advisor, LLC ceases to be the investment advisor to the Investment Manager in each case, for a period of 30 consecutive days; provided, however, that any publicly announced other transaction or series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall not constitute an Investment Manager Event of Default

"IRS" means the United States Internal Revenue Service.

"Lender" means each Committed Lender and each Dollar Lender, each Euro Lender, each CAD Lender, each AUD Lender and each GBP Lender, in each case as the context may require.

"Lender Group" means each Lender and related Agent from time to time party hereto.

"Leverage Multiple" means, with respect to any Collateral Obligation for the most recent relevant period of time for which the Borrower has received the financial statements of the relevant Obligor, the ratio of (i) Indebtedness of the relevant Obligor (other than Indebtedness of such Obligor that is junior in terms of payment or lien subordination (including unsecured Indebtedness) to Indebtedness of such Obligor held by the Borrower) less unrestricted cash of the relevant Obligor to (ii) EBITDA of such Obligor (as such calculation may be updated in connection with a modification of such Collateral Obligation described in clause (j) of the definition of "Material Modification").

~~"LIBOR Rate" means, with respect to any Collection Period, the greater of (a) 0% and (b) the rate *per annum* shown by the BLOOMBERG PROFESSIONAL Service as the London interbank offered rate for deposits in Dollars for a period equal to such Collection Period as of 11:00 a.m., London time, two (2) Business Days prior to the first day of such Collection Period; provided that, in the event no such rate is shown, the LIBOR Rate shall be the rate *per annum* based on the rates at which deposits in Dollars for a period equal to such Collection Period are displayed on page "LIBOR" of the Reuters Monitor Money Rates Service or such~~

~~other page as may replace the LIBOR page on that service for the purpose of displaying London interbank offered rates of major banks as of 11:00 a.m., London time, two (2) Business Days prior to the first day of such Collection Period (it being understood that if at least two such rates appear on such page, the rate will be the arithmetic mean of such displayed rates); provided, further, that in the event fewer than two such rates are displayed, or if no such rate is relevant, the LIBOR Rate shall be a rate *per annum* at which deposits in Dollars are offered by the principal office of the Facility Agent in London, the United Kingdom to prime banks in the London interbank market at 11:00 a.m. (London time) two (2) Business Days before the first day of such Collection Period for delivery on such first day and for a period equal to such Collection Period.~~

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

“Loan” means any commercial loan, bond or note.

“Majority Lenders” means, at any time, Required Lenders; provided that, in addition to the foregoing, if there are more than two (2) Lenders at such time, at least two (2) Lenders shall be required to constitute “Majority Lenders”.

“Make-Whole Fee” means a fee equal to the positive difference (if any) of (x) the product of (1) the Applicable Margin multiplied by (2) the average daily Facility Amount during the related Collection Period multiplied by (3) 75% minus (y) the product of (1) the Applicable Margin multiplied by (2) the daily average Advances funded by the Lenders during such Collection Period minus (z) the Undrawn Fee accrued during such Collection Period with respect to the amount of the unutilized Commitment for which a Make-Whole Fee is owing pursuant to the foregoing clauses (x) and (y).

“Margin Stock” means “Margin Stock” as defined under Regulation U issued by the FRS Board.

“Material Adverse Effect” means a material adverse effect on: (a) the assets, operations, properties, financial condition, or business of the Borrower or the Investment Manager; (b) the ability of the Borrower or the Investment Manager to perform its obligations under this Agreement or any of the other Transaction Documents; (c) the validity or enforceability of this Agreement, any of the other Transaction Documents, or the rights and remedies of the Secured Parties hereunder or thereunder taken as a whole; or (d) the aggregate value of the Collateral or on the collateral assignments and Liens granted by the Borrower in this Agreement.

“Material Modification” means any amendment or waiver of, or modification or supplement to, any Underlying Instrument governing a Collateral Obligation which:

1. reduces or forgives any or all of the principal amount due under such Collateral Obligation;
2. (i) waives one or more interest payments (other than any incremental interest accrued due to a default or event of default with respect to such Collateral Obligation), (ii) permits any interest due in cash to be deferred or capitalized and added to the principal amount of such Collateral Obligation (other than any deferral or capitalization already allowed by the terms of any Deferrable Collateral Obligation as of the related Cut-Off Date) or (iii) reduces the spread or coupon payable on such Collateral Obligation unless (x) the Investment Manager certifies that such reduction results from an increase in the credit quality of the related Obligor and (y) such reduction (when taken together with all other reductions with respect to such Collateral Obligation) is by less than 10% of the spread or coupon payable as of the related Cut-Off Date;
3. contractually or structurally subordinates such Collateral Obligation by operation of (i) any priority of payment provisions, (ii) turnover provisions, (iii) the transfer of assets in order to limit recourse to the related Obligor or (iv) the granting of Liens on any of the collateral securing such Collateral Obligation, each that requires the consent of the Borrower or any lenders thereunder;
4. either (i) extends the maturity date of such Collateral Obligation by more than 120 days past the maturity date as of the related Cut-Off Date or (ii) extends the amortization schedule with respect thereto;
5. substitutes, alters or releases the Related Security securing such Collateral Obligation and such substitution, alteration or release, individually or in the aggregate and as determined

- in the Facility Agent's reasonable discretion, materially and adversely affects the value of such Collateral Obligation;
6. results in any less financial information in respect of reporting frequency, scope or otherwise being provided with respect to the related Obligor or reduces the frequency or total number of any appraisals required thereunder that, in each case, has a material adverse effect on the ability of Investment Manager or the Facility Agent (as determined by the Facility Agent in its reasonable discretion) to make any determinations or calculations required or permitted hereunder; provided, however, that it shall not be a Material Modification if any such amendment, waiver, modification or supplement grants an extension (or extensions) of not more than 30 days of the time for delivery of quarterly or annual financial statements or grants an extension (or extensions) of the time for delivery of, or waives delivery of, financial statements other than quarterly and annual financial statements;
 7. results in any change in the currency or composition of any payment of interest or principal to any currency other than that in which such Collateral Obligation was originally denominated unless the related currency risk is mitigated by a Hedging Agreement acceptable to the Facility Agent in its reasonable discretion;
 8. with respect to an Asset Based Loan, results in a material (as determined by the Facility Agent in its reasonable discretion) change to or grants material (as determined by the Facility Agent in its reasonable discretion) relief from the borrowing base or any related definition;
 9. with respect to an Asset Based Loan, any of (i) if the Borrower has the authority to change the appraiser with respect to such Asset Based Loan as set forth on the related Asset Approval Request, the appraiser is changed to a Person other than an Approved Appraisal Firm or an Approved Valuation Firm without the prior written consent of the Facility Agent, (ii) the frequency of the appraisals is reduced from the frequency set forth on the related Asset Approval Request or (iii) the related appraiser changes the metric for valuing the collateral of such Loan other than in accordance with its ordinary practices, and such change results in an increase in the value of the collateral for such Asset Based Loan; or
 10. results in a modification of the calculation of EBITDA for any Obligor during any period hereunder, by including any other non-cash charges that were deducted in determining earnings of such Obligor from continuing operations for such period, unless (w) such modification or non-cash charges were set forth on the related Approval Notice, (x) such modification or non-cash charges were otherwise approved by the Facility Agent in its sole discretion, (y) the Investment Manager continues to calculate the EBITDA of such Obligor without giving effect to such modification for all purposes under this Agreement, or if the Investment Manager elects to calculate the EBITDA of such Obligor after giving effect to such modification, the Investment Manager shall recalculate the Original Leverage Multiple for such Collateral Obligation by giving pro forma effect to such modification of the calculation of EBITDA or (z) both (1) at the time of such modification, the Equityholder and its Subsidiaries did not collectively possess an ability to prevent the effectiveness of such modification and (2) no Revaluation Event described in clause (g) of the definition thereof occurs with respect to such Collateral Obligation as a result of such modification.

“Maximum Portfolio Advance Rate” means (a) if the Diversity Score is greater than 16, 70%, (b) if the Diversity Score is less than or equal to 16 and greater than 10, 65% and (c) if the Diversity Score is less than or equal to 10, 62.5%.

“Maximum Weighted Average Life Test” means a test that will be satisfied on any day if the Weighted Average Life of all Eligible Collateral Obligations included in the Collateral is less than or equal to 6.0 years.

“Measurement Date” means each of the following, as applicable: (i) the Effective Date; (ii) each Determination Date, (iii) each Funding Date; (iv) the date of any repayment or prepayment pursuant to Section 2.4; (v) the date that the Investment Manager has actual knowledge of the occurrence of any Revaluation Event with respect to any Collateral Obligation; (vi) the date of any optional repurchase or substitution pursuant to Section 7.11; and (vii) the date of any Optional Sale.

“Minimum Diversity Test” means a test that will be satisfied on any date of determination if the Diversity Score of all Eligible Collateral Obligations included in the Collateral is equal to or greater than 10.

“Minimum Equity Condition” means a test that will be satisfied on any date of determination if the Effective Equity is greater than the greater of (a) the sum of the Collateral Obligation Amounts of the five Obligor with Collateral Obligations constituting the highest aggregate Collateral Obligation Amounts and (b) an amount equal to \$30,000,000; provided that, for purposes of calculating clause (a) above, the Collateral Obligation Amount with respect to any Obligor shall be the sum of all Collateral Obligation Amounts with respect to which such Person is an Obligor.

“Minimum Weighted Average Spread Test” means a test that will be satisfied on any day if the Weighted Average Spread of all Eligible Collateral Obligations included in the Collateral on such day is equal to or greater than ~~5.5~~5.50%.

“Monthly Report” means a report prepared by the Collateral Agent, on behalf of the Borrower, substantially in the form of Exhibit D.

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

“Moody’s Industry Classification” means the industry classifications set forth in Schedule 2 hereto, as such industry classifications shall be updated at the option of the Facility Agent in its sole discretion if Moody’s publishes revised industry classifications and the application of such revised industry classifications to this facility is necessary to avoid an increased regulatory capital charge for the Facility Agent or its Affiliates that are Lenders hereunder.

“Net Purchased Loan Balance” means, as of any date of determination, an amount equal to (a) the aggregate Principal Balance of all Collateral Obligations acquired by the Borrower prior to such date minus (b) the aggregate Principal Balance of all Collateral Obligations (other than Warranty Collateral Obligations) repurchased by the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend, in each case prior to such date.

“Note” means a promissory grid note, in the form of Exhibit A, made payable to the order of an Agent, on behalf of the related Lenders.

“Note Agent” has the meaning set forth in Section 14.1.

“Note Register” has the meaning set forth in Section 15.5(a).

“Note Registrar” has the meaning set forth in Section 15.5(a).

“Obligations” means all obligations (monetary or otherwise) of the Borrower to the Lenders, the Agents, the Collateral Agent, the Collateral Custodian, the Facility Agent or any other Affected Person or Indemnified Party arising under or in connection with this Agreement, the Notes and each other Transaction Document.

“Obligor” means any Person that owes payments under any Loan and, solely for purposes of calculating the Excess Concentration Amount pursuant to clause (b) or (c) of the definition thereof, any Obligor that is an Affiliate of another Obligor shall be treated as the same Obligor.

“Obligor Information” means, with respect to any Obligor, (i) the legal name and address; (ii) the jurisdiction in which such Obligor is domiciled; (iii) the audited financial statements for the two prior fiscal years of such Obligor (provided that (x) if the sum of the Principal Balances of all Collateral Obligations that are obligations of such Obligor is less than 5% of the Aggregate Eligible Collateral Obligation Amount, such audited financials need only be provided to the extent available to the Investment Manager, and (y) in the event such Obligor has been in existence for a period of time such that two years of audited financial statements are not yet available, the Investment Manager shall provide such other financial information (such as a quality of earnings report, management budget or other relevant data) and the Facility Agent will review and use commercially reasonable efforts to accept such financial information in lieu of the required financial statements; provided that such financial information will satisfy and fulfill the appropriate diligence); (iv) the Investment Manager shall provide the Investment Manager’s internal credit memo, (1) which is expected to include (a) an

executive deal summary and financial performance of such Obligor, (b) the ownership structure of such Obligor, (c) an analysis of the historical performance of such Obligor, (d) a summary of historical financial statements and performance of such Obligor and (2) which the Investment Manager shall make a good faith effort to provide (e) a company forecast of such Obligor including plans related to capital expenditures, (f) the business model, company strategy and names of known peers of such Obligor, (g) details of the management team of such Obligor and (h) details of any banking facilities and the debt maturity schedule of such Obligor; provided that the items set forth in clauses (a) through (h) above shall not be required (but should be provided upon request) with respect to each such internal credit memo but are indicative of the expected contents of such internal credit memos prepared by the Investment Manager; and (v) such other information reasonably available to the Investment Manager as the Facility Agent may reasonably request.

“OFAC” has the meaning set forth in Section 9.29.

“Officer’s Certificate” means a certificate signed by an Executive Officer.

“Official Body” means any government or political subdivision or any agency, authority, regulatory body, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“Opinion of Counsel” means a written opinion of independent counsel reasonably acceptable in form and substance and from counsel acceptable to the Facility Agent.

“Optional Sale” has the meaning set forth in Section 7.10.

“Original Effective LTV” means, with respect to any Collateral Obligation, the Effective LTV of such Collateral Obligation as calculated by the Facility Agent in accordance with the definitions of Effective LTV and the definitions used therein and set forth in the related Approval Notice.

“Original Leverage Multiple” means, with respect to any Collateral Obligation, the Leverage Multiple applicable to such Collateral Obligation as calculated by the Investment Manager and approved by the Facility Agent in accordance with the definition of Leverage Multiple and the definitions used therein and set forth in the related Approval Notice (as such calculation may be updated in connection with a modification of such Collateral Obligation described in clause (j) of the definition of “Material Modification”).

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a 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, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in the Obligations or any Transaction Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 17.16).

“Participant” has the meaning set forth in Section 15.9(a).

“Participant Register” has the meaning set forth in Section 15.9(c).

“Permitted Investment” means, at any time:

- i. (a) direct interest-bearing obligations of, and interest-bearing obligations guaranteed as to timely payment of principal and interest by, the United States or any agency or instrumentality of the United States, the obligations of which are backed by the full faith and credit of the United States;
- ii. (b) demand or time deposits in, certificates of deposit of, demand notes of, or bankers’ acceptances issued by any depository institution or trust company organized under the laws of the United States or any State thereof (including any federal or state branch or agency of a non-U.S. depository institution or trust company) and subject to supervision and examination by federal and/or state banking authorities (including, if applicable, the Collateral Agent, the Collateral Custodian or Facility Agent or any agent thereof acting in its commercial capacity); provided, that the short-term unsecured debt obligations of such depository institution or trust

company at the time of such investment, or contractual commitment providing for such investment, are rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s;

- iii. (c) repurchase obligations pursuant to a written agreement (i) with respect to any obligation described in clause (a) above, where the Collateral Custodian has taken actual or constructive delivery of such obligation in accordance with Article VIII of this Agreement, and (ii) entered into with (x) the Collateral Custodian or (y) the corporate trust department of a depository institution or trust company organized under the laws of the United States or any State thereof, the deposits of which are insured by the Federal Deposit Insurance Corporation and the short-term unsecured debt obligations of which are rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s (including, if applicable, the Facility Agent, Collateral Agent or any agent thereof acting in its commercial capacity);
- iv. (d) securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any State whose long-term unsecured debt obligations are assigned one of the two highest long-term ratings by each Rating Agency at the time of such investment or contractual commitment providing for such investment; provided, that securities issued by any particular corporation will not be Permitted Investments to the extent that an investment therein will cause the then outstanding principal amount of securities issued by such corporation and held in the Accounts collectively to exceed 10% of the value of Permitted Investments held in such account (with Permitted Investments held in such accounts valued at par);
- v. (e) commercial paper that (i) is payable in an Eligible Currency and (ii) is rated at least “A-1” by Standard & Poor’s and “P-1” by Moody’s;
- vi. (f) units of money market funds rated in the highest credit rating category by each Rating Agency;
- vii. (g) cash in any Eligible Currency; or
- viii. (h) any other demand or time deposit, obligation, security or investment (including a hedging arrangement) as may be acceptable to the Facility Agent, as evidenced by a writing to that effect.

Permitted Investments may be purchased by or through the Collateral Custodian or any of its Affiliates. All Permitted Investments shall be held in the name of the Collateral Custodian. No Permitted Investment shall have an “f,” “r,” “p,” “pi,” “q,” “sf” or “t” subscript affixed to its Standard & Poor’s rating. Any such investment may be made or acquired from or through the Collateral Agent or the Facility Agent or any of their respective affiliates, or any entity for whom the Collateral Agent or the Facility Agent or any of their respective affiliates provides services and receives compensation (so long as such investment otherwise meets the applicable requirements of the foregoing definition of Permitted Investment at the time of acquisition); provided, that notwithstanding the foregoing clauses (a) through (h), Permitted Investments may only include obligations or securities that constitute cash equivalents for purposes of the rights and assets in paragraph (c)(8)(i)(B) of the exclusions from the definition of “covered fund” for purposes of the Volcker Rule.

“Permitted Lien” means (i) the Lien in favor of the Collateral Agent for the benefit of the Secured Parties, (ii) Liens for Taxes and mechanics’ or suppliers’ liens for services or materials supplied, in either case, not yet due and payable and for which adequate reserves have been established in accordance with GAAP, (iii) as to Related Security (1) the Lien in favor of the Borrower herein and (2) any Liens on the Related Security permitted pursuant to the applicable Underlying Instruments and (iv) as to agented Loans, Liens in favor of the agent on behalf of all the lenders of the related Obligor.

“Permitted Working Capital Facility” means, in respect of an Obligor and a Collateral Obligation, a working capital facility incurred by the relevant Obligor that (a) has an aggregate commitment equal to not more than 15% of the sum of (i) the aggregate commitment amount of such working capital facility, (ii) the aggregate commitment amount of such Collateral Obligation and (iii) the aggregate commitment amount of any other debt that is *pari passu* with, or senior to, such Collateral Obligation less unrestricted cash; (b) has a ratio of the aggregate commitment amount of such working capital facility to EBITDA of such Obligor (determined on the date such Collateral Obligation is acquired or proposed to be acquired) is not greater than 1.0x; (c) is not

contractually or structurally senior to such Collateral Obligation; and (d) is secured primarily by inventory and account receivables.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

“Prepayment Fee” means if the Facility Amount is permanently reduced in whole or in part prior to the end of the Revolving Period, the Borrower shall pay to each applicable Lender Group a nonrefundable fee equal to the product of (a) the amount of each such permanent reduction in the aggregate amount of the Commitments of such Lender Group multiplied by (b) 1.0%; provided that no Prepayment Fee will apply if such reduction is made from proceeds of any of (x) the Corporate Facility, (y) an unsecured capital markets transaction or (z) an on-balance sheet CLO.

“Prepayment Notice” has the meaning set forth in Section 2.4(b).

“Primary IM Fee” means with respect to any Distribution Date, the fee payable to the Investment Manager or successor investment manager (as applicable) for services rendered during the related Collection Period, which shall be equal to one-fourth of the product of (i) the Primary IM Fee Percentage multiplied by (ii) the average of the values of the aggregate Collateral Obligation Amount of the Eligible Collateral Obligations on the first day and the last day of the related Collection Period. For the avoidance of doubt, the Investment Manager may waive or defer the payment of any Primary IM Fee in its sole discretion.

“Primary IM Fee Percentage” means 0.45%.

“Principal Balance” means with respect to any Collateral Obligation and as of any date, the lower of (x) the Purchase Price paid by the Borrower for such Collateral Obligation and (y) the Dollar equivalent of the outstanding principal balance of such Collateral Obligation (if such Collateral Obligation is denominated and payable in any Eligible Currency other than Dollars and such Collateral Obligation is match-funded by Advances in the same Eligible Currency, then the Dollar equivalent shall be determined by the Applicable Conversion Rate, otherwise it shall be determined by the Applicable Exchange Rate), exclusive of (x) any deferred or capitalized interest on any Deferrable Collateral Obligation that is deferred or capitalized after the Cut-Off Date applicable to such Deferrable Collateral Obligation and (y) any unfunded amounts with respect to any Variable Funding Asset; provided, that for purposes of calculating the “Principal Balance” of any Deferrable Collateral Obligation, principal payments received on such Collateral Obligation shall first be applied to reducing or eliminating any outstanding deferred or capitalized interest; provided, further, that the “Principal Balance” of any revolving loan as of any date shall be equal to the outstanding principal balance thereof plus amounts on deposit in respect thereof in the Unfunded Exposure Account. The “Principal Balance” of any Equity Security shall be zero.

“Principal Collections” means any and all amounts of collections received with respect to the Collateral other than Interest Collections and Excluded Amounts, including (but not limited to) (i) all collections attributable to principal on such Collateral, (ii) the earnings on Principal Collections in the Collection Account that are invested in Permitted Investments, (iii) all payments received by the Borrower pursuant to any Hedging Agreement that is an interest rate swap or index rate swap transaction and (iv) all Repurchase Amounts, in each case other than Retained Interests.

“Principal Collection Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as principal collection accounts and, in each case, (x) is in the name of the Borrower and subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Pro Rata Percentage” means, with respect to any Lender on any date, such Lender’s Commitment as of such date divided by the aggregate Commitments as of such date.

“Purchase Price” means, with respect to any Collateral Obligation, the actual price paid by the Borrower for such Collateral Obligation *minus* all Principal Collections described in clause (i) of the definition thereof in respect of such Collateral Obligation.

“Qualified Substitute Arrangement” has the meaning set forth in Section 10.6(c).

“Ramp-up Period” means the period from and including the Thirteenth Amendment Effective Date to the earlier of (i) the first date on which the sum of the Principal Balances of all Eligible Collateral Obligations equals or is greater than the Target Portfolio Amount and (ii) the six-month anniversary of the Thirteenth Amendment Effective Date.

“Rating Agencies” means Standard & Poor’s and Moody’s.

“Recipient” means (a) the Facility Agent, (b) any Agent, (c) any Lender and (d) any other recipient of a payment hereunder.

“Records” means the Collateral Obligation File for any Collateral Obligation and all other documents, books, records and other information prepared and maintained by or on behalf of the Borrower with respect to any Collateral Obligation and the Obligors thereunder, including all documents, books, records and other information prepared and maintained by the Borrower or the Investment Manager with respect to such Collateral Obligation or Obligors.

“Reinvestment” has the meaning given in Section 8.3(b).

“Reinvestment Date” has the meaning given in Section 8.3(b).

“Reinvestment Request” has the meaning given in Section 8.3(b).

“Related Collateral Obligation” means any Collateral Obligation where the Equityholder or any Subsidiary of the Equityholder owns a Variable Funding Asset pursuant to the same Underlying Instruments; provided that any such asset will cease to be a Related Collateral Obligation once all commitments by the Equityholder or any such Subsidiary to make advances or fund such Variable Funding Asset to the related Obligor expire or are irrevocably terminated or reduced to zero.

“Related Property” means, with respect to a Collateral Obligation, any property or other assets designated and pledged or mortgaged as collateral to secure repayment of such Collateral Obligation, including, without limitation, any pledge of the stock, membership or other ownership interests in the related Obligor or its subsidiaries, all Warrant Assets with respect to such Collateral Obligation and all proceeds from any sale or other disposition of such property or other assets.

“Related Security” means, with respect to each Collateral Obligation:

- i. (a) any Related Property securing a Collateral Obligation, all payments paid in respect thereof and all monies due, to become due and paid in respect thereof accruing after the applicable Advance Date and all liquidation proceeds thereof;
- ii. (b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such indebtedness;
- iii. (c) all Collections with respect to such Collateral Obligation and any of the foregoing;
- iv. (d) any guarantees or similar credit enhancement for an Obligor’s obligations under any Collateral Obligation, all UCC financing statements or other filings relating thereto, including all rights and remedies, if any, against any Related Security, including all amounts due and to become due to the Borrower thereunder and all rights, remedies, powers, privileges and claims of the Borrower thereunder (whether arising pursuant to the terms of such agreement or otherwise available to the Borrower at law or in equity);
- v. (e) all Records with respect to such Collateral Obligation and any of the foregoing; and
- vi. (f) all recoveries and proceeds of the foregoing.

“Relevant Governmental Body” means, with respect to Advances denominated in GBP, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto.

“REO Asset Owner” has the meaning specified in the Investment Management Agreement.

“Replacement Hedging Agreement” means one or more Hedging Agreements, which in combination with all other Hedging Agreements then in effect, after giving effect to any planned cancellations of any presently outstanding Hedging Agreements satisfy the Borrower’s covenant contained in Section 10.6, of this Agreement to maintain Hedging Agreements.

“Reporting Date” means the 15th Business Day of each calendar month.

“Repurchase Amount” means, for any Warranty Collateral Obligation for which a payment or substitution is being made pursuant to Section 7.11 as of any time of determination, the sum of (i) the greater of (a) an amount equal to the purchase price paid by the Borrower for such Collateral Obligation (excluding purchased accrued interest and original issue discount) less all payments of principal received in connection with such Collateral Obligation since the date it was added to the Collateral and (b) the Collateral Obligation Amount of such Collateral Obligation, (ii) any accrued and unpaid interest thereon since the last Distribution Date and (iii) all Hedge Breakage Costs owed to any relevant Hedge Counterparty for any termination of one or more Hedge Transactions, in whole or in part, as required by the terms of any Hedging Agreement, incurred in connection with such payment or repurchase and the termination of any Hedge Transactions in whole or in part in connection therewith.

“Repurchase Event” has the meaning set forth in the Sale Agreement.

“Repurchased Collateral Obligation” means, with respect to any Collection Period, any Collateral Obligation as to which the Repurchase Amount has been deposited in the Collection Account by or on behalf of the Borrower or the Investment Manager, as applicable, on or before the immediately prior Reporting Date and any Collateral Obligation purchased by the Equityholder pursuant to the Sale Agreement as to which the Repurchase Amount has been deposited in the Collection Account by or on behalf of the Equityholder.

“Request for Release and Receipt” means a form substantially in the form of Exhibit F-2 completed and signed by the Investment Manager.

“Required Lenders” means, at any time, Lenders holding Advances aggregating greater than 50% of all Advances outstanding or if there are no Advances outstanding, Lenders holding Commitments aggregating greater than 50% of all Commitments.

“Responsible Officer” means, with respect to (a) the Investment Manager or the Borrower, its Chief Executive Officer, Chief Operating Officer, Executive Vice President or any other officer or employee of the Investment Manager or the Borrower directly responsible for the administration or collection of the Collateral Obligations, (b) the Collateral Agent or Collateral Custodian, any officer within the Corporate Trust Office, including any director, vice president, assistant vice president or associate having direct responsibility for the administration of this Agreement, who at the time shall be such officers, respectively, or to whom any matter is referred because of his or her knowledge of and familiarity with the particular subject, or (c) any other Person, the President, any Vice-President or Assistant Vice-President, Corporate Trust Officer or the Controller of such Person, or any other officer or employee having similar functions.

“Retained Interest” means, with respect to any Collateral Obligation included in the Collateral, (a) such obligations to provide additional funding with respect to such Collateral Obligation that have been retained by the other lender(s) of such Collateral Obligation, (b) all of the rights and obligations, if any, of the agent(s) under the Underlying Instruments, (c) any unused commitment fees associated with the additional funding obligations that are being retained in accordance with clause (a) above, and (d) any agency or similar fees associated with the rights and obligations of the agent(s) that are being retained in accordance with clause (b) above.

“Revaluation Event” means each occurrence of any of the following with respect to any Collateral Obligation during the time such Collateral Obligation is Collateral:

(a) the occurrence of a default as to the payment of principal and/or interest has occurred and is continuing with respect to such Collateral Obligation (after giving effect to the shorter of any grace period applicable thereto and five (5) Business Days from the due date);

(b) the Borrower, the Facility Agent or the Investment Manager obtains actual knowledge that a default as to the payment of principal and/or interest has occurred and is continuing (after giving effect to any grace period applicable thereto) with respect to another debt obligation of the same Obligor that is (i) secured by the same collateral, (ii) senior to or *pari passu* with in right of payment to such Collateral Obligation and (iii) in an amount in excess of \$250,000;

(c) the occurrence of an Insolvency Event with respect to any related Obligor;

(d) the Investment Manager determines, in its sole discretion, in accordance with the Investment Management Standard, that all or a portion of such Collateral Obligation is not collectible or otherwise places such Collateral Obligation on non-accrual status;

(e) the occurrence (without the prior approval of the Facility Agent) of a Material Modification with respect to such Collateral Obligation;

(f) the Obligor thereunder fails to deliver to the Borrower or the Investment Manager any financial reporting information as required by the Underlying Instruments of such Collateral Obligation (including any grace periods thereunder) but in no event less frequently than quarterly, that in each case has an adverse effect on the ability of the Investment Manager or the Facility Agent (as determined by the Facility Agent in its reasonable discretion) to make any determinations or calculations required hereunder; provided, however, that the Borrower (or the Investment Manager on its behalf) may, on a single occasion (or any other additional occasions approved by the Facility Agent in its sole discretion) with respect to any Obligor, grant an extension of up to 30 days for the delivery of such financial statements by such Obligor;

(g) with respect to any Enterprise Value Loan, the Leverage Multiple with respect to such Collateral Obligation increases by 1x or more over the Original Leverage Multiple with respect to such Collateral Obligation; provided that each subsequent increase of an additional 1x over the applicable Original Leverage Multiple shall be an additional Revaluation Event;

(h) with respect to any Asset Based Loan, (A) the Borrower fails (or fails to cause the Obligor to) retain either an Approved Appraisal Firm or an Approved Valuation Firm to re-calculate the Appraised Value of (x) with respect to any such Asset Based Loan that has intellectual property, equipment or real property, as the case may be, in its borrowing base, the collateral securing such Asset Based Loan that at least once every twelve (12) months that such Loan is included in the Collateral (subject to a 30 day grace period with respect to any such review) and (y) with respect to all other Asset Based Loans included in the Collateral, the collateral securing such Loan at least once every six (6) months that such Loan is included in the Collateral (subject to a 30 day grace period with respect to any such review) or (B) the Borrower (or the related Obligor, as applicable) changes the Approved Appraisal Firm or Approved Valuation Firm, as applicable, with respect to any Asset Based Loan that or the related Approved Appraisal Firm or Approved Valuation Firm changes the metric for valuing the collateral of such Loan, each without the written approval of the Facility Agent;

(j) with respect to any Asset Based Loan, the Effective LTV of such Collateral Obligation increases by more than an amount equal to 15% of the Original Effective LTV of such Collateral Obligation; provided that each subsequent increase of an additional 15% over the applicable Original Effective LTV shall be an additional Revaluation Event;

(k) if such Collateral Obligation is rated by either S&P or Moody's and is not a DIP Loan, such Collateral Obligation has (x) a rating by Standard & Poor's of "CCC-" or below or (y) a Moody's probability of default rating (as published by Moody's) of "Caa3" or below or, in each case, had such ratings before they were withdrawn by Standard & Poor's or Moody's, as applicable; or

(l) the Investment Manager or the Borrower has actual knowledge that such Collateral Obligation is *pari passu* or junior in right of payment as to the payment of principal and/or interest to another debt obligation of the same issuer which has (i) a public rating by Standard & Poor's of "CC" or below, or "SD" or (ii) a Moody's probability of default rating (as published by Moody's) of "D" or "LD", and in each case such other debt obligation remains outstanding (provided that both the Collateral Obligation and such other debt obligation are full recourse obligations of the applicable Obligor).

"Revolving Loan" means a Collateral Obligation that specifies a maximum aggregate amount that can be borrowed by the related Obligor and permits such Obligor to re-borrow any amount previously borrowed and subsequently repaid during the term of such Collateral Obligation.

"Revolving Period" means the period of time starting on the Effective Date and ending on the earliest to occur of (i) ~~February~~ April 26, 2023 (if such date is not a Business Day, the next Business Day) or, if such date is extended pursuant to Section 2.6, the date mutually agreed upon by the Borrower and each Agent, (ii) the date on which the Facility Amount is terminated in full pursuant to Section 2.5 or (iii) the termination of the Revolving Period pursuant to Section 13.2.

"Revolving Period Interim End Date" means February 26, 2023.

"Sale Agreement" means the Sale and Contribution Agreement, dated as of the date hereof, by and between the Equityholder, as seller, and the Borrower, as purchaser.

"Sanctioned Countries" has the meaning set forth in Section 9.29(a).

“Sanctions” has the meaning set forth in Section 9.29(a).

“Schedule of Collateral Obligations” means the list or lists of Collateral Obligations attached to each Asset Approval Request. Each such schedule shall identify the assets that will become Collateral Obligations, shall set forth such information with respect to each such Collateral Obligation as the Borrower or the Facility Agent may reasonably require and shall supplement any such schedules attached to previously-delivered Asset Approval Requests.

“Scheduled Collateral Obligation Payment” means each periodic installment payable by an Obligor under a Collateral Obligation for principal and/or interest in accordance with the terms of the related Underlying Instrument.

“Second Lien Loan” means any Loan that (i) is not (and that by its terms is not permitted to become) subordinate in right of payment to any other obligation of the related Obligor other than a First Lien Loan with respect to the liquidation of such Obligor or the collateral for such Loan and (ii) is secured by a valid second priority perfected Lien to or on specified collateral securing the related Obligor’s obligations under the Loan, which Lien is not subordinate to the Lien securing any other debt for borrowed money other than a First Lien Loan on such specified collateral (subject to Liens permitted under the applicable Underlying Instrument that are reasonable for similar loans and, if permitted to secure borrowed money in excess of \$500,000 and rank in priority senior to or *pari passu* with such Second Lien Loan, whether individually or in the aggregate, are set forth on the related Asset Approval Request).

“Secondary IM Fee” means with respect to any Distribution Date, the fee payable to the Investment Manager or successor investment manager (as applicable) for services rendered during the related Collection Period, which shall be equal to one-fourth of the product of (i) the Secondary IM Fee Percentage multiplied by (ii) the average of the values of the aggregate Collateral Obligation Amount of the Eligible Collateral Obligations on the first day and the last day of the related Collection Period. For the avoidance of doubt, the Investment Manager may waive or defer the payment of any Secondary IM Fee in its sole discretion.

“Secondary IM Fee Percentage” means 0.30%.

“Secured Parties” means, collectively, the Collateral Agent, the Collateral Custodian, each Lender, the Facility Agent, each Agent, each other Affected Person, Indemnified Party and Hedge Counterparty and their respective permitted successors and assigns.

“Securities Intermediary” means the Collateral Custodian, or any subsequent institution acceptable to the Facility Agent at which the Accounts are kept.

“Senior Secured Bond” means a debt security (that is not a loan) that is (a) issued by a corporation, limited liability company, partnership or trust and (b) secured by a valid first priority perfected security interest on specified collateral.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SONIA” means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator’s Website.

“SONIA Adjustment” means, for a period equal to three (3) months, 0.1193% per annum; provided that the Facility Agent and the Borrower may update such SONIA Adjustment from time to time giving due consideration to any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment for syndicated credit facilities denominated in the applicable currency at such time; provided, further, that such adjustment is displayed on a screen or other information service that publishes such SONIA Adjustment from time to time as selected by the Facility Agent with the consent of the Borrower (not to be unreasonably withheld).

“SONIA Administrator” means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

“SONIA Administrator’s Website” means the Bank of England’s website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor or successors thereto.

“Structured Finance Obligation” means any obligation owing or issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any Obligor, including collateralized debt obligations and mortgage-backed securities, including (but not limited to) collateral debt obligations, collateral loan obligations, asset backed securities and commercial mortgage backed securities or any resecuritization thereof.

“Subsidiary” means, with respect to any Person, a corporation, partnership or other entity of which such Person and/or its other Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

“Substituted Collateral Obligation” means, with respect to any Collection Period, any Warranty Collateral Obligation with respect to which the Equityholder has substituted in a replacement Eligible Collateral Obligation pursuant to [Section 7.11](#) and the Sale Agreement.

“Tangible Net Worth” means, with respect to any Person, the consolidated net worth of such Person and its consolidated Subsidiaries calculated in accordance with GAAP after subtracting therefrom the aggregate amount of the intangible assets of such Person and its consolidated Subsidiaries, including, without limitation, goodwill, franchises, licenses, patents, trademarks, tradenames, copyrights and service marks.

“Target Portfolio Amount” means, (i) during the Ramp-up Period, \$800,000,000 and (ii) thereafter, the sum of (x) the Aggregate Eligible Collateral Obligation Amount, (y) all Principal Collections on deposit in the Principal Collection Account and (z) all amounts on deposit in the Unfunded Exposure Account.

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

“Term SOFR” means, for any calculation with respect to an Advance in Dollars (other than an Advance bearing interest at the Alternate Base Rate), the greater of (i) 0.26% and (ii) the Term SOFR Reference Rate for a tenor of three (3) months on the day (such day, the “Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of the relevant Collection Period, as such rate is published by the Term SOFR Administrator.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Facility Agent in its reasonable discretion).

“Term SOFR Determination Day” has the meaning set forth in the definition of “Term SOFR” in this Section 1.1.

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Thirteenth Amendment Effective Date” means February 19, 2019.

“Transaction Documents” means this Agreement, the Notes, the Sale Agreement, the Investment Management Agreement, the Collateral Agent and Collateral Custodian Fee Letter, each Fee Letter, the Account Control Agreement, and the other documents to be executed and delivered in connection with this Agreement, specifically excluding from the foregoing, however, Underlying Instruments delivered by the Borrower or the Investment Manager in connection with this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

“Underlying Instrument” means the loan agreement, credit agreement or other customary agreement pursuant to which a Collateral Obligation has been created or issued and each other agreement that governs the terms of or secures the obligations represented by such Collateral Obligation or of which the holders of such Collateral Obligation are the beneficiaries.

“Undrawn Fee” a fee payable pursuant to [Section 3.1\(b\)](#) for each day of the related Collection Period during the Revolving Period equal to the product of (x) the difference between the aggregate Commitments on

such day minus the aggregate principal amount of outstanding Advances on such day, times (y) the Undrawn Fee Rate times (z) 1/360.

“Undrawn Fee Rate” means, during the Revolving Period, 0.25%.

“Unfunded Exposure Account” means the collective reference to the segregated, non-interest bearing securities accounts (within the meaning of Section 8-501 of the UCC) created and maintained on the books and records of the Securities Intermediary identified as unfunded exposure accounts and, in each case, (x) is in the name of the Borrower or the applicable Permitted Subsidiary, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties, (y) includes any and all sub-accounts and (z) is established and maintained pursuant to Section 8.1(a).

“Unfunded Exposure Shortfall” has the meaning set forth in Section 8.1(a).

“Unmatured Facility Termination Event” means any event that, if it continues uncured, will, with lapse of time or notice or lapse of time and notice, constitute a Facility Termination Event.

“Unmatured Investment Manager Event of Default” means any event that, if it continues uncured, will, with lapse of time or notice or lapse of time and notice, constitute an Investment Manager Event of Default.

“Unsecured Bond” means any bond that is (a) not secured by a pledge of collateral and (b) senior or *pari passu* in right of payment to any other unsecured indebtedness of the related Obligor.

“Unsecured Loan” means any loan that is (a) not secured by a pledge of collateral and (b) senior or *pari passu* in right of payment to any other unsecured indebtedness of the related Obligor.

“USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107 56.

“U.S. Borrower” means a Borrower that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Government Securities Business Day” means any day except for a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 4.3(f).

“Variable Funding Asset” means any Revolving Loan or other asset that by its terms may require one or more future advances to be made to the related Obligor by any lender thereon or owner thereof.

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Warrant Asset” means any equity purchase warrants or similar rights convertible into or exchangeable or exercisable for any equity interests received by the Borrower as an “equity kicker” from the Obligor in connection with a Collateral Obligation.

“Warranty Collateral Obligation” has the meaning set forth in Section 7.11.

“Weighted Average Advance Rate” means, as of any date of determination with respect to all Eligible Collateral Obligations included in the Adjusted Aggregate Eligible Collateral Obligation Balance, the number obtained by (i) summing the products obtained by multiplying (a) the Advance Rate of each such Eligible Collateral Obligation by (b) such Eligible Collateral Obligation’s contribution to the Adjusted Aggregate Eligible Collateral Obligation Balance and (ii) dividing such sum by the Adjusted Aggregate Eligible Collateral Obligation Balance.

“Weighted Average Coupon” means, as of any day, the number expressed as a percentage obtained by dividing (i) the sum for each Eligible Collateral Obligation (including, for any Deferrable Collateral Obligation, only the required current cash pay interest thereon) that is a Fixed Rate Collateral Obligation of (x) the interest rate for each such Collateral Obligation minus the Applicable Interest Rate multiplied by (y) the Collateral Obligation Amount of each such Collateral Obligation by (ii) the Adjusted Aggregate Eligible Collateral Obligation Balance for Fixed Rate Collateral Obligations.

“Weighted Average Life” means, as of any day with respect to all Eligible Collateral Obligations included in the Collateral, the number of years following such date obtained by (i) summing the products obtained by multiplying (a) the Average Life at such time of each such Eligible Collateral Obligation by (b) the Collateral Obligation Amount of such Collateral Obligation and (ii) dividing such sum by the aggregate Collateral Obligation Amounts of all Eligible Collateral Obligations included in the Collateral.

“Weighted Average Spread” means, as of any day, the number expressed as a percentage equal to (i) the Aggregate Funded Spread divided by (ii) the Aggregate Eligible Collateral Obligation Amount (excluding any interest that has been deferred and capitalized on any Deferrable Collateral Obligation).

“Withholding Agent” means the Borrower, the Facility Agent, and the Investment Manager.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“written” or “in writing” (and other variations thereof) means any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

“Yield” means, with respect to any period, the daily interest accrued on Advances during such period as provided for in Article III.

Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement have the meanings as so defined herein when used in the Notes or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto or thereto.

- i. Each term defined in the singular form in Section 1.1 or elsewhere in this Agreement shall mean the plural thereof when the plural form of such term is used in this Agreement, the Notes or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto or thereto, and each term defined in the plural form in Section 1.1 shall mean the singular thereof when the singular form of such term is used herein or therein.
- ii. The words “hereof,” “herein,” “hereunder” and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, the term “including” means “including without limitation,” and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Agreement unless otherwise specified.
- iii. The following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Certificated Securities, Chattel Paper, Control, Documents, Equipment, Financial Assets, Funds-Transfer system, General Intangibles, Indorse and Indorsed, Instruments, Inventory, Investment Property, Proceeds, Securities Accounts, Securities Intermediary, Security Certificates, Security Entitlements, Security Interest and Uncertificated Securities.
- iv. For the avoidance of doubt, on each Measurement Date, the Borrower shall cause the Investment Manager to re-determine the status of each Eligible Collateral Obligation as of such calculation date and to provide notice of any change in the status of any Eligible Collateral Obligation to the Collateral Agent and, as a consequence thereof, (A) Collateral Obligations that were previously Eligible Collateral Obligations on a prior Measurement Date may be excluded from the Aggregate Eligible Collateral Obligation Amount on such Measurement Date and (B) Collateral Obligations that were previously excluded from the Aggregate Eligible Collateral Obligation Amount on a prior Measurement Date may, upon receipt of a related Approval Notice, be included in the Aggregate Eligible Collateral Obligation Amount on such Measurement Date.
- v. Unless otherwise specified, each reference in this Agreement or in any other Transaction Document to a Transaction Document shall mean such Transaction Document as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms of the Transaction Documents.
- vi. All calculations required to be made hereunder with respect to the Collateral Obligations and the Borrowing Base (including, without limitation, to determine whether a Facility

Termination Event or an Unmatured Facility Termination Event shall have occurred) shall be made on a settlement date basis and after giving effect to (x) all purchases or sales to be entered into on such settlement date and (y) all Advances requested to be made on such settlement date plus the balance of all unfunded Advances to be made in connection with the Borrower's purchase of previously requested (and approved) Collateral Obligations.

- vii. For all purposes under this Agreement, "knowledge" shall mean actual knowledge after reasonable inquiry.
- viii. Notwithstanding anything to the contrary set forth in this Agreement, (A) each reference to notice being delivered to "each Agent" shall mean notice delivered by the applicable party to the Collateral Agent, who shall then promptly (but in no event later than the following Business Day) deliver notice to each Agent and (B) each reference to notice being delivered to both the Facility Agent and the Collateral Agent shall mean notice delivered by the applicable party to the Collateral Agent, who shall then promptly (but in no event later than the following Business Day) deliver notice to the Facility Agent; provided that each Advance Request and each voluntary prepayment notice shall be delivered by the Borrower to the Facility Agent, the Collateral Agent and each Agent (in the manner and at the times specified in the relevant provisions of this Agreement), and, in doing so, the Borrower shall be entitled to rely solely on the information contained in the Note Register and on Annex A and shall have no liability for any errors or omissions in either thereof.
- ix. For purposes of any calculation required by this Agreement, any amount owing by the Agents or any Lender to the Borrower may be calculated by the Agents or such Lender, as the case may be, in the currency in which the amount payable by the Borrower to the Agents or such Lender, as the case may be, under this Agreement is denominated at the rate of exchange at which the Agents or such Lender, as the case may be, would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

B. THE FACILITY, ADVANCE PROCEDURES AND NOTES

Section 2.1 Advances.

(a) On the terms and subject to the conditions set forth in this Agreement, each Lender Group hereby agrees to make advances to or on behalf of the Borrower (individually, an "Advance" and collectively the "Advances") from time to time on any date (each such date on which an Advance is made, an "Advance Date") during the period from the Effective Date to the end of the Revolving Period; provided that there shall be no more than two (2) Advance Dates during any calendar week. The AUD Advances shall be made solely by the AUD Lenders, the CAD Advances shall be made solely by the CAD Lenders, the Dollar Advances shall be made solely by the Dollar Lenders, the Euro Advances shall be made solely by the Euro Lenders and the GBP Advances shall be made solely by the GBP Lenders, in each case in accordance with Section 2.2(d).

- i. Under no circumstances shall any Lender make an Advance if, after giving effect to such Advance and any purchase of Eligible Collateral Obligations in connection therewith, (x) the aggregate outstanding principal amount of all Advances would exceed the lower of (i) the Facility Amount and (ii) the Borrowing Base on such day or (y) the Foreign Currency Advance Amount would exceed the Foreign Currency Sublimit on such day. Subject to the terms of this Agreement, during the Revolving Period, the Borrower may borrow, reborrow, repay and prepay (subject to the provisions of Section 2.4) one or more Advances.

Section 2.2 Funding of Advances.

(a) Subject to the satisfaction of the conditions precedent set forth in Section 6.2, the Borrower may request Advances hereunder by giving notice to the Facility Agent, each Agent and the Collateral Agent of the proposed Advance at or prior to 10:00 a.m., in the Applicable Time Zone, at least (x) in the case of Advances of more than 20% of the then-current Facility Amount, sixty-one (61) days or (y) in the case of Advances up to

20% of the then-current Facility Amount, two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) prior to the proposed Advance Date. Such notice (herein called the "Advance Request") shall be in the form of Exhibit C-1 and shall include (among other things) the proposed Advance Date and amount of such proposed Advance, and shall, if applicable, be accompanied by an Asset Approval Request setting forth the information required therein with respect to the Collateral Obligations to be acquired by the Borrower on the Advance Date (if applicable). Following receipt of an Advance Request, the Collateral Agent shall promptly distribute to the other parties hereto the allocation of such Advance among the Lenders in accordance with the Lenders' respective Commitments. In the event of any change to the wiring instructions of the Collateral Agent set forth on Schedule 1 to the Advance Request, the Collateral Agent shall provide written notice of such change to each Agent at least two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) prior to any proposed Advance Date. The amount of any Advance shall at least be equal to the least of (w) 1,000,000 AUDs, 1,000,000 CADs, \$1,000,000, 1,000,000 Euros or 1,000,000 GBPs, as applicable, (x) the (1) Borrowing Base on such day *minus* (2) the Advances outstanding on such day, (y) the Foreign Currency Sublimit on such day *minus* the Foreign Currency Advance Amount on such day and (z) the (1) Facility Amount on such day *minus* (2) the Advances outstanding on such day before giving effect to the requested Advance as of such date. Any Advance Request given by the Borrower pursuant to this Section 2.2, shall be irrevocable and binding on the Borrower. The Facility Agent shall have no obligation to lend funds hereunder in its capacity as Facility Agent. Subject to receipt by the Collateral Agent of an Officer's Certificate of the Borrower confirming the satisfaction of the conditions precedent set forth in Section 6.2, and the Collateral Agent's receipt of such funds from the Lenders, the Collateral Agent shall make the proceeds of such requested Advances available to the Borrower by deposit to such account as may be designated by the Borrower (in a written notice received by the Facility Agent, each Agent and the Collateral Agent at least one (1) Business Day prior to such Advance Date) in same day funds no later than 2:00 p.m., in the Applicable Time Zone, on such Advance Date. Each Lender shall notify the Borrower within two (2) Business Days (or, with respect to any Advance requested in AUDs, three (3) Business Days' notice) of any Advance Request made pursuant to Section 2.2(a)(x) if it will elect to fund the related Advance on any day prior to the end of the applicable sixty-one (61) day notice period. The Borrower expressly acknowledges and agrees that any election by any Lender on one or more occasions to fund any Advance on any day prior to the full passage of the applicable sixty-one (61) day notice period set forth in Section 2.2(a)(x) shall not constitute or be deemed to be an amendment, waiver or other modification of the requirement for sixty-one (61) days' notice prior to any Lender funding any Advance made in respect of an Advance Request made pursuant to Section 2.2(a)(x).

- i. Committed Lender's Commitment. All Advances shall be made by the Facility Agent on behalf of the applicable Committed Lenders. Notwithstanding anything contained in this Section 2.2(b) or elsewhere in this Agreement to the contrary, no Committed Lender shall be obligated to provide its Agent or the Borrower with funds in connection with an Advance in an amount that would result in the portion of the Advances then funded by it exceeding its Commitment then in effect. The obligation of the Committed Lender in each Lender Group to remit any Advance shall be several from that of the other Lenders, and the failure of any Committed Lender to so make such amount available to its Agent shall not relieve any other Committed Lender of its obligation hereunder.
- ii. Unfunded Commitment Provisions. Notwithstanding anything to the contrary herein, upon the occurrence of the earlier of (i) any acceleration of the maturity of Advances pursuant to Section 13.2 or (ii) the end of the Revolving Period, the Borrower shall request an Advance in the amount, if any, of the Aggregate Unfunded Amount minus the amount then on deposit in the Unfunded Exposure Account. Following receipt of such Advance Request, the Lenders shall fund such requested amount, if any, by depositing such amount directly to the Collateral Custodian to be deposited into the Unfunded Exposure Account, notwithstanding anything to the contrary herein (including, without limitation, the Borrower's failure to satisfy any of the conditions precedent set forth in Section 6.2).

iii. Currency Commitment Provisions.

1. Each Lender hereby agrees that (A) each Advance funded in AUDs shall be funded in its entirety by the AUD Lenders, (B) each Advance funded in CADs shall be funded in its entirety by the CAD Lenders, (C) each Advance funded in Dollars shall be funded in its entirety by the Dollar Lenders, (D) each Advance funded in Euros shall be funded in its entirety by the Euro Lenders and (E) each Advance funded in GBPs shall be funded in its entirety by the GBP Lenders; provided that, no Lender other than DBNY and its Affiliates shall be required to fund any Advances in any Eligible Currency (other than Dollars) in an amount greater than its Pro Rata Percentage of the Advances to be made in such Eligible Currency. On the date of each Advance, each Lender shall purchase and sell Advances in an aggregate amount such that, after giving effect to each such purchase, each Lender owns its Pro Rata Percentage of the Advances outstanding.
2. On each FX Evaluation Date, (A) the Borrower shall calculate the Borrowing Base and deliver such calculation to the Facility Agent and (B) the Facility Agent shall deliver in accordance with Section 17.3, to the Collateral Agent, the Borrower and each Agent such calculation of the Borrowing Base, together with each Pro Rata Percentage and the actual percentage of the Advances outstanding owing to each Lender as of such FX Evaluation Date. If (x) there is on any FX Evaluation Date specified in clauses (a) or (c) of the definition thereof, any difference, (y) there is on any other FX Evaluation Date, a difference of 2.5% or more, in each case between any Lender's actual percentage of the Advances outstanding and such Lender's Pro Rata Percentage or (z) on any date any Lender has provided written notice to the Borrower, the Investment Manager and the Facility Agent that such Lender directs (in its sole discretion) a reallocation under this Section 2.2(d)(ii), the Borrower shall deliver, as applicable, in accordance with Section 17.3, to each Agent (with a copy to the Collateral Agent) a notice in the form of Exhibit C-5 (each, an "FX Reallocation Notice") directing each Lender to sell to, or purchase from, as applicable, the other Lenders Advances in an aggregate amount such that, after giving effect to each such purchase, each Lender owns its Pro Rata Percentage of the Advances outstanding. Each Lender agrees to comply with the direction provided in the FX Reallocation Notice. Each such purchase and sale of Advances outstanding shall occur on the second Business Day following delivery of the related FX Reallocation Notice (or, if the related FX Reallocation Notice is delivered to any Lender after 4:00 p.m. in the Applicable Time Zone, on the third Business Day following delivery of such FX Reallocation Notice).
3. Notwithstanding anything to the contrary herein, at no time shall (v) any AUD Lender have any obligation to fund any Advance in an Eligible Currency other than AUDs, (w) any CAD Lender have any obligation to fund any Advance in an Eligible Currency other than CADs, (x) any Dollar Lender have any obligation to fund any Advance in an Eligible Currency other than Dollars, (y) any Euro Lender have any obligation to fund any Advance in an Eligible Currency other than Euros or (z) any GBP Lender have any obligation to fund any Advance in an Eligible Currency other than GBPs.

Section 2.3 Notes.

The Borrower shall, upon request of any Lender Group, on or after such Lender Group becomes a party hereto (whether on the Effective Date or by assignment or otherwise), execute and deliver a Note evidencing the Advances of such Lender Group. Each such Note shall be payable to the order of the Agent for such Lender Group in a face amount equal to the applicable Lender Group's Commitment as of the Effective Date or the effective date on which such Lender Group becomes a party hereto, as applicable. The Borrower hereby

irrevocably authorizes each Agent to make (or cause to be made) appropriate notations on the grid attached to the Notes (or on any continuation of such grid, or at the option of such Agent, in its records), which notations, if made, shall evidence, *inter alia*, the date of the outstanding principal of the Advances evidenced thereby and each payment of principal thereon. Such notations shall be rebuttably presumptive evidence of the subject matter thereof absent manifest error; provided, that the failure to make any such notations shall not limit or otherwise affect any of the Obligations or any payment thereon.

Section 2.4 Repayment and Prepayments.

(a) The Borrower shall repay the Advances outstanding (i) on each Distribution Date to the extent required to be repaid hereunder and funds are available therefor pursuant to Section 8.3 and (ii) in full on the Facility Termination Date.

- i. Prior to the Facility Termination Date, the Borrower may, from time to time, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Advance using Principal Collections on deposit in the Principal Collection Account or other funds available to the Borrower on such date; provided, that
 1. all such voluntary prepayments shall require prior written notice to the Facility Agent (with a copy to the Collateral Agent and each Agent) by 11:00 a.m. in the Applicable Time Zone two (2) Business Days prior to such voluntary prepayment, which notice (herein called the "Prepayment Notice") shall be in the form of Exhibit C-4 and shall include (among other things) the proposed date of such prepayment and the amount and allocation of such prepayment;
 2. all such voluntary partial prepayments shall be in a minimum amount of 1,000,000 AUDs, 1,000,000 CADs, \$1,000,000, 2,500,000 Euros or 2,500,000 GBPs, individually and as applicable; and
 3. each prepayment shall be applied on the Business Day received by the Collateral Agent if received by 3:00 p.m., in the Applicable Time Zone, on such day by the Collateral Agent as Amount Available constituting Principal Collections pursuant to Section 8.3(a) as if (x) the date of such prepayment were a Distribution Date and (y) such prepayment occurred during the Collection Period to which such Distribution Date relates.

(c) If on any date the Foreign Currency Sublimit has been equal to or greater than the amount which is equal to 105% of the Foreign Currency Advance Amount for each of the preceding thirty (30) days, then the Borrower shall within five (5) Business Days of a written request of the Facility Agent, prepay the Advances such that the Foreign Currency Advance Amount is less than or equal to the Foreign Currency Sublimit; provided that the amount of the Advances outstanding plus the Foreign Currency Advance Amount shall never be greater than the Facility Amount.

Each such prepayment shall be subject to the payment of any amounts required by Section 2.5(b) (if any) resulting from a prepayment or payment.

Section 2.5 Permanent Reduction of Facility Amount.

(a) The Borrower may at any time upon five Business Days' prior written notice to the Facility Agent and each Agent, permanently reduce the Facility Amount (i) in whole upon payment in full (in accordance with Section 2.4) of the aggregate outstanding principal amount of all Advances or (ii) in part by any pro rata amount that the Facility Amount exceeds the aggregate outstanding principal amount of all Advances (after giving effect to any concurrent prepayment thereof). In connection with any permanent reduction of the Facility Amount under this Section 2.5(a), the Commitment of each Committed Lender shall automatically, and without any further action by any party, be reduced pro rata with all other Committed Lenders such that the sum of all Commitments will equal the newly reduced Facility Amount.

- i. Notwithstanding anything to the contrary herein, the Borrower may permanently reduce the Facility Amount at any time, provided that if such reduction occurs at any time other than those specified in Section 2.5(a), it shall, unless (i) after the twelve-month anniversary of the Thirteenth Amendment Effective Date, any Lender has, prior to the date of such permanent reduction in whole or in part, declined an Extension Request or

(ii) the Facility Agent has updated the Diversity Score in any way which is material and adverse to the Borrower, pay the applicable Prepayment Fee to the Collateral Agent, for the respective accounts of the Lenders. Notwithstanding anything to the contrary herein, no Prepayment Fee shall be due in respect of any prepayment or permanent reduction occurring after the end of the Revolving Period.

Section 2.6 Extension of Revolving Period.

The Borrower may, at any time after the first anniversary of the Thirteenth Amendment Effective Date and prior to the date that is thirty (30) days prior to the last date of the Revolving Period, deliver a written notice to each Agent (with a copy to the Facility Agent) requesting an extension of the Revolving Period for an additional twelve months (each qualifying request, an “Extension Request”). Each Lender may approve or decline an Extension Request in its sole discretion; provided, that the Lenders shall respond to an Extension Request in writing not later than 30 days following receipt of such Extension Request, and if any Lender does not respond in writing by the end of such 30-day period it shall be deemed to have denied such Extension Request. No request by the Borrower to extend the Revolving Period shall be considered an “Extension Request” if such request is conditioned on an amendment to any other provision of the Transaction Documents.

Section 2.7 Calculation of Discount Factor.

- ii. In connection with the purchase of each Collateral Obligation and prior to such Collateral Obligation being purchased by the Borrower and included in the Collateral, the Facility Agent will assign (in its sole discretion) a Discount Factor for such Collateral Obligation.
- iii. If, but only if, a Revaluation Event occurs with respect to any Collateral Obligation, the Discount Factor of such Collateral Obligation may be amended by the Facility Agent, in its sole discretion, subject to the Investment Manager’s dispute rights set forth in this Section 2.7(b). The Facility Agent will provide written notice of the revised Discount Factor to the Borrower, the Collateral Agent and the Investment Manager. The Collateral Agent shall forward a copy of such notice to each Agent. To the extent the Investment Manager has actual knowledge or, pursuant to the terms of the applicable Underlying Instruments, has received notice of any Revaluation Event with respect to any Collateral Obligation, the Investment Manager shall give prompt notice thereof to the Facility Agent and the Collateral Agent (but, in any event, not longer than two Business Days after it receives notice or gains actual knowledge thereof). The Collateral Agent shall forward a copy of such notice to each Agent. So long as (i) the then-current Leverage Multiple with respect to the Collateral Obligation subject to such Revaluation Event is no more than 2.00x higher than the related Original Leverage Multiple, (ii) such Collateral Obligation was not previously subject to a Revaluation Event and (iii) such Collateral Obligation is not a Defaulted Collateral Obligation pursuant to clause (a) or (b) of the definition thereof, the Investment Manager may dispute the Discount Factor determined by the Facility Agent and at the expense of the Borrower shall retain an Approved Valuation Firm to determine the Discount Factor no later than sixty (60) days after the date of such initial determination by the Facility Agent (any such determination not to exceed the least of (x) the Purchase Price paid by the Borrower for such Collateral Obligation, (y) the outstanding Principal Balance of such Collateral Obligation and (z) any Discount Factor or haircut (including due to synthetic tranching) that the Facility Agent assigned pursuant to Section 2.7(a) or otherwise in the related Approval Notice). If the Facility Agent disputes the Discount Factor determined by the Borrower’s Approved Valuation Firm in good faith based on its reasonable judgment, the Facility Agent may at the expense of the Borrower elect to retain a different Approved Valuation Firm to determine the Discount Factor in accordance with the Valuation Standard. In either case, the Discount Factor determined by the Facility Agent shall apply during the process of any such dispute. Any determination by any Approved Valuation Firm of the Discount Factor after a Revaluation Event shall be recalculated every six (6) months after the date of such initial determination until the Borrower provides notice pursuant to clause (d) below that such

Revaluation Event is no longer continuing. If any additional Revaluation Event occurs with respect to any Collateral Obligation, the Discount Factor of such Collateral Obligation may be amended by the Facility Agent, in its sole discretion and there shall be no right to dispute such determination. In the event more than one Discount Factor has been determined by Approved Valuation Firms for any Collateral Obligation in accordance with this clause (b), the Discount Factor for such Collateral Obligation shall be recalculated by the Facility Agent as the average of the valuations provided by all such Approved Valuation Firms (such determination not to exceed the least of (x) the Purchase Price paid by the Borrower for such Collateral Obligation, (y) the outstanding Principal Balance of such Collateral Obligation and (z) any Discount Factor or haircut (including due to synthetic tranching) that the Facility Agent assigned pursuant to Section 2.7(a) or otherwise in the related Approval Notice).

- iv. The Facility Agent will provide written notice of each revised Discount Factor to the Borrower, the Investment Manager, each Agent and the Collateral Agent.
- v. Upon notice from the Borrower to the Facility Agent that a Revaluation Event has been cured, the Facility Agent, in its sole discretion, shall revise the Discount Factor to revert to the Discount Factor prevailing immediately prior to the occurrence of the relevant Revaluation Event if the Facility Agent, in its reasonable discretion, is satisfied that such Revaluation Event has been cured.

Section 2.8 Increase in Facility Amount.

The Borrower may, with the prior written consent of the Facility Agent (which consent may be conditioned on one or more conditions precedent in its sole discretion), (i) increase the Commitment of the existing Lender Groups (*pro rata*) with the consent of each such Lender Group, (ii) subject to Section 15.4(b), add additional Lender Groups and/or (iii) increase the Commitment of any Lender Group with the consent of such Lender Group, in each case which shall increase the Facility Amount by the amount of the increased or new Commitment of each such existing or additional Lender Group; provided that the Facility Amount may be increased to \$750,000,000 with the consent of solely the Facility Agent and the Lender Group increasing its Commitment. Each increase in the Facility Amount pursuant to clause (i) above shall be allocated to each participating Lender Group *pro rata* based on their Commitments immediately prior to giving effect to such increase. Notwithstanding the foregoing, no such increase shall be permitted without the prior written consent of DBNY if, after giving effect to any such increase, DBNY's Commitment will no longer be at least 51% of the Facility Amount.

A. YIELD, UNDRAWN FEE, ETC.

Section 3.1 Yield and Undrawn Fee.

(a) The Borrower hereby promises to pay, on the dates specified in Section 3.2, Yield on the unpaid principal amount of each Advance (or each portion thereof) for the period commencing on the applicable Advance Date until such Advance is paid in full. No provision of this Agreement or the Notes shall require the payment or permit the collection of Yield in excess of the maximum permitted by Applicable Law.

- i. The Borrower shall pay the Undrawn Fee on the dates specified in Section 3.2.

Section 3.2 Yield Distribution Dates.

Yield accrued on each Advance (including any previously accrued and unpaid Yield) and Undrawn Fee (as applicable) shall be payable, without duplication:

- i. on the Facility Termination Date;
- ii. on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Advance; and
- iii. on each Distribution Date.

Section 3.3 Yield Calculation.

Each Note shall bear interest on each day during each Collection Period at a rate per annum equal to the product of (a) the Interest Rate for such Collection Period multiplied by (b) the outstanding Advances attributable to such Note on such day. All Yield shall be computed on the basis of the actual number of days

(including the first day but excluding the last day) occurring during the period for which such Yield is payable over a year comprised of 360 days (other than Yield accruing by the reference rate set forth in clause (a) of the definition of Alternate Base Rate, which shall be computed over a year comprised of 365/366 days and with respect to GBP Advances, AUD Advances and CAD Advances 365 days).

Section 3.4 Computation of Yield, Fees, Etc.

Each Agent (on behalf of its respective Lender Group) and the Facility Agent shall determine the applicable Yield and all Fees to be paid by the Borrower on each Distribution Date for the related Collection Period and shall advise the Collateral Agent thereof in writing no later than the eighth (8th) Business Day prior to such Distribution Date. Such reporting may also include an accounting of any amounts due and payable pursuant to Sections 4.3 and 5.1.

A. PAYMENTS; TAXES

Section 4.1 Making of Payments.

Subject to, and in accordance with, the provisions hereof, all payments of principal of or Yield on the Advances and other amounts due to the Lenders shall be made pursuant to Section 8.3(a) by no later than 3:00 p.m., in the Applicable Time Zone, on the day when due in the Eligible Currency in immediately available funds. Payments received by any Lender or Agent after 3:00 p.m., in the Applicable Time Zone, on any day will be deemed to have been received by such Lender or Agent on its next following Business Day. Each Agent shall allocate to the Lenders in its Lender Group each payment in respect of the Advances received by such Agent as provided by Section 8.3 or Section 2.4. Payments in reduction of the principal amount of the Advances shall be allocated and applied to Lenders pro rata based on their respective portions of such Advances, or in any such case in such other proportions as each affected Lender may agree upon in writing from time to time with such Agent and the Borrower. Payments of Yield and Undrawn Fee shall be allocated and applied to Lenders pro rata based upon the respective amounts of interest and fees due and payable to them.

Section 4.2 Due Date Extension.

If any payment of principal or Yield with respect to any Advance falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day, and additional Yield shall accrue and be payable for the period of such extension at the rate applicable to such Advance.

Section 4.3 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Transaction 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 Official Body in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the 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 4.3) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

- i. Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Official Body in accordance with applicable law, or at the option of the Facility Agent timely reimburse it for the payment of, any Other Taxes.
- ii. Indemnification by the Borrower. The Borrower shall indemnify each Recipient, and its direct and indirect beneficial owners, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.3) payable or paid by such Recipient or such beneficial owners or required to be withheld or deducted from a payment to such Recipient or such beneficial owners 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 Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy

- to the Facility Agent and each Agent), or by the Facility Agent on its own behalf or on behalf of another Recipient, shall be conclusive absent manifest error.
- iii. Indemnification by the Lenders. Each Lender shall severally indemnify the Facility Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Facility Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 15.9 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 the Facility Agent in connection with any Transaction 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 Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Facility Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Facility Agent to set off and apply any and all amounts at any time owing to such Lender under any Transaction Document or otherwise payable by the Facility Agent to the Lender from any other source against any amount due to the Facility Agent under this Section 4.3(d).
 - iv. Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to an Official Body pursuant to this Section 4.3, the Borrower shall deliver to the Facility Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.
 - v. Status of Lenders.
 1. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Facility Agent, at the time or times reasonably requested by the Borrower or the Facility Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Facility Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Facility Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Facility Agent as will enable the Borrower or the Facility Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.3(f)(ii)(A), Section 4.3(f)(ii)(B) and Section 4.3(f)(ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.
 2. Without limiting the generality of the foregoing, if the Borrower is a U.S. Borrower:
 - a. any Lender that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Facility Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent) executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

- b. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility 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 Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility 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 Transaction Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, 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 Transaction Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, 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 originals 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 Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-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 G-4 on behalf of each such direct and indirect partner;

- a. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility 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 Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent) executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Facility Agent to determine the withholding or deduction required to be made; and
- b. if a payment made to a Lender under any Transaction 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 Code, as applicable), such Lender shall deliver to the Borrower and the Facility Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Facility Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Facility Agent as may be necessary for the Borrower and the Facility Agent to (x) comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or (y) determine the amount

to deduct and withhold from such payment. Solely for purposes of this Section 4.3(f)(ii)(D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

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

- i. 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 4.3 (including by the payment of additional amounts pursuant to this Section 4.3), 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 4.3 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 Official Body 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 4.3(g) (plus any penalties, interest or other charges imposed by the relevant Official Body) in the event that such indemnified party is required to repay such refund to such Official Body. Notwithstanding anything to the contrary in this Section 4.3(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 4.3(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 4.3(g) 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 4.3 shall survive the resignation or replacement of the Facility Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Transaction Document.

B. INCREASED COSTS, ETC.

Section 5.1 Increased Costs, Capital Adequacy.

(a) If, due to either (i) the introduction of or any change following the date hereof (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation, administration or application arising following the date hereof of any Applicable Law, in each case whether foreign or domestic or (ii) the compliance with any guideline or request following the date hereof from any central bank or other Official Body (whether or not having the force of law), (A) there shall be any increase in the cost to the Facility Agent, any Agent, any Lender, successor or assign thereof (each of which shall be an “Affected Person”) of agreeing to make or making, funding or maintaining any Advance (or any reduction of the amount of any payment (whether of principal, interest, fee, compensation or otherwise) to any Affected Person hereunder), as the case may be, (B) there shall be any reduction in the amount of any sum received or receivable by an Affected Person under this Agreement or under any other Transaction Document, or (C) any Recipient is subject to any Taxes (other than (1) Indemnified Taxes and (2) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, then, in each case, the Borrower shall, from time to time, after written demand by the Facility Agent (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for such demand), on behalf of such Affected Person, pay to the Facility Agent, on behalf of such Affected Person, additional amounts sufficient to compensate such Affected Person for such increased costs or reduced payments within thirty (30) days after such demand; provided, that the amounts payable under this Section 5.1 shall be without duplication of amounts payable under Section 4.3.

- i. If either (i) the introduction of or any change following the date hereof in or in the interpretation, administration or application arising following the date hereof of any law, guideline, rule or regulation, directive or request or (ii) the compliance by any Affected Person with any law, guideline, rule, regulation, directive or request following the date hereof, from any central bank, any Official Body or agency, including, without limitation, compliance by an Affected Person with any request or directive regarding capital adequacy or liquidity coverage, has or would have the effect of reducing the rate of return on the capital of any Affected Person, as a consequence of its obligations hereunder or any related document or arising in connection herewith or therewith to a level below that which any such Affected Person could have achieved but for such introduction, change or compliance (taking into consideration the policies of such Affected Person with respect to capital adequacy and liquidity coverage), by an amount deemed by such Affected Person to be material, then, from time to time, after demand by such Affected Person (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for such demand), the Borrower shall pay the Facility Agent on behalf of such Affected Person such additional amounts as will compensate such Affected Person for such reduction.
- ii. If an Affected Person shall at any time (without regard to whether any Basel III Regulations or Dodd-Frank Regulations are then in effect) suffer or incur (i) any explicit or implicit charge, assessment, cost or expense by reason of the amount or type of assets, capital or supply of funding such Affected Person or any of its Affiliates is required or expected to maintain in connection with the transactions contemplated herein, without regard to (A) whether such charge, assessment, cost or expense is imposed or recognized internally, externally or inter-company or (B) whether it is determined in reference to a reduction in the rate of return on such Affected Person's or Affiliate's assets or capital, an inherent cost of the establishment or maintenance of a reserve of stable funding, a reduction in the amount of any sum received or receivable by such Affected Person or its Affiliates or otherwise, or (ii) any other imputed cost or expense arising by reason of the actual or anticipated compliance by such Affected Person or any of its Affiliates with the Basel III Regulations or Dodd-Frank Regulations, then, upon demand by or on behalf of such Affected Person through the Facility Agent, the Borrower shall pay to the Facility Agent, for the benefit of such Affected Person, such amount as will, in the determination of such Affected Person, compensate such Affected Person therefor. A certificate of the applicable Affected Person setting forth the amount or amounts necessary to compensate the Affected Person under this Section 5.1(c) shall be delivered to the Borrower and shall be conclusive absent manifest error.
- iii. In determining any amount provided for in this Section 5.1, the Affected Person may use any reasonable averaging and attribution methods. The Facility Agent, on behalf of any Affected Person making a claim under this Section 5.1, shall submit to the Borrower a certificate setting forth in reasonable detail the basis for and the computations of such additional or increased costs, which certificate shall be conclusive absent manifest error.

c. EFFECTIVENESS; CONDITIONS TO ADVANCES

Section 6.1 Effectiveness.

This Agreement shall become effective on the first day (the "Effective Date") on which the Facility Agent, on behalf of the Lenders, shall have received the following, each in form and substance reasonably satisfactory to the Facility Agent:

- i. Transaction Documents. This Agreement and each other Transaction Document, in each case duly executed by each party thereto;
- ii. Notes. For each Lender Group that has requested the same, a Note duly completed and executed by the Borrower and payable to the Agent for such Lender Group;
- iii. Establishment of Account. Evidence that each Account has been established;

- iv. Resolutions. Certified copies of the resolutions of the board of managers (or similar items) of the Borrower and the Investment Manager approving the Transaction Documents to be delivered by it hereunder and the transactions contemplated hereby, certified by its secretary or assistant secretary;
- v. Organization Documents. The certificate of formation (or similar organization document) of each of the Borrower and the Investment Manager certified by the Secretary of State of its jurisdiction of organization; and a certified, executed copy of the Borrower's and the Investment Manager's organizational documents;
- vi. Good Standing Certificates. Good standing certificates for each of the Borrower and the Investment Manager issued by the applicable Official Body of its jurisdiction of organization;
- vii. Incumbency. A certificate of the secretary or assistant secretary of each of the Borrower and the Investment Manager certifying the names and true signatures of the officers authorized on its behalf to sign this Agreement and the other Transaction Documents to be delivered by it;
- viii. Filings. Copies of proper financing statements, as may be necessary or, in the opinion of the Facility Agent, desirable under the UCC of all appropriate jurisdictions or any comparable law to perfect the security interest of the Collateral Agent on behalf of the Secured Parties in all Collateral in which an interest may be pledged hereunder;
- ix. Opinions. Legal opinions of Dechert LLP counsel for the Borrower and the Investment Manager, and Locke Lord LLP and in-house counsel for the Collateral Agent, each in form and substance reasonably satisfactory to the Facility Agent covering such matters as the Facility Agent may reasonably request;
- x. No Facility Termination Event, etc. Each of the Transaction Documents is in full force and effect and no Facility Termination Event or Unmatured Facility Termination Event has occurred and is continuing or will result from the issuance of the Notes and the borrowing hereunder;
- xi. Liens. The Facility Agent shall have received (i) the results of a recent search by a Person satisfactory to the Facility Agent, of the UCC, judgment, security interest and tax lien filings which may have been filed with respect to personal property of the Borrower, and bankruptcy and pending lawsuits with respect to the Borrower and the results of such search shall be satisfactory to the Facility Agent and (ii) filed UCC termination statements, if any, necessary to release all security interests and other rights of any Person in any Collateral previously granted by the Borrower and any executed pay-off letters reasonably requested by the Facility Agent;
- xii. Payment of Fees. The Facility Agent shall have received evidence, to its sole satisfaction, that all Fees due to the Lenders on the Effective Date have been paid in full;
- xiii. No Material Adverse Effect. No Material Adverse Effect shall have occurred since September 30, 2014 and no litigation shall have commenced which, if successful, could have a Material Adverse Effect;
- xiv. Financial Statements. The Facility Agent has received the most recently available copies of the financial statements and reports described in Section 7.5(k), certified by a Responsible Officer of the Investment Manager to be true and correct; such financial statements fairly present in all material respects the financial condition of such Person as of the applicable date of issuance; and
- xv. Other. Such other approvals, documents, opinions, certificates and reports as the Facility Agent may reasonably request.

Section 6.2 Advances and Reinvestments.

The making of any Advance (including the initial Advance hereunder) and any Reinvestment are all subject to the condition that the Effective Date shall have occurred and to the following further conditions precedent that:

- i. No Facility Termination Event, Etc. Each of the Transaction Documents shall be in full force and effect (unless terminated in accordance with their terms) and (i) no Facility Termination Event or Unmatured Facility Termination Event shall have occurred and be continuing or will result from the making of such Advance or Reinvestment, (ii) no Investment Manager Event of Default or Unmatured Investment Manager Event of Default shall have occurred and be continuing or will result from the making of such Advance or Reinvestment, (iii) the representations and warranties of the Borrower contained herein, of the Investment Manager contained in the Investment Management Agreement and of the Borrower and the Investment Manager in the other Transaction Documents shall be true and correct in all material respects as of the related Funding Date (or if such representations and warranties specifically refer to an earlier date, such earlier date), with the same effect as though made on the date of (and after giving effect to) such Advance or Reinvestment, and (iv) after giving effect to such Advance or Reinvestment (and any purchase of Eligible Collateral Obligations in connection therewith), (x) the aggregate outstanding principal balance of the Advances will not exceed the Borrowing Base and (y) the Foreign Currency Advance Amount will not exceed the Foreign Currency Sublimit;
- ii. Requests. (i) In connection with the funding of any Advance pursuant to Section 2.2(a), the Collateral Agent, each Agent and the Facility Agent shall have received the Advance Request for such Advance in accordance with Section 2.2(a), together with all items required to be delivered in connection therewith and (ii) in connection with any Reinvestment, the Collateral Agent, each Agent and the Facility Agent shall have received the Reinvestment Request for such reinvestment in accordance with Section 8.3(b), together with all items required to be delivered in connection therewith;
- iii. Revolving Period. The Revolving Period shall not have ended;
- iv. Document Checklist. The Facility Agent, each Agent and the Collateral Custodian shall have received a Document Checklist for each Eligible Collateral Obligation to be added to the Collateral on the related Funding Date;
- v. Borrowing Base Confirmation. The Collateral Agent, each Agent and the Facility Agent shall have received an Officer's Certificate of the Borrower or the Investment Manager (which may be included as part of the Advance Request or Reinvestment Request) computed as of the date of such request and after giving effect thereto and to the purchase by the Borrower of the Collateral Obligations to be purchased by it on such date (if any), demonstrating that (x) the aggregate principal amount of all outstanding Advances shall not exceed the Borrowing Base and (y) the Foreign Currency Advance Amount will not exceed the Foreign Currency Sublimit, in each case, as calculated as of the Funding Date as if the Collateral Obligations purchased by the Borrower on such Funding Date were owned by the Borrower;
- vi. Collateral Quality Tests, Minimum Equity Condition. The Collateral Agent, each Agent and the Facility Agent shall have received an Officer's Certificate of the Investment Manager (which may be included as part of the Advance Request or Reinvestment Request) computed as of the date of such requested Advance or Reinvestment, and after giving effect thereto and to the purchase by the Borrower of the Collateral Obligations to be purchased by it on such Funding Date, demonstrating that (i) with respect to each Advance, all of the Collateral Quality Tests and the Minimum Equity Condition are satisfied, or (ii) with respect to each Reinvestment, (A) the Diversity Score is at least 8 and (B) each other Collateral Quality Test is satisfied or, if not satisfied, maintained or improved, and the Minimum Equity Condition is satisfied;
- vii. Hedging Agreements. Beginning on the date that the Interest Spread Test is not satisfied, to the extent the Borrower elects to enter into Hedging Agreements in accordance with

Section 10.6, the Facility Agent shall have received evidence of such transactions, in form and substance satisfactory to the Required Lenders;

- viii. Facility Agent Approval. In connection with the acquisition of any Collateral Obligation by the Borrower, the Borrower shall have received a copy of an Approval Notice with respect to such Collateral Obligation;
- ix. Permitted Use. The proceeds of any Advance will be used solely by the Borrower for general corporate purposes consistent with the terms hereof, which, for the avoidance of doubt, include dividends and distributions to the Equityholder permitted pursuant to Section 10.16, or to acquire Collateral Obligations as identified on the applicable Asset Approval Request or to satisfy any unfunded commitments in connection with any Variable Funding Asset;
- x. Appraised Value. In connection with the acquisition of each Asset Based Loan and within the time periods set forth below, the Borrower or the Investment Manager (on behalf of the Borrower) shall have retained or shall have caused the Obligor to retain either an Approved Appraisal Firm or Approved Valuation Firm, as applicable, to calculate the Appraised Value of (A) with respect to any such Collateral Obligation that has intellectual property, equipment or real property, as the case may be, in its borrowing base, the collateral securing such Collateral Obligation within twelve (12) months prior to the acquisition of such Collateral Obligation and inclusion into the Collateral and (B) with respect to all other Asset Based Loans, the collateral securing such Collateral Obligation within six (6) months prior to the acquisition of such Collateral Obligation and inclusion into the Collateral. The Borrower shall cause the Investment Manager to report the Approved Appraisal Firm or Approved Valuation Firm, as applicable, appraisal metric and Appraised Value for such Collateral Obligation to the Facility Agent (with a copy to each Agent) in the Advance Request or Reinvestment Request, as applicable, related to such Collateral Obligation;
- xi. Borrower's Certification. The Borrower shall have delivered to the Collateral Agent, each Agent and the Facility Agent an Officer's Certificate (which may be included as part of the Advance Request or Reinvestment Request) dated the date of such requested Advance or Reinvestment certifying that the conditions described in Sections 6.2(a) through (j) have been satisfied; and
 - i. Other. With respect to any Advance, the Facility Agent shall have received such other approvals, documents, opinions, certificates and reports as they may request, which request is reasonable as to content and timing.

Section 6.3 Transfer of Collateral Obligations and Permitted Investments.

(a) The Collateral Custodian shall hold all Certificated Securities (whether Collateral Obligations or Permitted Investments) and Instruments in physical form at the Corporate Trust Office.

- i. On the Effective Date (with respect to each Collateral Obligation and Permitted Investment owned by the Borrower on such date) and each time that the Borrower shall (or shall cause the Investment Manager to) direct or cause the acquisition of any Collateral Obligation or Permitted Investment, the Borrower shall (or shall cause the Investment Manager to), if such Permitted Investment or, in the case of a Collateral Obligation, the related promissory note or assignment documentation has not already been delivered to the Collateral Custodian in accordance with the requirements set forth in the definition of "Collateral Obligation File," cause the delivery of such Permitted Investment or, in the case of a Collateral Obligation, the related promissory note or assignment documentation in accordance with the requirements set forth in the definition of "Collateral Obligation File" to the Collateral Custodian to be credited by the Collateral Custodian to the Principal Collection Account in accordance with the terms of this Agreement.

- ii. The Borrower shall (or shall cause the Investment Manager to) cause all Collateral Obligations or Permitted Investments acquired by the Borrower to be transferred to the Collateral Custodian for credit by it to the Principal Collection Account, and shall cause all Collateral Obligations and Permitted Investments acquired by the Borrower to be delivered to the Collateral Custodian by one of the following means (and shall take any and all other actions necessary to create and perfect in favor of the Collateral Agent a valid security interest in each Collateral Obligation and Permitted Investment, which security interest shall be senior (subject to Permitted Liens) to that of any other creditor of the Borrower (whether now existing or hereafter acquired):
 1. in the case of an Instrument or a Certificated Security in registered form by having it Indorsed to the Collateral Custodian or in blank by an effective Indorsement or registered in the name of the Collateral Custodian and by (A) delivering such Instrument or Security Certificate to the Collateral Custodian at the Corporate Trust Office and (B) causing the Collateral Custodian to maintain (on behalf of the Collateral Agent for the benefit of the Secured Parties) continuous possession of such Instrument or Certificated Security at the Corporate Trust Office;
 2. in the case of an Uncertificated Security, by (A) causing the Collateral Custodian to become the registered owner of such Uncertificated Security and (B) causing such registration to remain effective;
 3. in the case of any Security Entitlement, by causing each such Security Entitlement to be credited to the Account in the name of the Borrower; and
 4. in the case of General Intangibles (including any Collateral Obligation or Permitted Investment not evidenced by an Instrument) by filing, maintaining and continuing the effectiveness of, a financing statement naming the Borrower as debtor and the Collateral Agent as secured party and describing the Collateral Obligation or Permitted Investment (or a description of “all assets” of the Borrower) as the collateral at the filing office of the Secretary of State of Delaware.

D. ADMINISTRATION AND MANAGEMENT OF COLLATERAL OBLIGATIONS

Section 7.1 Investment Manager.

The management, administration and collection of the Collateral Obligations shall be conducted by the Person designated as Investment Manager from time to time in accordance with the Investment Management Agreement.

Section 7.2 Investment Manager Events of Default.

(a) If an Investment Manager Event of Default shall occur and be continuing, at the election of the Facility Agent (individually or as directed by the Majority Lenders) by written notice to the Borrower (with a copy to each Agent), the Borrower shall (i) not permit the Investment Manager to (w) consent to modifications to Collateral Obligations or Hedging Agreements, (x) cause the Borrower to enter into any Hedging Agreement, (y) consent to any acquisition or disposition of Collateral Obligations under the Investment Management Agreement or (z) take any other action with respect to the Borrower, the Collateral or the Transaction Documents specified by the Facility Agent (or its representative) to the Investment Manager in its sole discretion from time to time (each, a “Specified Transaction”), (ii) cause the Investment Manager to have the prior written consent of the Facility Agent in its sole discretion prior to directing the Borrower to enter into any Specified Transaction and (iii) seek to sell, or cause the Investment Manager to seek to sell, in each case at the direction of the Facility Agent, the Collateral Obligations for fair value on commercially reasonable terms and conditions. The Borrower shall pay the reasonable and documented costs and expenses of any agents and advisers retained by the Facility Agent in connection with the exercise of the foregoing rights; provided, however, that the Borrower’s obligations to reimburse any such costs and expenses in respect of any period during which an Investment Manager Event of Default shall have occurred and be continuing shall not exceed an amount equal to 2.00% per annum of the average daily value of the aggregate Collateral Obligation Amount

of the Eligible Collateral Obligations during such period. The Investment Manager hereby agrees to work in good faith with any such agents and advisors. The Investment Management Agreement shall provide that the Investment Manager may not resign until a successor has been chosen and has commenced services.

In addition, upon the occurrence of an Investment Manager Event of Default, the Borrower shall cause the Investment Manager to, if so requested by the Facility Agent acting individually or at the direction of the Majority Lenders, deliver as directed by the Facility Agent copies of its Records within five Business Days after demand therefor and an electronic transmission (the form of such transmission shall be reasonably acceptable to such successor investment manager) containing as of the close of business on the date of demand all of the data maintained by the Investment Manager in computer format in connection with managing the Collateral Obligations.

- i. The Borrower shall not permit the Investment Manager to resign from the obligations and duties imposed on it under the Transaction Documents other than in accordance with Section 11 of the Investment Management Agreement.
- ii. At any time, any of the Facility Agent or any Lender may irrevocably waive any rights granted to such party under Section 7.2(a). Any such waiver shall be in writing and executed by such party that is waiving its rights hereunder. A copy of such waiver shall be promptly delivered by the waiving party to the Investment Manager and the Facility Agent (with a copy to each Agent).

Section 7.3 Duties of the Investment Manager.

In addition to the duties and obligations set forth in the Investment Management Agreement, the Borrower shall cause the Investment Manager to manage, service, administer and make collections on the Collateral Obligations and perform the other actions required by the Investment Manager in accordance with the terms and provisions of the Transaction Documents and the Investment Management Standard.

- i. The Borrower shall cause the Investment Manager to take or cause to be taken all such actions, as may be reasonably necessary or advisable to attempt to recover Collections from time to time, all in accordance with (i) Applicable Law, (ii) the applicable Collateral Obligation and its Underlying Instruments and (iii) the Investment Management Standard.
- ii. The Borrower shall cause the Investment Manager to administer the Collections in respect of the Loan payments in accordance with the procedures described herein. The Borrower shall cause the Investment Manager to (i) instruct all Obligors (and related agents) to deposit Collections directly into the Collection Account and (ii) deposit all Collections received directly by it into the Collection Account within one (1) Business Day of receipt thereof. The Borrower shall cause the Investment Manager to identify all Collections as either Principal Collections or Interest Collections, as applicable. The Borrower shall cause the Investment Manager to make such deposits or payments by electronic funds transfer through the Automated Clearing House system, or by wire transfer. The Investment Manager may, on any date, instruct the Collateral Agent to convert funds on deposit in the Collection Account into any Eligible Currency using the Applicable Conversion Rate if, after giving effect to such exchange, the Borrower is in compliance with the Borrowing Base.
- iii. The Borrower shall cause the Investment Manager to maintain for the Borrower and the Secured Parties in accordance with their respective interests all Records that evidence or relate to the Collections not previously delivered to the Collateral Agent and shall, as soon as reasonably practicable upon demand of the Facility Agent, make available, or, upon the occurrence and during the continuation of an Investment Manager Event of Default, deliver to the Facility Agent (with a copy to each Agent) copies of all material Records in its possession which evidence or relate to the Collections.
- iv. The Borrower shall cause the Investment Manager to, as soon as practicable following receipt thereof, turn over to the applicable Person any cash collections or other cash

proceeds received with respect to each Collateral Obligation that does not constitute a Collateral Obligation or was paid in connection with a Retained Interest.

Section 7.4 Reserved.

Section 7.5 Covenants Relating to the Investment Manager.

Until the date on or after the Facility Termination Date on which the Advances shall have been repaid in full, all Yield shall have been paid, and no other amount shall be owing to the Secured Parties under this Agreement:

- i. Compliance with Agreements and Applicable Laws. The Borrower shall cause the Investment Manager to perform each of its obligations under this Agreement and the other Transaction Documents and comply with all Applicable Laws, including those applicable to the Collateral Obligations and all Collections thereof, except to the extent that the failure to so comply would not reasonably be expected to have a Material Adverse Effect.
- ii. Maintenance of Existence and Conduct of Business. The Borrower shall cause the Investment Manager to: (i) do or cause to be done all things necessary to (A) preserve and keep in full force and effect its existence as a corporation and its rights and franchises in the jurisdiction of its formation and (B) qualify and remain qualified as a foreign corporation in good standing and preserve its rights and franchises in each jurisdiction in which the failure to so qualify and remain qualified and preserve its rights and franchises would reasonably be expected to have a Material Adverse Effect; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder or under its organizational documents; and (iii) at all times maintain, preserve and protect all of its licenses, permits, charters and registrations except where the failure to maintain, preserve and protect such licenses, permits, charters and registrations would not reasonably be expected to have a Material Adverse Effect.
- iii. Books and Records. The Borrower shall cause the Investment Manager to keep proper books of record and account in which full and correct entries shall be made of all financial transactions and the assets and business of the Investment Manager in accordance with GAAP, maintain and implement administrative and operating procedures, and keep and maintain all documents, books, records and other information necessary or reasonably advisable for the collection of all Collateral Obligations.
- iv. Reserved.
- v. ERISA. The Borrower shall cause the Investment Manager to give the Facility Agent and each Agent prompt written notice of any event that could result in the imposition of a Lien on the Collateral under Section 430 of the Code or Section 303(k) or 4068 of ERISA. The Borrower shall not permit the Investment Manager or any Affiliates of the Investment Manager to, cause or permit to occur an event that could result in the imposition of a Lien on the Collateral under Section 430 of the Code or Section 303(k) or 4068 of ERISA.
- vi. Compliance with Collateral Obligations and Investment Management Standard. The Borrower shall cause the Investment Manager to, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by the Investment Manager under any Collateral Obligations (except, in the case of a successor Investment Manager, such material provisions, covenants and other provisions shall only include those provisions relating to the collection and managing the Collateral Obligations to the extent such obligations are set forth in a document included in the related Collateral Obligation File) and shall comply with the Investment Management Standard in all material respects with respect to all Collateral Obligations.
- vii. Maintain Records of Collateral Obligations. The Borrower shall cause the Investment Manager to, at its own cost and expense, maintain reasonably satisfactory and complete

- records of the Collateral, including a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. The Borrower shall cause the Investment Manager to maintain its computer systems so that, from and after the time of sale of any Collateral Obligation to the Borrower, the Investment Manager's master computer records (including any back-up archives) that refer to such Collateral Obligation shall indicate the interest of the Borrower and the Facility Agent in such Collateral Obligation and that such Collateral Obligation is owned by the Borrower and has been pledged to the Facility Agent for the benefit of the Secured Parties pursuant to this Agreement.
- viii. Liens. The Borrower shall not permit the Investment Manager to create, incur, assume or permit to exist any Lien on or with respect to any of its rights under any of the Transaction Documents, whether with respect to the Collateral Obligations or any other Collateral other than Permitted Liens.
- ix. Mergers. The Borrower shall not permit the Investment Manager to directly or indirectly, by operation of law or otherwise, merge with, consolidate with, acquire all or substantially all of the assets or capital stock of, or otherwise combine with or acquire, any Person, except that the Investment Manager shall be permitted to merge with any entity so long as the Investment Manager remains the surviving corporation of such merger and such merger does not result in a Change of Control; provided, however, that any publicly announced other transaction or series of transactions, the result of which is that the Borrower is a direct or indirect wholly-owned subsidiary of a business development company advised by a joint venture entity between (x) KKR Credit Advisors (US) LLC (and any successor entity thereto) or its Affiliate and (y) Franklin Square Holdings, L.P. (and any successor entity thereto) or its Affiliate, shall be permitted hereunder, with the surviving entity becoming the Equityholder for purposes of this Agreement and the other Transaction Documents, and the parties hereto agree for the benefit of the Investment Manager that such merger or fundamental change transaction shall be permitted under the Sale Agreement and the Investment Management Agreement, and shall not constitute a "change in control or management of the Investment Manager" for purposes of Section 13 of the Investment Management Agreement. The Borrower shall cause the Investment Manager to give prior written notice of any merger to the Facility Agent and each Agent.
- x. Investment Management Obligations. The Borrower shall not permit the Investment Manager to (i) agree to any amendment, waiver or other modification of any Transaction Document to which it is a party and to which the Facility Agent is not a party without the prior written consent of the Facility Agent, (ii) agree or permit the Borrower to agree to a Material Modification with respect to any Collateral Obligation without the prior written consent of the Facility Agent, (iii) interpose any claims, offsets or defenses it may have as against the Borrower as a defense to its performance of its obligations in favor of any Affected Person hereunder or under any other Transaction Documents or (iv) change its fiscal year so that the reports described in Section 7.5(k) would be delivered to the Facility Agent and each Agent less frequently than every 12 months.
- xi. Financial Reports. The Borrower shall cause the Investment Manager to furnish, or cause to be furnished, to the Facility Agent and each Agent:
1. as soon as available, but in any event within 120 days after the end of each fiscal year of the Equityholder, a copy of the consolidated and consolidating balance sheet of the Equityholder and its consolidated Subsidiaries as at the end of such year, the related consolidated and consolidating statements of income for such year, and the related consolidated statements of changes in net assets and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year; provided, that the financial statements required to be delivered

pursuant to this clause (i) which are made available via EDGAR, or any successor system of the Securities and Exchange Commission, in the Equityholder's annual report on Form 10-K, shall be deemed delivered to the Facility Agent and each Agent on the date such documents are made so available; and

2. as soon as available and in any event within 45 days after the end of each fiscal quarter of each fiscal year (other than the last fiscal quarter of each fiscal year), an unaudited consolidated and consolidating balance sheet of the Equityholder and its consolidated Subsidiaries as of the end of such fiscal quarter and including the prior comparable period (if any), and the unaudited consolidated and consolidating statements of income of the Equityholder and its consolidated Subsidiaries for such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, and the unaudited consolidated statements of cash flows of the Equityholder and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter; provided, that the financial statements required to be delivered pursuant to this clause (ii) which are made available via EDGAR, or any successor system of the Securities and Exchange Commission, in the Equityholder's quarterly report on Form 10-Q, shall be deemed delivered to the Facility Agent and each Agent on the date such documents are made so available.
- xii. **Obligor Reports.** The Borrower shall cause the Investment Manager to furnish to the Facility Agent, with respect to each Obligor within 15 Business Days of the completion of the Investment Manager's portfolio review of such Obligor (which, for any individual Obligor, shall occur no less frequently than quarterly), without duplication of any other reporting requirements set forth in this Agreement or any other Transaction Document, the Obligor Information and any financial reporting packages with respect to such Obligor and with respect to each Collateral Obligation for such Obligor (including any attached or included information, statements and calculations) received by the Borrower and/or the Investment Manager as of the date of the completion of such review. In no case, however, shall the Investment Manager be obligated hereunder to deliver such Obligor reports to the Facility Agent more than once per calendar month. Upon demand by the Facility Agent, the Borrower shall cause the Investment Manager to provide such other information as the Facility Agent may reasonably request (on behalf of itself or any Agent) with respect to any Collateral Obligation or Obligor (to the extent reasonably available to the Investment Manager) and not later than the date on which financial statements are due in respect of any fiscal quarter, any updated Obligor Information for such Obligor received during such fiscal quarter, including notice of any unavailable items of Obligor Information.
- xiii. **Commingling.** The Borrower shall not permit the Investment Manager to, and shall not permit any Affiliate of the Investment Manager to, deposit or permit the deposit of any funds that do not constitute Collections or other proceeds of any Collateral Obligations into the Collection Account.

Section 7.6 Reserved.

Section 7.7 Collateral Reporting.

The Borrower shall cause the Investment Manager to cooperate with the Collateral Agent in the performance of the Collateral Agent's duties under Section 11.3. Without limiting the generality of the foregoing, the Borrower shall cause the Investment Manager to supply in a timely fashion any information maintained by it that the Collateral Agent may from time to time request with respect to the Collateral Obligations and reasonably necessary to complete the reports and certificates required to be prepared by the Collateral Agent hereunder or required to permit the Collateral Agent to perform its obligations hereunder.

Section 7.8 Reserved.

Section 7.9 Procedural Review of Collateral Obligations; Access to Investment Manager and Investment Manager's Records.

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

- i. The Borrower shall, and shall cause the Investment Manager (or its affiliated investment advisor) to, at the Borrower's expense and as applicable, provide to the Facility Agent access to the documentation evidencing the Collateral Obligations and all other documents regarding the Collateral Obligations included as part of the Collateral and the Related Security in each case, in its possession, in such cases where the Facility Agent is required in connection with the enforcement of the rights or interests of the Lenders, or by applicable statutes or regulations, to review such documentation, such access being afforded without charge but only (i) upon two Business Days' prior written notice (so long as no Unmatured Facility Termination Event, Facility Termination Event or Investment Manager Event of Default has occurred and is continuing), (ii) during normal business hours and (iii) up to twice per calendar year (so long as no Unmatured Facility Termination Event, Facility Termination Event or Investment Manager Event of Default has occurred and is continuing). From and after the Effective Date and periodically thereafter at the reasonable discretion of the Facility Agent, the Facility Agent may review the Borrower's and the Investment Manager's collection and administration of the Collateral Obligations in order to assess compliance by the Investment Manager with the Investment Manager's written policies and procedures, as well as this Agreement and may, no more than twice in any calendar year, conduct an audit of the Collateral Obligations and Records in conjunction with such review.
- ii. Nothing in this Section 7.9 shall derogate from the obligation of the Borrower and the Investment Manager to observe any Applicable Law prohibiting disclosure of information regarding the Obligors, and the failure of the Investment Manager to provide access as a result of such obligation shall not constitute a breach of this Section 7.9.

Section 7.10 Optional Sales.

(a) The Borrower shall have the right to sell all or a portion of the Collateral Obligations (each, an "Optional Sale"), subject to the following terms and conditions:

1. immediately after giving effect to such Optional Sale:
 - a. each Collateral Quality Test is satisfied (or, if any Collateral Quality Test is not satisfied, it is maintained or improved);
 - b. the Minimum Equity Condition is satisfied;

- c. (i) the Borrowing Base is greater than or equal to the Advances outstanding and (ii) the Foreign Currency Advance Amount shall not exceed the Foreign Currency Sublimit; and
- d. no Facility Termination Event, Unmatured Facility Termination Event, Unmatured Investment Manager Event of Default or Investment Manager Event of Default shall have occurred and be continuing; provided that, no more than once in any twelve-month period, if an Unmatured Facility Termination Event or Unmatured Investment Manager Event of Default is continuing, the Borrower may make an Optional Sale if, after giving effect to such Optional Sale, such event is cured (although, for the avoidance of doubt, such event shall be continuing for all purposes hereunder until the settlement date of such Optional Sale);

provided, notwithstanding the above, that the Borrower may make (i) any Optional Sale of any Collateral Obligation that, in the Investment Manager's reasonable judgment, has a significant risk of declining in credit quality and, with the lapse of time, becoming a Defaulted Collateral Obligation, if after giving effect to such Optional Sale, (a) no Facility Termination Event is continuing and (b) the aggregate Principal Balance of all such Collateral Obligations sold pursuant to this proviso in any twelve-month period does not exceed 15% of the Aggregate Eligible Collateral Obligation Amount in effect on the date of such sale during such twelve month period or (ii) any Optional Sale of any Collateral Obligation if (x) the sale price is equal to or greater than the Principal Balance of such Collateral Obligation and (y) the proceeds from such Optional Sale are applied to reduce the Advances.

1. at least one (1) Business Day prior to the date of any Optional Sale, the Borrower shall cause the Investment Manager to give the Facility Agent, each Agent, the Collateral Custodian and the Collateral Agent written notice of such Optional Sale, which notice shall identify the related Collateral subject to such Optional Sale and the expected proceeds from such Optional Sale and include (x) an Officer's Certificate computed as of the date of such request and after giving effect to such Optional Sale, demonstrating compliance with clauses (a)(i)(A), (B) and (C) above and all other conditions set forth herein are satisfied and (y) a certificate of the Investment Manager substantially in the form of Exhibit F-3 requesting the release of the related Collateral Obligation File in connection with such Optional Sale;
 2. such Optional Sale shall be made by the Investment Manager, on behalf of the Borrower (A) in accordance with the Investment Management Standard, (B) reflecting arm's length market terms and (C) in a transaction in which the Borrower makes no representations, warranties or covenants and provides no indemnification for the benefit of any other party (other than those which are customarily made or provided in connection with the sale of assets of such type);
 3. if such Optional Sale is to an Affiliate of the Borrower or the Investment Manager and such Optional Sale is not conducted on an arm's length basis, the Facility Agent has given its prior written consent (which shall not be unreasonably withheld, conditioned or delayed); and
 4. on the date of such Optional Sale, all proceeds from such Optional Sale (x) will be deposited directly into the Collection Account and (y) with respect to any sold Collateral Obligation, will be in the same Eligible Currency as such Collateral Obligation.
- iii. In connection with any Optional Sale, following deposit of all proceeds from such Optional Sale into the Collection Account, the Collateral Agent shall be deemed to release and transfer to the Borrower (or the purchaser thereof from the Borrower) without recourse, representation or warranty all of the right, title and interest of the Collateral Agent for the benefit of the Secured Parties in, to and under such Collateral Obligation(s)

- and related Collateral subject to such Optional Sale and such portion of the Collateral so transferred shall be released from the Lien of this Agreement.
- iv. The Borrower hereby agrees to pay the reasonable and documented outside counsel legal fees and out-of-pocket expenses of the Facility Agent, the Collateral Agent, the Collateral Custodian, each Agent and each Lender in connection with any Optional Sale (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, on behalf of the Secured Parties, in the Collateral in connection with such Optional Sale).
 - v. In connection with any Optional Sale, the Collateral Agent shall, at the sole expense of the Borrower, execute such instruments of release with respect to the portion of the Collateral subject to such Optional Sale to the Borrower, in recordable form if necessary, as the Borrower, or the Investment Manager on its behalf, may reasonably request.
 - vi. Notwithstanding the foregoing, the Principal Balance of all Collateral Obligations (other than Warranty Collateral Obligations released to the Equityholder pursuant to a dividend by the Borrower) sold pursuant to Section 7.10(a) to the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend by the Borrower shall not during the term of this Agreement exceed 20% of the Net Purchased Loan Balance measured as of the date of such sale or dividend; provided, that the Principal Balance of all Defaulted Collateral Obligations (other than Warranty Collateral Obligations released to the Equityholder pursuant to a dividend by the Borrower) sold pursuant to Section 7.10(a) to the Equityholder or an Affiliate thereof or released to the Equityholder pursuant to a dividend by the Borrower shall not during the term of this Agreement exceed 10% of the Net Purchased Loan Balance measured as of the date of such sale or dividend.

Section 7.11 Repurchase or Substitution of Warranty Collateral Obligations.

In the event of (x) a Repurchase Event or (y) a breach of Section 9.5, Section 9.13 or Section 9.26 or of a material breach of any other representation, warranty, undertaking or covenant set forth in Article IX, Article X, Section 18.3 or Section 18.5(b), with respect to a Collateral Obligation (or the Related Security and other related collateral constituting part of the Collateral related to such Collateral Obligation) (each such Collateral Obligation, a “Warranty Collateral Obligation”), no later than 30 days after the earlier of (x) knowledge of such breach on the part of the Equityholder or the Investment Manager and (y) receipt by the Equityholder or the Investment Manager of written notice thereof given by the Facility Agent (with a copy to each Agent), the Borrower shall either (a) repay Advances outstanding in the applicable Eligible Currency an amount equal to the aggregate Repurchase Amount of such Warranty Collateral Obligation(s) to which such breach relates on the terms and conditions set forth below or (b) substitute for such Warranty Collateral Obligation one or more Eligible Collateral Obligations with an aggregate Collateral Obligation Amount at least equal to the Repurchase Amount of the Warranty Collateral Obligation(s) being replaced; provided, that no such repayment or substitution shall be required to be made with respect to any Warranty Collateral Obligation (and such Collateral Obligation shall cease to be a Warranty Collateral Obligation) if, on or before the expiration of such 30-day period either (x) such Repurchase Event shall no longer be continuing or (y) the representations and warranties in Article IX with respect to such Warranty Collateral Obligation shall be made true and correct in all material respects with respect to such Warranty Collateral Obligation as if such Warranty Collateral Obligation had become part of the Collateral on such day, as applicable or if the Advances outstanding do not exceed the Borrowing Base, as applicable.

A. ACCOUNTS; PAYMENTS

Section 8.1 Accounts.

(a) On or prior to the Effective Date, the Borrower shall establish each Account in the name of the Borrower and each Account shall be a segregated, non-interest bearing trust account established with the Securities Intermediary, who shall forward funds from the Collection Account to the Collateral Agent for application by the Collateral Agent pursuant to Section 8.3 and the applicable Monthly Report. If at any time a Responsible Officer of the Collateral Agent obtains actual knowledge that any Account ceases to be an Eligible

Account (with notice to the Investment Manager, the Facility Agent and each Agent), then the Borrower shall cause the Investment Manager to transfer such account to another institution such that such account shall meet the requirements of an Eligible Account.

Except as set forth below, amounts on deposit in the Unfunded Exposure Account may be withdrawn by the Borrower or at the direction of the Investment Manager (i) to fund any draw requests of the relevant Obligor under any Variable Funding Asset, or (ii) to make a deposit into the Collections Account as Principal Collections if, after giving effect to such withdrawal, the aggregate amount on deposit in the Unfunded Exposure Account in each Eligible Currency is equal to or greater than the Aggregate Unfunded Amount.

Following the Facility Termination Date, the Borrower shall cause the Investment Manager to forward any draw request made by an Obligor under a Variable Funding Asset, along with wiring instructions for the applicable Obligor, to the Collateral Custodian (with a copy to the Facility Agent and each Agent) along with an instruction to the Collateral Custodian to withdraw the applicable amount from the Unfunded Exposure Account and a certification that the conditions to fund such draw are satisfied, and the Collateral Custodian shall fund such draw request in accordance with such instructions from the Investment Manager.

Following the end of the Revolving Period, if the Borrower shall receive any Principal Collections from an Obligor with respect to a Variable Funding Asset and, as of the date of such receipt (and after taking into account such repayment), the aggregate amount on deposit in the Unfunded Exposure Account in each Eligible Currency is less than the Aggregate Unfunded Amount (the amount of such shortfall, in each case, the “Unfunded Exposure Shortfall”), the Borrower shall cause the Investment Manager to direct the Collateral Custodian to and the Collateral Custodian shall deposit into the Unfunded Exposure Account in each Eligible Currency an amount of such Principal Collections equal to the lesser of (a) the aggregate amount of such Principal Collections and (b) the Unfunded Exposure Shortfall.

- i. All amounts held in any Account shall, to the extent permitted by Applicable Laws, be invested by the Collateral Custodian, as directed by the Investment Manager in writing (or, if the Investment Manager fails to provide such direction, such amounts shall remain uninvested), in Permitted Investments that mature (i) with respect to the Collection Account, not later than one Business Day prior to the Distribution Date for the Collection Period to which such amounts relate and (ii) with respect to the Unfunded Exposure Account, on the immediately following Business Day. Any such written direction shall certify that any such investment is authorized by this Section 8.1. Investments in Permitted Investments shall be made in the name of the Collateral Custodian, and, except as specifically required below, such investments shall not be sold or disposed of prior to their maturity. If any amounts are needed for disbursement from the Collection Account and sufficient uninvested funds are not available therein to make such disbursement, the Collateral Custodian shall cause to be sold or otherwise converted to cash a sufficient amount of the investments in such account to make such disbursement in accordance with and upon the written direction of the Investment Manager or, if the Investment Manager shall fail to give such direction, the Facility Agent. The Collateral Custodian shall, upon written request, provide the Facility Agent with all information in its possession regarding transfer into and out of the Collection Account (including, but not limited to, the identity of the counterparty making or receiving such transfer). In no event shall the Collateral Agent or the Collateral Custodian be liable for the selection of any investments or any losses in connection therewith, or for any failure of the Investment Manager or the Facility Agent, as applicable, to timely provide investment instruction to the Collateral Custodian. The Collateral Agent or the Collateral Custodian and their respective Affiliates shall be permitted to receive additional compensation that could be deemed to be in the Collateral Agent’s or the Collateral Custodian’s economic self-interest for (i) serving as investment adviser, administrator, shareholder, servicing agent, custodian or sub-custodian with respect to certain of the Permitted Investments, (ii) using affiliates to effect transactions in certain Permitted Investments, and (iii) effecting transactions in

certain investments. Such compensation shall not be considered an amount that is reimbursable or payable pursuant to this Agreement.

- ii. Neither the Borrower nor the Investment Manager shall have any rights of direction or withdrawal, with respect to amounts held in the Collection Account, except to the extent explicitly set forth in Section 8.1(a), Section 8.1(b), Section 8.2, or Section 8.3(b).

Subject to the other provisions hereof, the Collateral Agent shall have sole Control (within the meaning of the UCC) over each Account and each such investment and the income thereon, and any certificate or other instrument evidencing any such investment, if any, shall be delivered to the Collateral Agent or its agent, together with each document of transfer, if any, necessary to transfer title to such investment to the Collateral Agent in a manner that complies with this Section 8.1. All interest, dividends, gains upon sale and other income from, or earnings on, investments of funds in the Accounts shall be deposited or transferred to the Collection Account and distributed pursuant to Section 8.3(a).

- i. The Equityholder may, from time to time in its sole discretion (x) deposit amounts into the Principal Collection Account and/or (y) transfer Eligible Collateral Obligations as equity contributions to the Borrower. All such amounts will be included in each applicable compliance calculation under this Agreement, including, without limitation, calculation of the Borrowing Base and the Minimum Equity Condition.

Section 8.2 Excluded Amounts.

The Borrower may cause the Investment Manager to direct the Collateral Agent and the Securities Intermediary to withdraw from the applicable Account and pay to the Person entitled thereto any amounts credited thereto constituting Excluded Amounts if the Investment Manager has, prior to such withdrawal and consent, delivered to the Facility Agent and the Collateral Agent a report setting forth the calculation of such Excluded Amounts in form and substance reasonably satisfactory to the Facility Agent, which report shall include a brief description of the facts and circumstances supporting such request and designate a date for the payment of such reimbursement, which date shall not be earlier than two (2) Business Days following delivery of such notice.

Section 8.3 Distributions, Reinvestment and Dividends.

(a) On each Distribution Date, the Collateral Agent shall distribute from the Collection Account, in accordance with the applicable Monthly Report prepared by the Collateral Agent and approved by the Facility Agent pursuant to Section 8.5, the Amount Available for such Distribution Date in the following order of priority:

- a. FIRST, to the payment of taxes and governmental fees owing by the Borrower, if any, which expenses shall not exceed \$100,000 on any Distribution Date;
- b. SECOND, to the Collateral Agent and the Collateral Custodian, any accrued and unpaid Collateral Agent Fees and Expenses and Collateral Custodian Fees and Expenses for the related Collection Period pursuant to the Collateral Agent and Collateral Custodian Fee Letter, which expenses shall not exceed the amount of the Capped Fees/Expenses;
- c. THIRD, to the Investment Manager (unless waived or deferred in whole or in part by the Investment Manager), any fees of the Investment Manager in an aggregate amount not to exceed the amount of any accrued and unpaid Primary IM Fee for the related Collection Period;
- d. FOURTH, pro rata, based on the amounts owed to such Persons under this Section 8.3(a)(D), (A) to the Lenders, an amount equal to the Yield on the Advances accrued during the Collection Period with respect to such Distribution Date (and any Yield with respect to any prior Collection Period to the extent not paid on a prior Distribution Date), (B) to the Facility Agent and the Agents on behalf of their respective Lenders, all accrued and unpaid Fees due to the Lenders, the Agents and the Facility Agent and (C) to the Hedge Counterparties, any amounts owed for the

- current and prior Distribution Dates to the Hedge Counterparties under Hedging Agreements (other than Hedge Breakage Costs), together with interest accrued thereon;
- e. FIFTH, during the Revolving Period, to the Agents on behalf of their respective Lenders *pro rata* in accordance with the outstanding Advances, (1) in the amount necessary to reduce the Advances outstanding to an amount not to exceed any Borrowing Base and (2) if the Diversity Score is lower than 8, in the amount necessary to reduce the Advances outstanding to zero;
 - f. SIXTH, on and after the occurrence of the Facility Termination Date, to the Agents on behalf of their respective Lenders *pro rata* to repay the Advances outstanding;
 - g. SEVENTH, after the end of the Revolving Period, (i) if a Facility Termination Event has occurred, the Minimum Equity Condition is not satisfied or the Diversity Score is less than or equal to 6, to the Agents on behalf of their respective Lenders *pro rata* to repay the Advances outstanding in the amount necessary to reduce such Advances outstanding to zero or (ii) otherwise, the Amount Available constituting Principal Proceeds only to the Agents on behalf of their respective Lenders *pro rata* in the amount necessary to reduce the Advances outstanding to zero;
 - h. EIGHTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the Investment Manager (unless waived or deferred in whole or in part by the Investment Manager), any fees of the Investment Manager in an aggregate amount not to exceed the amount of any accrued and unpaid Secondary IM Fee for the related Collection Period, as well as any expenses of the Investment Manager or other amounts owing to the Investment Manager, in each case reimbursable or owing under the terms of the Investment Management Agreement;
 - i. NINTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, *pro rata* based on amounts owed to such Persons under this Section 8.3(a)(I), to the Hedge Counterparties, any unpaid Hedge Breakage Costs, together with interest accrued thereon;
 - j. TENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to any Affected Persons, any Increased Costs then due and owing;
 - k. ELEVENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid pursuant to Section 8.3(a)(A) above, to the payment of taxes and governmental fees owing by the Borrower, if any;
 - l. TWELFTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid by or on behalf of the Borrower, to each Indemnified Party, any Indemnified Amounts then due and owing to each such Indemnified Party;
 - m. THIRTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, at the election of the Investment Manager to pay to the Investment Manager any deferred and unpaid Primary IM Fee or deferred and unpaid Secondary IM Fee;
 - n. FOURTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to the extent not previously paid pursuant to Section 8.3(a)(B) above, to the Collateral Agent and the Collateral Custodian, any Collateral Agent Fees and Expenses and

- Collateral Custodian Fees and Expenses due to the Collateral Agent and the Collateral Custodian under the Transaction Documents;
- o. FIFTEENTH, so long as no Unmatured Facility Termination Event shall have occurred and be continuing, to pay any other amounts due under this Agreement and the other Transaction Documents and not previously paid pursuant to this Section 8.3(a); and
 - p. SIXTEENTH, (A) all remaining Amount Available constituting Interest Collections to the Borrower or, during the Revolving Period at the discretion of the Investment Manager, to remain in the Collection Account and (B) all remaining Amount Available constituting Principal Collections, (x) during the Revolving Period, to remain in the Collection Account as Principal Collections and (y) after the end of the Revolving Period, to the Borrower; provided that, (I) in the case of clause (A), no Unmatured Facility Termination Event shall have occurred and be continuing, or (II) in the case of clause (B), (w) no Unmatured Facility Termination Event shall have occurred and be continuing, (x) during the Revolving Period, each Collateral Quality Test is satisfied, (y) the Minimum Equity Condition is satisfied and (z) the Borrowing Base Condition is satisfied;
- ii. During the Revolving Period, the Borrower may make distributions pursuant to Section 10.16. The Borrower may also withdraw from the Collection Account (x) any Principal Collections, or (y) if after giving effect to such withdrawal, the Borrower is able to make all required payments pursuant to Section 8.3 on the next Distribution Date on a pro forma basis, Interest Collections, and apply such Collections to (A) prepay the Advances outstanding in accordance with Section 2.4, (B) pay dividends and distributions to the Equityholder in accordance with Section 10.16 or (C) acquire additional Collateral Obligations (each such reinvestment of Collections, a “Reinvestment”), subject to the following conditions:
1. the Borrower shall have given written notice to the Collateral Agent, each Agent and the Facility Agent of the proposed Reinvestment at or prior to 3:00 p.m., New York City time, two Business Days prior to the proposed date of such Reinvestment (the “Reinvestment Date”). Such notice (the “Reinvestment Request”) shall be in the form of Exhibit C-2 and shall include (among other things) the proposed Reinvestment Date, the amount of such proposed Reinvestment and a Schedule of Collateral Obligations setting forth the information required therein with respect to the Collateral Obligations to be acquired by the Borrower on the Reinvestment Date (if applicable);
 2. each condition precedent set forth in Section 6.2, other than those set forth in clauses (i) and (m) thereof, shall be satisfied;
 3. upon the written request of the Borrower (or the Investment Manager on the Borrower’s behalf) delivered to the Collateral Agent no later than 11:00 a.m. New York City time on the Reinvestment Date, the Collateral Agent shall have provided to the Facility Agent and each Agent by facsimile or e-mail (to be received no later than 1:30 p.m. New York City time on that same day) a statement reflecting the total amount on deposit on such day in the Collection Account; and
 4. any Reinvestment Request given by the Borrower pursuant to this Section 8.3(b), shall be irrevocable and binding on the Borrower.

Subject to the Collateral Agent’s receipt of an Officer’s Certificate of the Investment Manager as to the satisfaction of the conditions precedent set forth in Section 6.2 (other than clauses (i) and (m) thereof) and this Section 8.3, the Collateral Agent will release funds from the Collection Account to the Borrower in an amount

not to exceed the lesser of (A) the amount requested by the Borrower and (B) the amount of Collections on deposit in the Collection Account.

- i. At any time, the Borrower may withdraw from the Principal Collection Account the proceeds of any Advance on deposit therein as may be needed to settle any pending acquisition of an Eligible Collateral Obligation.

Section 8.4 Fees.

The Borrower shall pay, pursuant hereto, the Undrawn Fee, the Make-Whole Fee, the Prepayment Fee and any other fees (collectively, "Fees") in the amounts and on the dates set forth herein or in one or more fee letter agreements, dated on or after the date hereof, signed by the Borrower, the Facility Agent and/or any applicable Lender Group (as any such fee letter agreement may be amended, restated, supplemented or otherwise modified from time to time, a "Fee Letter").

Section 8.5 Monthly Report.

The Collateral Agent shall prepare (based on information provided to it by the Investment Manager, the Facility Agent, the Agents and the Lenders as set forth herein) a Monthly Report in the form of Exhibit D determined as of the close of business on each Determination Date and make available such Monthly Report to the Facility Agent, each Agent the Borrower and the Investment Manager on each Reporting Date starting with the Reporting Date in January 2015. If any party receiving any Monthly Report disagrees with any items of such report, it shall contact the Collateral Agent and notify it of such disputed item and provide reasonably sufficient information to correct such item, with (if other than the Facility Agent) a copy of such notice and information to the Facility Agent, each Agent and the Investment Manager. Unless the Collateral Agent is otherwise timely directed by the Facility Agent, each Agent, the Collateral Agent shall distribute a revised Monthly Report on the Business Day after it receives such information. If the Collateral Agent is directed by the Facility Agent that the Collateral Agent should not make such correction, the Collateral Agent shall take such action as instructed by the Facility Agent. The Facility Agent's reasonable determination with regard to any disputed item in the Monthly Report shall be final.

Without limiting the generality of the foregoing, in connection with the preparation of a Monthly Report, the Facility Agent and the Agents shall be responsible for providing to the Collateral Agent the information required by Section 3.4 for part (d) of Exhibit D for such Monthly Report on which the Collateral Agent may conclusively rely. The Facility Agent shall review and verify the contents of the aforesaid reports (including the Monthly Report), instructions, statements and certificates. Upon receipt of approval from the Facility Agent, such reports, instructions, statements and certificates shall be executed by the Borrower and the Investment Manager and, in the case of the Monthly Report, the Collateral Agent shall make the distributions required by Section 8.3 pursuant to such Monthly Report.

A. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

In order to induce the other parties hereto to enter into this Agreement and, in the case of the Lenders, to make Advances hereunder, the Borrower hereby represents and warrants to the Facility Agent, the Agents and the Lenders as to itself, as of the Effective Date and each Funding Date, as follows:

Section 9.1 Organization and Good Standing.

It has been duly organized and is validly existing under the laws of the jurisdiction of its organization, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted. It had at all relevant times and now has, power, authority and legal right (x) to acquire and own the Collateral Obligations and its interest in the Related Security, and to grant to the Collateral Agent a security interest in the Collateral Obligations and the Related Security and the other Collateral and (y) to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party.

Section 9.2 Due Qualification.

It is duly qualified to do business and has obtained all necessary licenses and approvals and made all necessary filings and registrations in all jurisdictions, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 9.3 Power and Authority.

It has the power, authority and legal right to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder; has full power, authority and legal right to grant to the Collateral Agent, for the benefit of the Secured Parties, a valid and enforceable security interest in the Collateral Obligations and the other Collateral and has duly authorized such grant by all necessary action.

Section 9.4 Binding Obligations.

This Agreement and the Transaction Documents to which it is a party have been duly executed and delivered by the Borrower and are enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by (A) bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally, (B) equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law and (C) implied covenants of good faith and fair dealing.

Section 9.5 Security Interest.

This Agreement creates a valid and continuing Lien on the Collateral in favor of the Collateral Agent, on behalf of the Secured Parties, which security interest is validly perfected under Article 9 of the UCC (to the extent such security interest may be perfected under such article), and is enforceable as such against creditors of and purchasers from the Borrower; the Collateral is comprised of Instruments, Security Entitlements, General Intangibles, Certificated Securities, Uncertificated Securities, Securities Accounts, Investment Property and Proceeds and such other categories of collateral under the applicable UCC as to which the Borrower has complied with its obligations as set forth herein; with respect to Collateral that constitute Security Entitlements (a) all of such Security Entitlements have been credited to the Accounts and the Securities Intermediary has agreed to treat all assets credited to the Accounts as Financial Assets, (b) the Borrower has taken all steps necessary to enable the Collateral Agent to obtain Control with respect to the Accounts and (c) the Accounts are not in the name of any Person other than the Borrower, subject to the Lien of the Collateral Agent for the benefit of the Secured Parties; the Borrower has not instructed the Securities Intermediary to comply with the entitlement order of any Person other than the Collateral Agent; provided that, until the Collateral Agent delivers a Notice of Exclusive Control (as defined in the Account Control Agreement), the Borrower may, or may cause the Investment Manager to, cause cash in the Accounts to be invested or distributed in accordance with this Agreement; all Accounts constitute Securities Accounts; the Borrower owns and has good and marketable title to the Collateral free and clear of any Lien (other than Permitted Liens); the Borrower has received all consents and approvals required by the terms of any Collateral Obligation to the transfer and granting of a security interest in the Collateral Obligations hereunder to the Collateral Agent, on behalf of the Secured Parties; the Borrower has taken all necessary steps to file or authorize the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in that portion of the Collateral in which a security interest may be perfected by filing pursuant to Article 9 of the UCC as in effect in Delaware; all original executed copies of each underlying promissory note constituting or evidencing any Collateral Obligation have been or, subject to the delivery requirements contained herein and/or Section 18.7, will be delivered to the Collateral Custodian; the Borrower has received, or subject to the delivery requirements contained herein will receive, a written acknowledgment from the Collateral Custodian that the Collateral Custodian or its bailee is holding each underlying promissory note evidencing a Collateral Obligation solely on behalf of the Collateral Agent for the benefit of the Secured Parties; none of the underlying promissory notes that constitute or evidence the Collateral Obligations has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Collateral Agent on behalf of the Secured Parties; with respect to Collateral that constitutes a Certificated Security, such Certificated Security has been delivered to the Collateral Custodian and, if in registered form, has been specially Indorsed (within the meaning of the UCC) to the Collateral Custodian or in blank by an effective Indorsement or has been registered in the name of the Collateral Custodian upon original issue or registration of transfer by the Borrower of such Certificated Security, in each case to be held by the Collateral Custodian on behalf of the Collateral Agent for the benefit of the Secured Parties; and in the case of an Uncertificated Security, by (A) causing the Collateral Custodian to become the registered owner of such Uncertificated Security and (B) causing such registration to remain effective.

Section 9.6 No Violation.

The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party, and the fulfillment of the terms of this Agreement and the other Transaction Documents to which it is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, its organizational documents, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it is bound or any of its properties are subject, or result in the creation or imposition of any Lien (other than Permitted Liens) upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, or violate in any material respect any law, or any order, rule or regulation applicable to the Borrower of any Official Body having jurisdiction over the Borrower or any of its properties, or in any way materially adversely affect the Borrower's ability to perform its obligations under this Agreement or the other Transaction Documents to which it is a party.

Section 9.7 No Proceedings.

There are no proceedings or investigations pending or, to its knowledge, threatened against the Borrower, before any court or Official Body having jurisdiction over it or its properties (A) asserting the invalidity of this Agreement or any of the other Transaction Documents, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the other Transaction Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents or (D) seeking any determination or ruling that would reasonably be expected to have a material adverse effect on any of the Collateral.

Section 9.8 No Consents.

It is not required to obtain the material consent of any other Person or any material approval, authorization, consent, license, approval or authorization, or registration or declaration with, any Official Body having jurisdiction over it or its properties in connection with the execution, delivery, performance, validity or enforceability of this Agreement or the other Transaction Documents to which it is a party, in each case other than consents, licenses, approvals, authorizations, orders, registrations, declarations or filings which have been obtained or made and continuation statements and renewals in respect thereof.

Section 9.9 Solvency.

It is solvent and will not become insolvent after giving effect to the transactions contemplated by this Agreement and the Transaction Documents. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, it will have an adequate amount of capital to conduct its business in the foreseeable future.

Section 9.10 Compliance with Laws.

It has complied and will comply in all material respects with all Applicable Laws, judgments, agreements with governmental authorities, decrees and orders with respect to its business and properties and all Collateral.

Section 9.11 Taxes.

For U.S. federal income tax purpose, it is, and always has been, an entity disregarded as separate from the Equityholder and the Equityholder or its parent is treated as a United States person for U.S. federal income tax purposes. It has filed on a timely basis all federal and other material Tax returns (including foreign, state, local and otherwise) required to be filed, if any, and has paid all federal and other material Taxes due and payable by it and any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Official Body (other than any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower). Other than Permitted Liens, no lien or similar Adverse Claim has been filed, and no claim is being asserted, with respect to any Tax, assessment or other governmental charge. Any Taxes, fees and other governmental charges payable by the Borrower in connection with the execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated hereby or thereby including the transfer of each Collateral Obligation and the Related Security to the Borrower have been paid or shall have been paid if and when due.

Section 9.12 Monthly Report.

Each Monthly Report is accurate in all material respects as of the date thereof, subject, in the case of information contained therein (which shall include any statements and calculations to the extent such statements or calculations are inaccurate solely as a result of such information) received from any un-Affiliated third party, to the standard set forth in Section 9.14 with respect to information received from an un-Affiliated third party.

Section 9.13 No Liens, Etc.

The Collateral and each part thereof is owned by the Borrower free and clear of any Adverse Claim (other than Permitted Liens) or restrictions on transferability and the Borrower has the full right, power and lawful authority to assign, transfer and pledge the same and interests therein, and upon the making of each Advance, the Collateral Agent, for the benefit of the Secured Parties, will have acquired a perfected, first priority and valid security interest (except, as to priority, for any Permitted Liens) in such Collateral, free and clear of any Adverse Claim (other than Permitted Liens) or restrictions on transferability, to the extent (as to perfection and priority) that a security interest in said Collateral may be perfected under the applicable UCC. The Borrower has not pledged, assigned, sold, granted a security interest in or otherwise conveyed any of the Collateral and no effective financing statement (other than with respect to Permitted Liens) or other instrument similar in effect naming or purportedly naming the Borrower or any of its Affiliates as debtor and covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Collateral Agent as "Secured Party" pursuant hereto or as necessary or advisable in connection with the Sale Agreement. There are no judgments or Liens for Taxes with respect to the Borrower and no claim is being asserted with respect to the Taxes of the Borrower (other than with respect to Permitted Liens).

Section 9.14 Information True and Correct.

All information (other than any information provided to the Borrower by an un-Affiliated third party) heretofore or hereafter furnished by or on behalf of the Borrower in writing to any Lender, the Collateral Agent, any Agent or the Facility Agent in connection with this Agreement or any transaction contemplated hereby is and will be (when taken as a whole) true and correct in all material respects and does not omit to state any material fact necessary to make the statements contained therein not misleading. With respect to any information received from any un-Affiliated third party, the Borrower (i) will not furnish (and has not furnished) any such information to any Lender, the Collateral Agent, any Agent or the Facility Agent in connection with this Agreement or any transaction contemplated hereby that it knows (or knew) to be incorrect at the time such information is (or was) furnished in any material respect and (ii) has informed (or will inform) the applicable Lender, the Collateral Agent, the applicable Agent or the Facility Agent, as applicable, of any such information which it found to be incorrect in any material respect after such information was furnished.

Section 9.15 Bulk Sales.

The grant of the security interest in the Collateral by the Borrower to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement, is in the ordinary course of business for the Borrower and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

Section 9.16 Collateral.

Except as otherwise expressly permitted or required by the terms of this Agreement, no item of Collateral has been sold, transferred, assigned or pledged by the Borrower to any Person.

Section 9.17 Selection Procedures.

In selecting the Collateral Obligations hereunder and for Affiliates of the Borrower, no selection procedures were employed which are intended to be adverse to the interests of any Agent or Lender.

Section 9.18 Indebtedness.

The Borrower has no Indebtedness or other indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) Indebtedness incurred under the terms of the Transaction Documents and (ii) Indebtedness incurred pursuant to certain ordinary business expenses arising pursuant to the transactions contemplated by this Agreement and the other Transaction Documents.

Section 9.19 No Injunctions.

No injunction, writ, restraining order or other order of any nature adversely affects the Borrower's performance of its obligations under this Agreement or any Transaction Document to which the Borrower is a party.

Section 9.20 No Subsidiaries.

The Borrower has no Subsidiaries other than REO Asset Owners.

Section 9.21 ERISA Compliance.

It has no benefit plans subject to ERISA.

Section 9.22 Investment Company Status.

It is not an "investment company" as such term is defined in the 1940 Act.

Section 9.23 Set-Off, Etc.

No Collateral Obligation has been compromised, adjusted, extended, satisfied, subordinated, rescinded, set-off or modified by the Borrower or the Obligor thereof, and no Collateral is subject to compromise, adjustment, extension, satisfaction, subordination, rescission, set-off, counterclaim, defense, abatement, suspension, deferment, deduction, reduction, termination or modification, whether arising out of transactions concerning the Collateral or otherwise, by the Borrower or the Obligor with respect thereto, except, in each case, pursuant to the Transaction Documents and for amendments, extensions and modifications, if any, to such Collateral otherwise permitted hereby and in accordance with the Investment Management Standard.

Section 9.24 Collections.

The Borrower acknowledges that (i) all Obligors (and related agents) have been directed to make all payments directly to the Collection Account and (ii) all Collections received by it or its Affiliates with respect to the Collateral pledged hereunder are held and shall be held in trust for the benefit of the Collateral Agent, on behalf of the Secured Parties until deposited into the Collection Account in accordance with Section 10.10.

Section 9.25 Value Given.

The Borrower has given fair consideration and reasonably equivalent value to the Equityholder (including, for this purpose, equity of the Borrower) or the applicable third party seller in exchange for the purchase of the Collateral Obligations (or any number of them). No such transfer has been made for or on account of an antecedent debt and no such transfer is or may be voidable or subject to avoidance under any section of the Bankruptcy Section Code.

Section 9.26 Regulatory Compliance.

The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined in Regulation U (12 C.F.R. Part 221) of the FRS Board) and none of the proceeds of the Advances will be used, directly or indirectly, for a purpose that violates Regulation T, Regulation U, Regulation X or any other regulation promulgated by the FRS Board from time to time.

Section 9.27 Separate Existence.

The Borrower is operated as an entity with assets and liabilities distinct from those of any of its Affiliates or any Affiliates of the Investment Manager, and the Borrower hereby acknowledges that the Facility Agent, each of the Agents and each of the Lenders are entering into the transactions contemplated by this Agreement in reliance upon the Borrower's identity as a separate legal entity. Since its formation, the Borrower has been (and will be) operated in such a manner as to comply with the covenants set forth in Section 10.5.

There is not now, nor will there be at any time in the future, any agreement or understanding between the Borrower and the Investment Manager (other than as expressly set forth herein and the other Transaction Documents) providing for the allocation or sharing of obligations to make payments or otherwise in respect of any Taxes, fees, assessments or other governmental charges.

Section 9.28 Transaction Documents.

The Transaction Documents delivered to the Facility Agent represent all material agreements between the Equityholder, on the one hand, and the Borrower, on the other. Upon the purchase and/or contribution of each Collateral Obligation (or an interest in a Collateral Obligation) pursuant to this Agreement or the Sale Agreement, the Borrower shall be the lawful owner of, and have good title to, such Collateral Obligation and all assets relating thereto, free and clear of any Adverse Claim. All such assets are transferred to the Borrower without recourse to the Equityholder except as described in the Sale Agreement. The purchases of such assets by the Borrower constitute valid and true sales for consideration (and not merely a pledge of such assets for security purposes) and the contributions of such assets received by the Borrower constitute valid and true transfers for consideration, each enforceable against creditors of the Equityholder, and no such assets shall constitute property of the Equityholder.

Section 9.29 Anti-Terrorism, Anti-Money Laundering.

(a) Neither the Borrower nor any Affiliate (to the best of the Borrower's knowledge), officer, employee (to the best of the Borrower's knowledge) or director, acting on behalf of the Borrower is (i) a country, territory, organization, person or entity named on any sanctions list administered or imposed by the U.S. Government including, without limitation, the Office of Foreign Asset Control ("OFAC") list, or any other list maintained for the purposes of sanctions enforcement by any of the United Nations, the European Union, Her Majesty's Treasury in the UK, Germany, Canada, Australia, and any other country or multilateral organization (collectively, "Sanctions"), including but not limited to Cuba, Sudan, Iran, Syria, North Korea, and the Crimea region in Ukraine (the "Sanctioned Countries"); or (ii) a Person that resides, is organized or located in any of the Sanctioned Countries or which is designated as a "Non-Cooperative Jurisdiction" by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction or any Sanctioned Countries or is owned 50% or more or otherwise controlled, directly or indirectly by, or acting on behalf of, one or more Person who is the subject or target of Sanctions. The Borrower is and each Affiliate (to the best of the Borrower's knowledge), officer, employee (to the best of the Borrower's knowledge) or director, acting on behalf of the Borrower is (and is taking no action which would result in any such Person not being) in compliance with (a) all OFAC rules and regulations, (b) all United States of America, United Kingdom, United Nations, European Union, German, Canadian, Australian and all other sanctions, embargos and trade restrictions that the Borrower or any of its Affiliates is subject and (c) the Anti-Money Laundering Laws. In addition, the described purpose ("trade related business activities") does not include any kind of activities or business of or with any Person or in any country or territory that is subject to or the target of any sanctions administered by the U.S. Government, OFAC, the United Kingdom, the European Union, Germany, Canada, Australia or the United Nations Security Council (including the Sanctioned Countries) and does not involve commodities or services of a Sanctioned Country origin or shipped to, through or from a Sanctioned Country, or on vessels or aircrafts owned or registered by a Sanctioned Country, or financed or subsidized any of the foregoing.

(b) The Borrower has complied, in all material respects, with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act (collectively, the "Anti-Money Laundering Laws"). No actions, suits, proceedings or investigations by any court, governmental, or regulatory agency are ongoing or pending against the Borrower, its directors, officers or employees or anyone acting on its behalf in relation to a breach of the Anti-Money Laundering Laws, or, to the knowledge of the Borrower, threatened.

Section 9.30 Anti-Bribery and Corruption.

- i. Neither the Borrower nor, to the best of the Borrower's knowledge, any director, officer, employee, or anyone acting on behalf of the Borrower has engaged in any activity, or will take any action, directly or indirectly, which would breach applicable anti-bribery and corruption laws and regulations, including but not limited to the US Foreign and Corrupt Practices Act 1977, as amended, and the Bribery Act 2010 of the United Kingdom (the "Anti-Bribery and Corruption Laws").
- ii. The Borrower and their Affiliates have each conducted their businesses in compliance with Anti-Bribery and Corruption Laws and have instituted and maintain policies and procedures reasonably designed to promote and ensure continued compliance with all Anti-Bribery and Corruption Laws and with the representation and warranty contained herein.
- iii. No actions, suits, proceedings or investigations by any court, governmental, or regulatory agency are ongoing or pending against the Borrower (to the best of the Borrower's knowledge), its directors, officers or employees or anyone acting on its behalf in relation to a breach of the Anti-Bribery and Corruption Laws, or, to the knowledge of the Borrower, threatened.
- iv. The Borrower will not directly or indirectly use, lend or contribute the proceeds of the Advances for any purpose that would breach the Anti-Bribery and Corruption Laws.

Section 9.31 Volcker Rule.

v. The Advances do not constitute an “ownership interest” in the Borrower for purposes of the Volcker Rule.

Section 9.32 AIFMD.

The Borrower is not (i) an AIFM or (ii) an AIF managed by an AIFM (as such term is defined in the AIFMD) required to be authorized or registered in accordance with AIFMD.

A. COVENANTS

From the date hereof until the first day following the Facility Termination Date on which all Obligations shall have been finally and fully paid and performed (other than as expressly survive the termination of this Agreement), the Borrower hereby covenants and agrees with the Lenders, the Agents and the Facility Agent that:

Section 10.1 Protection of Security Interest of the Secured Parties.

(a) At or prior to the Effective Date, the Borrower shall have filed or caused to be filed a UCC-1 financing statement, naming the Borrower as debtor, naming the Collateral Agent (for the benefit of the Secured Parties) as secured party and describing the Collateral, with the office of the Secretary of State of the State of Delaware. From time to time thereafter, the Borrower shall file (and the Borrower hereby authorizes the Collateral Agent to so file) such financing statements and cause to be filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Collateral Agent in favor of the Secured Parties under this Agreement in the Collateral and in the proceeds thereof. The Borrower shall deliver (or cause to be delivered) to the Collateral Agent file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. In the event that the Borrower fails to perform its obligations under this subsection, the Collateral Agent or the Facility Agent may (but shall have no obligation to) do so, in each case at the expense of the Borrower, however neither the Collateral Agent nor the Facility Agent shall have any liability in connection therewith.

- i. The Borrower shall not change its name, identity or corporate structure in any manner that would make any financing statement or continuation statement filed by the Borrower (or by the Collateral Agent on behalf of the Borrower) in accordance with subsection (a) above seriously misleading or change its jurisdiction of organization, unless the Borrower shall have given the Facility Agent, each Agent and the Collateral Agent at least 30 days prior written notice thereof, and shall promptly file appropriate amendments to all previously filed financing statements and continuation statements (and shall provide a copy of such amendments to the Collateral Agent, each Agent and Facility Agent together with an Officer’s Certificate to the effect that all appropriate amendments or other documents in respect of previously filed statements have been filed).
- ii. The Borrower shall maintain its computer systems, if any, so that, from and after the time of the first Advance under this Agreement, the Borrower’s master computer records (including archives) that shall refer to the Collateral indicate clearly that such Collateral is subject to the first priority security interest in favor of the Collateral Agent, for the benefit of the Secured Parties. Indication of the Collateral Agent’s (for the benefit of the Secured Parties) security interest shall be deleted from or modified on the Borrower’s computer systems when, and only when, the Collateral in question shall have been paid in full, the security interest under this Agreement has been released in accordance with its terms, upon such Collateral Obligation becoming a Repurchased Collateral Obligation, Substituted Collateral Obligation or otherwise as expressly permitted by this Agreement.
- iii. Without limiting any of the other provisions hereof, if at any time the Borrower shall propose to sell, grant a security interest in, or otherwise transfer any interest in loan receivables to any prospective lender or other transferee, the Borrower shall give to such prospective lender or other transferee computer tapes, records, or print-outs (including any restored from archives) that, if they shall refer in any manner whatsoever to any Collateral shall indicate clearly that such Collateral is subject to a first priority security interest in favor of the Collateral Agent, for the benefit of the Secured Parties.

Section 10.2 Other Liens or Interests.

Except for the security interest granted hereunder and as otherwise permitted pursuant to Sections 7.10, 7.11 and 10.16, the Borrower will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on the Collateral or any interest therein (other than Permitted Liens), and the Borrower shall defend the right, title, and interest of the Collateral Agent (for the benefit of the Secured Parties) and the Lenders in and to the Collateral against all claims of third parties claiming through or under the Borrower (other than Permitted Liens).

Section 10.3 Costs and Expenses.

The Borrower shall pay (or cause to be paid) all of its reasonable costs, charges and disbursements in connection with the performance of its obligations hereunder and under the Transaction Documents.

Section 10.4 Reporting Requirements.

The Borrower shall furnish, or cause to be furnished, to the Facility Agent, the Collateral Agent and each Agent:

- i. as soon as possible and in any event within three Business Days after a Responsible Officer of the Borrower shall have knowledge of the occurrence of a Facility Termination Event, Unmatured Facility Termination Event, Investment Manager Event of Default or Unmatured Investment Manager Event of Default, the statement of an Executive Officer of the Borrower setting forth complete details of such event and the action which the Borrower has taken, is taking and proposes to take with respect thereto;
- ii. promptly, from time to time, such other information, documents, records or reports respecting the Collateral Obligations or the Related Security, the other Collateral or the condition or operations, financial or otherwise, of the Borrower as such Person may, from time to time, reasonably request; and
- iii. promptly, in reasonable detail, (i) of any Adverse Claim known to it that is made or asserted against any of the Collateral and (ii) any Material Modification.

Section 10.5 Separate Existence.

(a) The Borrower shall at all times: (i) maintain at least one Independent Manager; (ii) maintain its own separate books and records and bank accounts; (iii) hold itself out to the public and all other Persons as a legal entity separate from any other Person; (iv) have a board of managers separate from that of any other Person; (v) file its own Tax returns, except to the extent that the Borrower is treated as a “disregarded entity” for Tax purposes and is not required to file Taxes under Applicable Law, and pay any Taxes so required to be paid under Applicable Law, except for those Taxes being contested in good faith by appropriate proceedings and in respect of which the Borrower has established proper reserves on its books in accordance with GAAP; (vi) not commingle its assets with assets of any other Person; (vii) conduct its business in its own name and strictly comply with all organizational formalities to maintain its separate existence; (viii) maintain separate financial statements; provided, however, that the Borrower’s assets may be included in a consolidated financial statement of its Affiliate if (A) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the Borrower from such Affiliate and to indicate that the Borrower’s assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person and (B) such assets shall also be listed on the Borrower’s own separate balance sheet (if the Borrower prepares its own separate balance sheet); (ix) pay its own liabilities only out of its own funds; (x) maintain an arm’s length relationship with the Equityholder and each of its other Affiliates; (xi) not hold out its credit or assets as being available to satisfy the obligations of others; (xii) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including for shared office space; (xiii) use separate stationery, invoices and checks; (xiv) except as expressly permitted by this Agreement, not pledge its assets as security for the obligations of any other Person; (xv) correct any known misunderstanding regarding its separate identity; (xvi) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities and pay its operating expenses and liabilities from its own assets; (xvii) cause its board of managers to meet at least annually or act pursuant to written consent and keep minutes of such meetings and actions and observe in all respects all other Delaware limited liability company formalities; (xviii) not acquire the obligations or any securities of its Affiliates; (xix) cause the managers, officers, agents and other representatives of the Borrower to act at all times with respect to the Borrower consistently and in furtherance of the foregoing and in the best interests of the Borrower; and (xx)

maintain at least one special member, who, upon the dissolution of the sole member or the withdrawal or the disassociation of the sole member from the Borrower, shall immediately become the member of the Borrower in accordance with its organizational documents.

- i. The Borrower shall not (i) engage, directly or indirectly, in any business, other than the actions required or permitted to be performed under the preceding clause (a); (ii) fail to be solvent; (iii) release, sell, transfer, convey or assign any Collateral Obligation unless in accordance with the Transaction Documents; (iv) except for capital contributions or capital distributions permitted under the terms and conditions of this Agreement and properly reflected on the books and records of the Borrower, enter into any transaction with an Affiliate of the Borrower except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction; (v) identify itself as a department or division of any other Person; (vi) own any asset or property other than the Collateral, any REO Asset Owner and the related assets and incidental personal property necessary for the ownership or operation of these assets, (vii) amend, supplement or otherwise modify its organizational documents, except in accordance therewith and, in the case of provisions relating to the special purpose of the Borrower and the replacement of the Independent Manager, with the prior written consent of the Facility Agent (which consent shall not be unreasonably withheld, delayed or conditioned) or (viii) divide or permit any division of itself.
- ii. The Borrower shall not (and shall not permit the Equityholder to) take any action contrary to the "Assumptions and Facts" section in the opinion of Dechert LLP, dated the date hereof, relating to certain nonconsolidation matters.

Section 10.6 Hedging Agreements.

(a) With respect to any Fixed Rate Collateral Obligation, for purpose of determining the "excess" set forth clause (d) of the definition of "Excess Concentration Amount", (i) if the Interest Spread Test is satisfied, the Borrower may or (ii) if the Interest Spread Test is not satisfied, upon the direction of the Facility Agent in its sole discretion as notified to the Borrower and the Investment Manager on or prior to the related Funding Date for such Collateral Obligation, the Borrower shall obtain and deliver to the Collateral Agent (with a copy to the Facility Agent and each Agent) one or more Hedging Agreements from qualified Hedge Counterparties having, singly or in the aggregate, an Aggregate Notional Amount not less than the amount determined by the Facility Agent in its reasonable discretion, which (1) each shall have a notional principal amount equal to or greater than \$1,000,000, (2) may provide for reductions of the Aggregate Notional Amount on each Distribution Date on an amortization schedule for such Aggregate Notional Amount assuming a 0.0 ABS prepayment speed (or such other ABS prepayment speed as may be approved in writing by the Facility Agent) and zero losses, and (3) shall have other terms and conditions and be represented by Hedging Agreements otherwise acceptable to the Facility Agent in its sole discretion.

- i. In the event that any Hedge Counterparty defaults in its obligation to make a payment to the Borrower under one or more Hedging Agreements on any date on which payments are due pursuant to a Hedging Agreement, the Borrower shall make a demand on such Hedge Counterparty, or any guarantor, if applicable, demanding payment by 12:30 p.m., New York City time, on such date. The Borrower shall give notice to each Agent upon the continuing failure by any Hedge Counterparty to perform its obligations during the two Business Days following a demand made by the Borrower on such Hedge Counterparty, and shall take such action with respect to such continuing failure as may be directed by the Facility Agent.
- ii. In the event that any Hedge Counterparty no longer maintains the ratings specified in the definition of "Hedge Counterparty," then within 30 days after receiving notice of such decline in the creditworthiness of such Hedge Counterparty as determined by any Rating Agency, either (x) such Hedge Counterparty, upon the receipt of the consent of the Facility Agent, will enter into an arrangement the purpose of which shall be to assure performance by the Hedge Counterparty of its obligations under the applicable Hedging

- Agreement; or (y) the Borrower shall, at its option and with the written consent (in its sole discretion) of the Facility Agent, either (i) cause such Hedge Counterparty to pledge securities in the manner provided by applicable law which shall be held by the Collateral Agent, for the benefit of the Secured Parties, free and clear of the Lien of any third party, in a manner conferring on the Collateral Agent a perfected first Lien in such securities securing such Hedge Counterparty's performance of its obligations under the applicable Hedging Agreement, (ii) provided that a Replacement Hedging Agreement or Qualified Substitute Arrangement meeting the requirements of Section 10.6(d) has been obtained, (A) provide written notice to such Hedge Counterparty (with a copy to the Collateral Agent, each Agent and the Facility Agent) of its intention to terminate the applicable Hedging Agreement within such 30-day period and (B) terminate the applicable Hedging Agreement within such 30-day period, request the payment to it of all amounts due to the Borrower under the applicable Hedging Agreement through the termination date and deposit any such amounts so received, on the day of receipt, to the Collection Account, or (iii) establish any other arrangement (including an arrangement or arrangements in addition to or in substitution for any prior arrangement made in accordance with the provisions of this Section 10.6(c)) with the written consent (in its sole discretion) of the Facility Agent (a "Qualified Substitute Arrangement"); provided, that in the event at any time any alternative arrangement established pursuant to the above shall cease to be satisfactory to the Facility Agent, then the provisions of this Section 10.6(c), shall again be applied and in connection therewith the 30-day period referred to above shall commence on the date the Borrower receives notice of such cessation or termination, as the case may be.
- iii. Unless an alternative arrangement pursuant to clause (x) or (y)(i) or (y)(iii) of Section 10.6(c) is being established, the Borrower shall use its best efforts to obtain a Replacement Hedging Agreement or Qualified Substitute Arrangement meeting the requirements of this Section 10.6 during the 30-day period referred to in Section 10.6(c). The Borrower shall not terminate the Hedging Agreement unless, prior to the expiration of the 30-day period referred to in said Section 10.6(c), the Borrower delivers to the Collateral Agent (with a copy to the Facility Agent and each Agent) (i) a Replacement Hedging Agreement or Qualified Substitute Arrangement, (ii) to the extent applicable, an Opinion of Counsel reasonably satisfactory to the Facility Agent as to the due authorization, execution and delivery and validity and enforceability of such Replacement Hedging Agreement or Qualified Substitute Arrangement, as the case may be, and (iii) evidence that the Facility Agent has consented in writing to the termination of the applicable Hedging Agreement and its replacement with such Replacement Hedging Agreement or Qualified Substitute Arrangement.
 - iv. The Borrower shall notify the Facility Agent, each Agent and the Collateral Agent within five Business Days after a Responsible Officer of such Person shall obtain knowledge that the senior unsecured debt rating of a Hedge Counterparty has been withdrawn or reduced by any Rating Agency.
 - v. The Borrower may at any time obtain a Replacement Hedging Agreement with the consent (in its sole discretion) of the Facility Agent.
 - vi. The Borrower shall not agree to any amendment to any Hedging Agreement without the consent (in its sole discretion) of the Facility Agent.
 - vii. The Borrower shall notify the Facility Agent, each Agent and the Collateral Agent after a Responsible Officer of the Borrower shall obtain actual knowledge of the transfer by the related Hedge Counterparty of any Hedging Agreement, or any interest or obligation thereunder.
 - viii. The Borrower, with the consent of the Facility Agent in its sole discretion, may sell all or a portion of the Hedging Agreements; provided, that no consent of the Facility Agent

shall be required for the sale of all or a portion of any Hedging Agreement relating to Fixed Rate Collateral Obligations not counted as “excess” pursuant to clause (d) of the definition of “Excess Concentration Amount.” The Borrower shall have the duty of obtaining a fair market value price for the sale of any Hedging Agreement, notifying the Facility Agent, each Agent and the Collateral Agent of prospective purchasers and bids, and selecting the purchaser of such Hedging Agreement. The Borrower and, at the Borrower’s request, the Collateral Agent, upon receipt of the purchase price in the Collection Account shall, with the prior written consent of the Facility Agent, execute all documentation necessary to release the Lien of the Collateral Agent on such Hedging Agreement and proceeds thereof.

Notwithstanding the foregoing, with respect to any Collateral Obligation, the Borrower may include in an Asset Approval Request provisions of Hedging Agreements applicable to such Collateral Obligation, and, if nothing to the contrary is included in the related Approval Notice delivered to the Borrower by the Facility Agent, the provisions relating to Hedging Agreements in the Asset Approval Request shall control to the extent such provisions conflict with this Section 10.6. Notwithstanding anything to the contrary in this Section 10.6, the parties hereto agree that should the Borrower fail to observe or perform any of its obligations under this Section 10.6 with respect to any Hedging Agreement, the sole result will be that the Collateral Obligation or Collateral Obligations that are the subject of such Hedging Agreement shall immediately cease to be Eligible Collateral Obligations for all purposes under this Agreement.

Section 10.7 Tangible Net Worth.

The Borrower shall maintain at all times a positive Tangible Net Worth.

Section 10.8 Taxes.

For U.S. federal income tax purpose, the Borrower will be an entity disregarded as separate from the Equityholder and the Equityholder or its parent will be treated as a United States person for U.S. federal income tax purposes. The Borrower will file on a timely basis all federal and other material Tax returns required to be filed, if any, and will pay all federal and other material Taxes due and payable by it and any assessments made against it or any of its property (other than any amount the validity of which is contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP are provided on the books of the Borrower).

Section 10.9 Merger, Consolidation, Etc.

The Borrower shall not merge or consolidate with any other Person or permit any other Person to become the successor to all or substantially all of its business or assets without the prior written consent of the Facility Agent in its sole discretion.

Section 10.10 Deposit of Collections.

The Borrower shall transfer, or cause to be transferred, all Collections to the Collection Account by the close of business on the Business Day following the date such Collections are received by the Borrower, the Equityholder, the Investment Manager, any advisor of the Investment Manager or any of their respective Affiliates.

Section 10.11 Indebtedness; Guarantees.

The Borrower shall not create, incur, assume or suffer to exist any Indebtedness other than Indebtedness permitted under the Transaction Documents. The Borrower shall incur no Indebtedness secured by the Collateral other than the Obligations. The Borrower shall not assume, guarantee, endorse or otherwise be or become directly or contingently liable for the obligations of any Person by, among other things, agreeing to purchase any obligation of another Person, agreeing to advance funds to such Person or causing or assisting such Person to maintain any amount of capital, other than as expressly permitted under the Transaction Documents.

Section 10.12 Limitation on Purchases from Affiliates.

Other than pursuant to the Sale Agreement, the Borrower shall not purchase any asset from the Equityholder or the Investment Manager or any Affiliate of the Borrower, the Equityholder or the Investment Manager.

Section 10.13 Documents.

Except as otherwise expressly permitted herein, it shall not cancel or terminate any of the Transaction Documents to which it is party (in any capacity), or consent to or accept any cancellation or termination of any of such agreements, or amend or otherwise modify any term or condition of any of the Transaction Documents to which it is party (in any capacity) or give any consent, waiver or approval under any such agreement, or waive any default under or breach of any of the Transaction Documents to which it is party (in any capacity) or take any other action under any such agreement not required by the terms thereof, unless (in each case) the Facility Agent shall have consented thereto in its sole discretion.

Section 10.14 Section Preservation of Existence.

It shall do or cause to be done all things necessary to (i) preserve and keep in full force and effect its existence as a limited liability company and take all reasonable action to maintain its rights and franchises in the jurisdiction of its formation and (ii) qualify and remain qualified as a limited liability company in good standing in each jurisdiction where the failure to qualify and remain qualified would reasonably be expected to have a Material Adverse Effect.

Section 10.15 Limitation on Investments.

The Borrower shall not form, or cause to be formed, any Subsidiaries other than REO Asset Owners; or make or suffer to exist any loans or advances to, or extend any credit to, or make any investments (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except investments as otherwise permitted herein and pursuant to the other Transaction Documents.

Section 10.16 Distributions.

(a) The Borrower shall not declare or make (i) payment of any distribution on or in respect of any equity interests, or (ii) any payment on account of the purchase, redemption, retirement or acquisition of any option, warrant or other right to acquire such equity interests; provided that the Borrower may make a distribution of (A) (1) Interest Collections, (2) Principal Collections or proceeds of any Advance (excluding any such amounts needed to settle the acquisition of any Eligible Collateral Obligation) and (3) with the prior written consent of the Facility Agent (which consent shall not be unreasonably withheld, conditioned or delayed), any Collateral Obligations or other assets of the Borrower, in each case, if after giving effect to such distribution, (v) as certified in writing by the Borrower and Investment Manager to the Facility Agent (with a copy to each Agent), sufficient proceeds remain for all payments to be made pursuant to Section 8.3(a) (other than clause (N) thereof) on the next Distribution Date, (w) no Unmatured Facility Termination Event, Facility Termination Event, Unmatured Investment Manager Event of Default or Investment Manager Event of Default shall have occurred and be continuing, (x) each Collateral Quality Test is satisfied, (y) the Minimum Equity Condition is satisfied and (z) the Borrowing Base Condition is satisfied; provided that such Borrowing Base Condition shall be deemed satisfied if such percentage is at least 2.5% above the required amount, (B) amounts paid to it pursuant to Section 8.3(a) on the applicable Distribution Date and (C) the proceeds of any Advance on the applicable Advance Date, but only if such Advance is made in respect of an Eligible Collateral Obligation acquired by the Borrower (and none of the proceeds from such Advance are needed to settle the acquisition of such Eligible Collateral Obligation) either (1) prior to such Advance Date if such Eligible Collateral Obligation was identified on the related Asset Approval Request as an asset with respect to which the Borrower intends to make a future distribution pursuant to this Section 10.16(C)(1) or (2) on such Advance Date.

- i. Prior to foreclosure by the Facility Agent upon any Collateral pursuant to Section 13.3(c), nothing in this Section 10.16 or otherwise in this Agreement shall restrict (i) the Investment Manager from exercising any Warrant Assets issued to it by Obligors from time to time or (ii) the Borrower from exercising any Warrant Assets issued to it by Obligors from time to time to the extent funds are available to the Borrower under Section 8.3(a) or made available to the Borrower.

Section 10.17 Performance of Borrower Assigned Agreements.

The Borrower shall (i) perform and observe in all material respects all the terms and provisions of the Transaction Documents (including each of the Borrower Assigned Agreements) to which it is a party to be performed or observed by it, maintain such Transaction Documents in full force and effect, and enforce such Transaction Documents in accordance with their terms, and (ii) upon reasonable request of the Facility Agent,

make to any other party to such Transaction Documents such demands and requests for information and reports or for action as the Borrower is entitled to make thereunder.

Section 10.18 Material Modifications.

The Borrower shall not consent to a Material Modification with respect to any Collateral Obligation without the express written consent of the Facility Agent (in its sole discretion).

Section 10.19 Further Assurances; Financing Statements.

(a) The Borrower agrees that at any time and from time to time, at its expense and upon reasonable request of the Facility Agent or the Collateral Agent (acting at the request of the Facility Agent), it shall promptly execute and deliver all further instruments and documents, and take all reasonable further action, that is necessary or desirable to perfect and protect the assignments and security interests granted or purported to be granted by this Agreement or to enable the Collateral Agent or any of the Secured Parties to exercise and enforce its rights and remedies under this Agreement with respect to any Collateral. Without limiting the generality of the foregoing, the Borrower authorizes the filing of such financing or continuation statements, or amendments thereto, and such other instruments or notices as may be necessary or desirable or that the Collateral Agent (acting solely at the Facility Agent's request) may reasonably request to protect and preserve the assignments and security interests granted by this Agreement. Such financing statements filed against the Borrower may describe the Collateral in the same manner specified in Section 12.1 or in any other manner as the Facility Agent may reasonably determine is necessary to ensure the perfection of such security interest (without disclosing the names of, or any information relating to, the Obligors thereunder), including describing such property as all assets or all personal property of the Borrower whether now owned or hereafter acquired.

- i. The Borrower and each Secured Party hereby severally authorize the Collateral Agent, upon receipt of written direction from the Facility Agent, to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral.
- ii. It shall furnish to the Collateral Agent and the Facility Agent from time to time such statements and schedules further identifying and describing the Related Security and such other reports in connection with the Collateral as the Collateral Agent (acting solely at the Facility Agent's request) or the Facility Agent may reasonably request, all in reasonable detail.

Section 10.20 Obligor Payment Instructions.

The Borrower acknowledges that the power of attorney granted in Section 13.10 to the Collateral Agent permits the Collateral Agent to send (at the Facility Agent's written direction after the occurrence of a Facility Termination Event) Obligor notification forms to give notice to the Obligors of the Collateral Agent's interest in the Collateral and the obligation to make payments as directed by the Collateral Agent (at the written direction of the Facility Agent).

Section 10.21 Delivery of Collateral Obligation Files.

The Borrower (or the Investment Manager on behalf of the Borrower) shall deliver to the Collateral Custodian (with a copy to the Facility Agent at the following e-mail addresses (for electronic copies): amit.patel@db.com, james.kwak@db.com and josh.buckman@db.com, and a copy to each Agent) the Collateral Obligation Files identified on the related Document Checklist promptly upon receipt but in no event later than five (5) Business Days of the related Funding Date; provided that any file stamped document included in any Collateral Obligation File shall be delivered as soon as they are reasonably available (even if not within five (5) Business Days of the related Funding Date).

Section 10.22 Collateral Obligation Schedule.

As of the end of each January, April, July and October of each year, the Borrower shall deliver an update of the Collateral Obligation Schedule to the Facility Agent (with a copy to the Collateral Agent and each Agent), certified true and correct by each of the Borrower and the Investment Manager. The Borrower hereby authorizes a UCC-3 amendment to be filed quarterly attaching each such updated Collateral Obligation Schedule and shall file such UCC-3 amendment at the request of the Facility Agent. Upon filing, a copy of such UCC-3 shall be provided to the Collateral Agent and Facility Agent.

Section 10.23 Policies and Procedures for Sanctions.

The Borrower has instituted and maintained policies and procedures designed to ensure compliance with Sanctions.

Section 10.24 Compliance with Sanctions.

To the best of the Borrower's knowledge and belief, the Borrower shall not directly or indirectly use the proceeds of the Advances, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture, partner or other Person or entity, to fund or facilitate (i) any activities of or business with any Person who is the subject or target of Sanctions, (ii) any activities of or business in any Sanctioned Country or (iii) in any other manner that would result in a violation by any Person of Sanctions.

A. THE COLLATERAL AGENT

Section 11.1 Appointment of Collateral Agent.

Wells Fargo Bank, National Association is hereby appointed as Collateral Agent pursuant to the terms hereof. The Secured Parties hereby appoint the Collateral Agent to act exclusively as the agent for purposes of perfection of a security interest in the Collateral and Collateral Agent of the Secured Parties to act as specified herein and in the other Transaction Documents to which the Collateral Agent is a party.

Section 11.2 Monthly Reports.

The Collateral Agent shall prepare the Monthly Report in accordance with Section 8.5 and distribute funds in accordance with such Monthly Report in accordance with Section 8.3.

Section 11.3 Collateral Administration.

The Collateral Agent shall maintain a database of certain characteristics of the Collateral on an ongoing basis, and provide to the Borrower, the Investment Manager, the Facility Agent and the Agents certain reports, schedules and calculations, all as more particularly described in this Section 11.3, based upon information and data received from the Borrower and/or the Investment Manager pursuant to Section 7.7 or from the Agents and/or the Facility Agent.

i. In connection therewith, the Collateral Agent shall:

1. within 15 days after the Effective Date, create a Collateral database with respect to the Collateral that has been pledged to the Collateral Agent for the benefit of the Secured Parties from time to time, comprised of the Collateral Obligations credited to the Accounts from time to time and Permitted Investments in which amounts held in the Accounts may be invested from time to time, as provided in this Agreement (the "Collateral Database");
2. update the Collateral Database on a periodic basis for changes and to reflect the sale or other disposition of assets included in the Collateral and any additional Collateral granted to the Collateral Agent from time to time, in each case based upon, and to the extent of, information furnished to the Collateral Agent by the Borrower, the Investment Manager or the Facility Agent as may be reasonably required by the Collateral Agent from time to time or based upon notices received by the Collateral Agent from the issuer, or trustee or agent bank under an underlying instrument, or similar source;
3. track the receipt and allocation to the Collection Account of Principal Collections and Interest Collections and any withdrawals therefrom and, on each Business Day, provide to the Investment Manager and Facility Agent daily reports reflecting such actions to the accounts as of the close of business on the preceding Business Day and the Collateral Agent shall provide any such report to the Facility Agent or the Investment Manager upon its request therefor;
4. prepare and deliver to the Facility Agent, each Agent, the Borrower and the Investment Manager on each Reporting Date, the Monthly Report and any update pursuant to Section 8.5 when requested by the Investment Manager, the Borrower or the Facility Agent, on the basis of the information contained in the Collateral Database as of the applicable Determination Date, the information provided by each Agent and the Facility Agent pursuant to Section 3.4 and such other

- information as may be provided to the Collateral Agent by the Borrower, the Investment Manager, the Facility Agent, any Agent or any Lender;
5. provide other such information with respect to the Collateral granted to the Collateral Agent and not released as may be routinely maintained by the Collateral Agent in performing its ordinary Collateral Agent function pursuant hereunder, as the Borrower, the Investment Manager, the Facility Agent, any Agent or any Lender may reasonably request from time to time;
 6. upon the written request of the Investment Manager on any Business Day and within three hours after the Collateral Agent's receipt of such request (provided such request is received by 12:00 Noon (New York time) on such date (otherwise such request will be deemed made on the next succeeding Business Day), the Collateral Agent shall perform the following functions: as of the date the Investment Manager commits on behalf of the Borrower to purchase Collateral Obligations to be included in the Collateral, perform a pro forma calculation of the tests and other requirements set forth in Sections 6.2(e) and (f), in each case, based upon information contained in the Collateral Database and report the results thereof to the Investment Manager in a mutually agreed format;
 7. upon the Collateral Agent's receipt on any Business Day of written notification from the Investment Manager of its intent to sell (in accordance with Section 7.10) Collateral Obligations, the Collateral Agent shall perform, within three hours after the Collateral Agent's receipt of such request (provided such request is received by no later than 12:00 Noon (New York time) on such date (otherwise such request will be deemed made on the next succeeding Business Day) a pro forma calculation of the tests set forth in Sections 7.10(a)(i)(A), (B) and (C) based upon information contained in the Collateral Database and information furnished by the Investment Manager, compare the results thereof and report the results to the Investment Manager in a mutually agreed format; and
 8. track the Principal Balance of each Collateral Obligation and report such balances to the Facility Agent and the Investment Manager upon request.
- ii. The Collateral Agent shall provide to the Investment Manager a copy of all written notices and communications identified as being sent to it in connection with the Collateral Obligations and the other Collateral held hereunder which it receives from the related Obligor, participating bank and/or agent bank. In no instance shall the Collateral Agent be under any duty or obligation to take any action on behalf of the Investment Manager in respect of the exercise of any voting or consent rights, or similar actions, unless it receives specific written instructions from the Investment Manager, prior to the occurrence of a Facility Termination Event or an Investment Manager Event of Default or the Facility Agent, after the occurrence of a Facility Termination Event or an Investment Manager Event of Default, in which event the Collateral Agent shall only vote, consent or take such other action in accordance with such instructions.
 - iii. In addition to the above:
 1. The Facility Agent and each Secured Party further authorizes the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Transaction Documents as are expressly delegated to the Collateral Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. In furtherance, and without limiting the generality of the foregoing, each Secured Party hereby appoints the Collateral Agent (acting at the direction of the Facility Agent) as its agent to execute and deliver all further instruments and documents, and take all further action (at the written direction of the Facility Agent) that the Facility Agent deems necessary or desirable in order to perfect, protect or more fully evidence the security interests granted by the

Borrower hereunder, or to enable any of them to exercise or enforce any of their respective rights hereunder, including, without limitation, the execution or filing by the Collateral Agent as secured party/assignee of such financing or continuation statements, or amendments thereto or assignments thereof, relative to all or any of the Collateral Obligations now existing or hereafter arising, and such other instruments or notices, as may be necessary or appropriate for the purposes stated hereinabove. Nothing in this Section 11.3(c)(i) shall be deemed to relieve the Borrower or the Investment Manager of their respective obligations to protect the interest of the Collateral Agent (for the benefit of the Secured Parties) in the Collateral, including to file financing and continuation statements in respect of the Collateral in accordance with Section 10.1. It is understood and agreed that any and all actions performed by the Collateral Agent in connection with this Section 11.3(c)(i) shall be at the written direction of the Facility Agent, and the Collateral Agent shall have no responsibility or liability in connection with determining any actions necessary or desirable to perfect, protect or more fully secure the security interest granted by the Borrower hereunder or to enable any Person to exercise or enforce any of their respective rights hereunder.

2. The Facility Agent may direct the Collateral Agent in writing to take any such incidental action hereunder. With respect to other actions which are incidental to the actions specifically delegated to the Collateral Agent hereunder, the Collateral Agent shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the written direction of the Facility Agent; provided that the Collateral Agent shall not be required to take any action hereunder at the request of the Facility Agent, any Secured Parties or otherwise if the taking of such action, in the determination of the Collateral Agent, (x) shall be in violation of any Applicable Law or contrary to any provisions of this Agreement or (y) shall expose the Collateral Agent to liability hereunder or otherwise (unless it has received indemnity which it reasonably deems to be satisfactory with respect thereto). In the event the Collateral Agent requests the consent of the Facility Agent and the Collateral Agent does not receive a consent (either positive or negative) from the Facility Agent within 10 Business Days of its receipt of such request, then the Facility Agent shall be deemed to have declined to consent to the relevant action.
 3. Except as expressly provided herein, the Collateral Agent shall not be under any duty or obligation to take any affirmative action to exercise or enforce any power, right or remedy available to it under this Agreement that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it (x) unless and until (and to the extent) expressly so directed by the Facility Agent or (y) prior to the Facility Termination Date (and upon such occurrence, the Collateral Agent shall act in accordance with the written instructions of the Facility Agent pursuant to clause (x)). The Collateral Agent shall not be liable for any action taken, suffered or omitted by it in accordance with the request or direction of any Secured Party, to the extent that this Agreement provides such Secured Party the right to so direct the Collateral Agent, or the Facility Agent. The Collateral Agent shall not be deemed to have notice or knowledge of any matter hereunder, including a Facility Termination Event, unless a Responsible Officer of the Collateral Agent has knowledge of such matter or written notice thereof is received by the Collateral Agent.
- iv. If, in performing its duties under this Agreement, the Collateral Agent is required to decide between alternative courses of action, the Collateral Agent may request written

instructions from the Facility Agent as to the course of action desired by it. If the Collateral Agent does not receive such instructions within two Business Days after it has requested them, the Collateral Agent may, but shall be under no duty to, take or refrain from taking any such courses of action. The Collateral Agent shall act in accordance with instructions received after such two Business Day period except to the extent it has already, in good faith, taken or committed itself to take, action inconsistent with such instructions. The Collateral Agent shall be entitled to rely on the advice of legal counsel and independent accountants in performing its duties hereunder and shall be deemed to have acted in good faith if it acts in accordance with such advice.

- v. Concurrently herewith, the Facility Agent directs the Collateral Agent and the Collateral Agent is authorized to enter into the Account Control Agreement and any other related agreements in the form delivered to the Collateral Agent. For the avoidance of doubt, all of the Collateral Agent's rights, protections and immunities provided herein shall apply to the Collateral Agent for any actions taken or omitted to be taken under the Account Control Agreement and any other related agreements in such capacity.

Section 11.4 Removal or Resignation of Collateral Agent.

The Collateral Agent may at any time resign and terminate its obligations under this Agreement upon at least 60 days' prior written notice to the Investment Manager, the Borrower, the Facility Agent and each Agent; provided, that no resignation or removal of the Collateral Agent will be permitted unless a successor Collateral Agent has been appointed which successor Collateral Agent, so long as no Unmatured Investment Manager Event of Default, Investment Manager Event of Default, Unmatured Facility Termination Event or Facility Termination Event has occurred and is continuing, is reasonably acceptable to the Investment Manager. Promptly after receipt of notice of the Collateral Agent's resignation, the Facility Agent shall promptly appoint a successor Collateral Agent (which successor Collateral Agent shall be reasonably acceptable to the Majority Lenders and the Borrower) by written instrument, in duplicate, copies of which instrument shall be delivered to the Borrower, the Investment Manager, each Agent, the resigning Collateral Agent and to the successor Collateral Agent. In the event no successor Collateral Agent shall have been appointed within 60 days after the giving of notice of such resignation, the Collateral Agent may petition any court of competent jurisdiction to appoint a successor Collateral Agent. The Facility Agent upon at least 60 days' prior written notice to the Collateral Agent, the Borrower and each Agent, may with or without cause remove and discharge the Collateral Agent or any successor Collateral Agent thereafter appointed from the performance of its duties under this Agreement. Promptly after giving notice of removal of the Collateral Agent, the Facility Agent shall appoint, or petition a court of competent jurisdiction to appoint, a successor Collateral Agent (which successor Collateral Agent shall be reasonably acceptable to the Majority Lenders and the Borrower). Any such appointment shall be accomplished by written instrument and one original counterpart of such instrument of appointment shall be delivered to the Collateral Agent and the successor Collateral Agent, with a copy delivered to the Borrower, each Agent and the Investment Manager.

Section 11.5 Representations and Warranties.

The Collateral Agent represents and warrants to the Borrower, the Facility Agent, the Lenders and Investment Manager that:

- i. the Collateral Agent has the corporate power and authority and the legal rights to execute and deliver, and to perform its obligations under, this Agreement, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Agreement;
- ii. no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Official Body and no consent of any other Person (including any stockholder or creditor of the Collateral Agent) is required in connection with the execution, delivery performance, validity or enforceability of this Agreement; and
- iii. this Agreement has been duly executed and delivered on behalf of the Collateral Agent and constitutes a legal, valid and binding obligation of the Collateral Agent enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy,

insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in proceedings in equity or at law).

Section 11.6 No Adverse Interest of Collateral Agent.

By execution of this Agreement, the Collateral Agent represents and warrants that it currently holds and during the existence of this Agreement shall hold, no adverse interest, by way of security or otherwise, in any Collateral Obligation or any document in the Collateral Obligation Files. Neither the Collateral Obligations nor any documents in the Collateral Obligation Files shall be subject to any security interest, lien or right of set-off by the Collateral Agent or any third party claiming through the Collateral Agent, and the Collateral Agent shall not pledge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party interest in, the Collateral Obligations or documents in the Collateral Obligation Files, except that the preceding clause shall not apply to the Collateral Agent or the Collateral Custodian with respect to (i) the Collateral Agent Fees and Expenses or the Collateral Custodian Fees and Expenses, and (ii) in the case of any accounts, with respect to (x) returned or charged-back items, (y) reversals or cancellations of payment orders and other electronic fund transfers, or (z) overdrafts in the Collection Account.

Section 11.7 Reliance of Collateral Agent.

In the absence of bad faith on the part of the Collateral Agent, the Collateral Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any request, instruction, certificate, opinion or other document furnished to the Collateral Agent, reasonably believed by the Collateral Agent to be genuine and to have been signed or presented by the proper party or parties and conforming to the requirements of this Agreement; but in the case of a request, instruction, document or certificate which by any provision hereof is specifically required to be furnished to the Collateral Agent, the Collateral Agent shall be under a duty to examine the same in accordance with the requirements of this Agreement to determine that they conform on their face to the form required by such provision. For avoidance of doubt, the Collateral Agent may rely conclusively on the Borrowing Base and an Officer's Certificate of the Investment Manager. The Collateral Agent shall not be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action.

Section 11.8 Limitation of Liability and Collateral Agent Rights.

(a) The Collateral Agent may conclusively rely on and shall be fully protected in acting upon any certificate, instrument, opinion, notice, letter, telegram or other document delivered to it and that in good faith it reasonably believes to be genuine and that has been signed by the proper party or parties. The Collateral Agent may rely conclusively on and shall be fully protected in acting upon (x) the written instructions of any designated officer of the Facility Agent or (y) the verbal instructions of the Facility Agent.

- i. The Collateral Agent may consult counsel satisfactory to it with a national reputation in the applicable matter and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel.
- ii. The Collateral Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except in the case of its willful misconduct, bad faith, reckless disregard or grossly negligent performance or omission of its duties.
- iii. The Collateral Agent makes no warranty or representation and shall have no responsibility (except as expressly set forth in this Agreement) as to the content, enforceability, completeness, validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, and will not be required to and will not make any representations as to the validity or value (except as expressly set forth in this Agreement) of any of the Collateral. The Collateral Agent shall not be obligated to take

- any action hereunder that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it.
- iv. The Collateral Agent shall have no duties or responsibilities except such duties and responsibilities as are specifically set forth in this Agreement and the other Transaction Documents to which it is a party and no covenants or obligations shall be implied in this Agreement against the Collateral Agent.
 - v. The Collateral Agent shall not be required to expend or risk its own funds in the performance of its duties hereunder.
 - vi. It is expressly agreed and acknowledged that the Collateral Agent is not guaranteeing performance of or assuming any liability for the obligations of the other parties hereto or any parties to the Collateral.
 - vii. In case any reasonable question arises as to its duties hereunder, the Collateral Agent may, prior to the occurrence of a Facility Termination Event, request instructions from the Investment Manager and may, after the occurrence of a Facility Termination Event, request instructions from the Facility Agent, and shall be entitled at all times to refrain from taking any action unless it has received written instructions from the Investment Manager or the Facility Agent, as applicable. The Collateral Agent shall in all events have no liability, risk or cost for any action taken pursuant to and in compliance with the instruction of the Facility Agent. In no event shall the Collateral Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.
 - viii. In the event that the Collateral Custodian is not the same entity as the Collateral Agent, the Collateral Agent shall not be liable for the acts or omissions of the Collateral Custodian under this Agreement and shall not be required to monitor the performance of the Collateral Custodian.
 - ix. Without limiting the generality of any terms of this section, the Collateral Agent shall have no liability for any failure, inability or unwillingness on the part of the Investment Manager, the Facility Agent or the Borrower to provide accurate and complete information on a timely basis to the Collateral Agent, or otherwise on the part of any such party to comply with the terms of this Agreement, and shall have no liability for any inaccuracy or error in the performance or observance on the Collateral Agent's part of any of its duties hereunder that is caused by or results from any such inaccurate, incomplete or untimely information received by it, or other failure on the part of any such other party to comply with the terms hereof.
 - x. The Collateral Agent shall not be bound to make any investigation into the facts or matters stated in any certificate, report or other document; provided, however, that, if the form thereof is prescribed by this Agreement, the Collateral Agent shall examine the same to determine whether it conforms on its face to the requirements hereof. The Collateral Agent shall not be deemed to have knowledge or notice of any matter unless actually known to a Responsible Officer of the Collateral Agent. It is expressly acknowledged by the Borrower, the Investment Manager, the Facility Agent and each Agent that application and performance by the Collateral Agent of its various duties hereunder (including, without limitation, recalculations to be performed in respect of the matters contemplated hereby) shall be based upon, and in reliance upon, data, information and notice provided to it by the Investment Manager, the Facility Agent, any Agent, the Borrower and/or any related bank agent, obligor or similar party with respect to the Collateral Obligation, and the Collateral Agent shall have no responsibility for the accuracy of any such information or data provided to it by such persons and shall be entitled to update its records (as it may deem necessary or appropriate). Nothing herein shall impose or imply any duty or obligation on the part of the Collateral Agent to verify,

- investigate or audit any such information or data, or to determine or monitor on an independent basis whether any issuer of the Collateral is in default or in compliance with the underlying documents governing or securing such securities, from time to time.
- xi. The Collateral Agent may exercise any of its rights or powers hereunder or perform any of its duties hereunder either directly or, by or through agents or attorneys, and the Collateral Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it. Neither the Collateral Agent nor any of its affiliates, directors, officers, shareholders, agents or employees will be liable to the Investment Manager, Borrower or any other Person, except by reason of acts or omissions by the Collateral Agent constituting bad faith, willful misfeasance, gross negligence or reckless disregard of the Collateral Agent's duties hereunder. The Collateral Agent shall in no event have any liability for the actions or omissions of the Borrower, the Investment Manager, the Facility Agent or any other Person, and shall have no liability for any inaccuracy or error in any duty performed by it that results from or is caused by inaccurate, untimely or incomplete information or data received by it from the Borrower, the Investment Manager, the Facility Agent or another Person except to the extent that such inaccuracies or errors are caused by the Collateral Agent's own bad faith, willful misfeasance, gross negligence or reckless disregard of its duties hereunder. The Collateral Agent shall not be liable for failing to perform or delay in performing its specified duties hereunder which results from or is caused by a failure or delay on the part of the Borrower or the Investment Manager, the Facility Agent or another Person in furnishing necessary, timely and accurate information to the Collateral Agent.
 - xii. The Collateral Agent shall be under no obligation to exercise or honor any of the rights or powers vested in it by this Agreement at the request or direction of the Facility Agent (or any other Person authorized or permitted to direct the Collateral Agent hereunder) pursuant to this Agreement, unless the Facility Agent (or such other Person) shall have offered the Collateral Agent security or indemnity reasonably acceptable to the Collateral Agent against costs, expenses and liabilities (including any legal fees) that might reasonably be incurred by it in compliance with such request or direction.

Section 11.9 Tax Reports.

The Collateral Agent shall not be responsible for the preparation or filing of any reports or returns relating to federal, state or local income taxes with respect to this Agreement, other than in respect of the Collateral Agent's compensation or for reimbursement of expenses.

Section 11.10 Merger or Consolidation.

Any Person (i) into which the Collateral Agent may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Collateral Agent shall be a party, or (iii) that may succeed to the properties and assets of the Collateral Agent substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Collateral Agent hereunder, shall be the successor to the Collateral Agent under this Agreement without further act of any of the parties to this Agreement.

Section 11.11 Collateral Agent Compensation.

As compensation for its activities hereunder, the Collateral Agent (in each of its capacities hereunder) shall be entitled to its fees from the Borrower as set forth in the Collateral Agent and Collateral Custodian Fee Letter and any other accrued and unpaid expenses (including reasonable attorneys' fees, costs and expenses) and indemnity amounts payable by the Borrower or the Investment Manager, or both but without duplication, to the Collateral Agent under the Transaction Documents (including, without limitation, Indemnified Amounts payable under Article XVI) (collectively, the "Collateral Agent Fees and Expenses"). The Borrower agrees to reimburse the Collateral Agent in accordance with the provisions of Section 8.3 for all reasonable, out-of-pocket, documented expenses, disbursements and advances incurred or made by the Collateral Agent in accordance with any provision of this Agreement or the other Transaction Documents or in the enforcement of any provision hereof or in the other Transaction Documents.

Section 11.12 Anti-Terrorism Laws.

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Collateral Agent and the Collateral Custodian are required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Collateral Agent and the Collateral Custodian. Accordingly, each of the parties agrees to provide to the Collateral Agent and the Collateral Custodian, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Collateral Agent and the Collateral Custodian to comply with Applicable Laws as set forth above.

A. GRANT OF SECURITY INTEREST

Section 12.1 Borrower's Grant of Security Interest.

As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations (including Advances, Yield, all Fees and other amounts at any time owing hereunder), the Borrower hereby assigns and pledges to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties, a security interest in and lien upon, all of the Borrower's personal property, including the Borrower's right, title and interest in and to the following (other than Retained Interests), in each case whether now or hereafter existing or in which Borrower now has or hereafter acquires an interest and wherever the same may be located (collectively, the "Collateral"):

- i. all Collateral Obligations;
- ii. all Related Security;
- iii. the Sale Agreement, the Investment Management Agreement and all documents now or hereafter in effect to which the Borrower is a party (collectively, the "Borrower Assigned Agreements"), including (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to the Borrower Assigned Agreements, (ii) all rights of the Borrower to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Borrower Assigned Agreements, (iii) claims of the Borrower for damages arising out of or for breach of or default under the Borrower Assigned Agreements, and (iv) the right of the Borrower to amend, waive or terminate the Borrower Assigned Agreements, to perform under the Borrower Assigned Agreements and to compel performance and otherwise exercise all remedies and rights under the Borrower Assigned Agreements; notwithstanding anything contained herein to the contrary, the Collateral shall not include the right of the Borrower to terminate the Investment Manager or replace the Investment Manager under the Investment Management Agreement;
- iv. all of the following (the "Account Collateral"):
 1. each Account, all funds held in any Account (other than Excluded Amounts), and all certificates and instruments, if any, from time to time representing or evidencing any Account or such funds,
 2. all investments from time to time of amounts in the Accounts and all certificates and instruments, if any, from time to time representing or evidencing such investments,
 3. all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Collateral Agent or any Secured Party or any assignee or agent on behalf of the Collateral Agent or any Secured Party in substitution for or in addition to any of the then existing Account Collateral, and
 4. all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Account Collateral;
- v. all additional property that may from time to time hereafter be granted and pledged by the Borrower or by anyone on its behalf under this Agreement;

- vi. all Accounts, all Certificated Securities, all Chattel Paper, all Documents, all Equipment, all Financial Assets, all General Intangibles, all Instruments, all Investment Property, all Inventory, all Securities Accounts, all Security Certificates, all Security Entitlements and all Uncertificated Securities of the Borrower;
- vii. each Hedging Agreement, including all rights of the Borrower to receive moneys due and to become due thereunder; and
- viii. all Proceeds, accessions, substitutions, rents and profits of any and all of the foregoing Collateral (including proceeds that constitute property of the types described in subsections (a) through (g) above) and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent or a Secured Party or any assignee or agent on behalf of the Collateral Agent or a Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

Section 12.2 Borrower Remains Liable.

Notwithstanding anything in this Agreement, (a) except to the extent of the Investment Manager's duties under the Transaction Documents, the Borrower shall remain liable under the Collateral Obligations, Borrower Assigned Agreements and other agreements included in the Collateral to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by a Secured Party or the Collateral Agent of any of its rights under this Agreement shall not release the Borrower or the Investment Manager from any of their respective duties or obligations under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral, (c) the Secured Parties and the Collateral Agent shall not have any obligation or liability under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral by reason of this Agreement, and (d) neither the Collateral Agent nor any of the Secured Parties shall be obligated to perform any of the obligations or duties of the Borrower or the Investment Manager under the Collateral Obligations, Borrower Assigned Agreements or other agreements included in the Collateral or to take any action to collect or enforce any claim for payment assigned under this Agreement.

Section 12.3 Release of Collateral.

Until the Obligations have been paid in full, the Collateral Agent may not release any Lien covering any Collateral except for (i) Collateral Obligations sold pursuant to Section 7.10, (ii) any Related Security identified by the Borrower (or the Investment Manager on behalf of the Borrower) to the Collateral Agent so long as the Facility Termination Date has not occurred or (iii) Repurchased Collateral Obligations or Substituted Collateral Obligation pursuant to Section 7.11.

In connection with the release of a Lien on any Collateral permitted pursuant to this Section 12.3 and conducted in the ordinary course of business consistent with industry standards and practices (including the use of escrows), the Collateral Agent, on behalf of the Secured Parties, will, at the sole expense of the Borrower, execute and deliver to the Borrower any assignments, bills of sale, termination statements and any other releases and instruments as the Borrower may reasonably request in order to effect the release and transfer of such Collateral; provided, that the Collateral Agent, on behalf of the Secured Parties, will make no representation or warranty, express or implied, with respect to any such Collateral in connection with such sale or transfer and assignment.

A. FACILITY TERMINATION EVENTS

Section 13.1 Facility Termination Events.

Each of the following shall constitute a Facility Termination Event under this Agreement:

- i. any default in the payment when due of (i) any principal of any Advance or (ii) any other amount payable by the Borrower or the Investment Manager hereunder, including any Yield on any Advance, any Undrawn Fee or any other Fee, in each case, which default shall continue for two Business Days;
- ii. the Borrower or the Investment Manager shall fail to perform or observe any other term, covenant or agreement contained in this Agreement, or any other Transaction Document on its part to be performed or observed and, except in the case of the covenants and

- agreements contained in Section 10.7, Section 10.9, Section 10.11 and Section 10.16 as to each of which no grace period shall apply, any such failure shall remain unremedied for a period of thirty (30) days after the earlier to occur of (i) the date on which written notice of such failure requiring the same to be remedied shall have been given to the Borrower or the Investment Manager, and (ii) the date on which a Responsible Officer of the Borrower or the Investment Manager acquires knowledge thereof;
- iii. any representation or warranty of the Borrower or the Investment Manager made or deemed to have been made hereunder or in any other Transaction Document or any other writing or certificate furnished by or on behalf of the Borrower or the Investment Manager to the Facility Agent, any Agent or any Lender for purposes of or in connection with this Agreement or any other Transaction Document (including any Monthly Report) shall prove to have been false or incorrect in any material respect when made or deemed to have been made and the same continues unremedied for a period of thirty (30) days (if such failure can be remedied) after the earlier to occur of (i) the date on which written notice of such failure requiring the same to be remedied shall have been given to the Borrower or the Investment Manager, and (ii) the date on which a Responsible Officer of the Borrower or the Investment Manager acquires knowledge thereof; provided, that no breach shall be deemed to occur hereunder in respect of any representation or warranty relating to the “eligibility” of any Collateral Obligation if the Borrower complies with its obligations in Section 7.11 with respect to such Collateral Obligation;
 - iv. an Insolvency Event shall have occurred and be continuing with respect to either the Borrower, the Investment Manager or the Equityholder;
 - v. (i) the aggregate principal amount of all Advances outstanding hereunder exceeds the Borrowing Base and such condition continues unremedied for two consecutive Business Days or (ii) the Foreign Currency Advance Amount exceeds the Foreign Currency Sublimit, which default shall continue for sixty (60) days;
 - vi. the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any of the assets of the Borrower (other than a Permitted Lien), or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower;
 - vii. (i) any Transaction Document or any lien or security interest granted thereunder by the Borrower shall (except in accordance with its terms), in whole or in material part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower; or (ii) the Borrower or the Investment Manager or any other party shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Transaction Document; or (iii) any security interest securing any Obligation shall, in whole or in part, cease to be a perfected first priority security interest (except, as to priority, for Permitted Liens) against the Borrower;
 - viii. an Investment Manager Event of Default shall have occurred and be continuing past any applicable notice or cure period provided in the definition thereof or any other applicable section of this Agreement;
 - ix. the Borrower or the Investment Manager shall fail to pay any principal of or premium or interest on any Indebtedness having an aggregate principal amount of \$250,000 or greater (or in the case of the Investment Manager \$1,000,000 or greater), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under any agreement or instrument relating to any such Indebtedness of the Borrower or the Investment Manager, as applicable, or any other event, shall occur and such default or event shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or

event is to accelerate the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof; or any early amortization event, pay out event or other similar event (other than as a result of a voluntary prepayment) shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to any such Indebtedness if the effect of such event is to cause the principal of such Indebtedness to be amortized on an accelerated basis;

- x. a Change of Control shall have occurred;
- xi. either (i) the Borrower shall become required to register as an “investment company” within the meaning of the 1940 Act or the arrangements contemplated by the Transaction Documents shall require registration as an “investment company” within the meaning of the 1940 Act or (ii) FS KKR Capital Corp. ceases to be a “business development company” within the meaning of the 1940 Act;
- xii. failure on the part of the Borrower or the Investment Manager to (i) make any payment or deposit (including, without limitation, with respect to bifurcation and remittance of Principal Collections and Interest Collections or any other payment or deposit required to be made by the terms of the Transaction Documents, including, without limitation, to any Secured Party, Affected Person or Indemnified Party) required by the terms of any Transaction Document in accordance with Section 7.3(b) and Section 10.10 or (ii) otherwise observe or perform any covenant, agreement or obligation with respect to the management and distribution of funds received with respect to the Collateral;
- xiii. (i) failure of the Borrower to maintain at least one Independent Manager or (ii) the removal of any Independent Manager without cause or prior written notice to the Facility Agent and each Agent (in each case as required by the organization documents of the Borrower); provided that, in the case of each of clauses (i) and (ii), the Borrower shall have five (5) Business Days to replace any Independent Manager upon the death or incapacitation of the current Independent Manager;
- xiv. the Borrower makes any assignment or attempted assignment of its respective rights or obligations under this Agreement or any other Transaction Document without first obtaining the specific written consent of the Majority Lender, which consent may be withheld in the exercise of its sole and absolute discretion;
- xv. any court shall render a final, non-appealable judgment against the Borrower or the Investment Manager (i) in an amount in excess of \$250,000 (or, with respect to the Investment Manager, \$1,000,000) which shall not be satisfactorily stayed, discharged, vacated, set aside or satisfied within 60 days of the making thereof or (ii) for which the Facility Agent shall not have received evidence satisfactory to it that an insurance provider for the Borrower or the Investment Manager, as applicable, has agreed to satisfy such judgment in full subject to any deductibles not exceeding \$250,000 (or, with respect to the Investment Manager, \$1,000,000); or the attachment of any material portion of the property of the Borrower or the Investment Manager which has not been released or provided for to the reasonable satisfaction of the Facility Agent within 30 days after the making thereof;
- xvi. the Borrower shall fail to qualify as a bankruptcy-remote entity based upon customary criteria such that Dechert LLP or any other reputable counsel could no longer render a substantive nonconsolidation opinion with respect to the Borrower;
- xvii. failure to pay, on the Facility Termination Date, all outstanding Obligations; or
- xviii. during the Revolving Period, the Minimum Equity Condition is not satisfied and such condition continues unremedied for two (2) consecutive Business Days.

Section 13.2 Effect of Facility Termination Event.

- xix. Optional Termination. Upon notice by the Collateral Agent, acting at the direction of the Facility Agent or the Majority Lenders, that a Facility Termination Event (other than a Facility Termination Event described in Section 13.1(d)) has occurred, the Revolving Period will automatically terminate and no Advances will thereafter be made, and the Collateral Agent (at the direction of the Facility Agent) or the Majority Lenders may declare all or any portion of the outstanding principal amount of the Advances and other Obligations to be due and payable, whereupon the full unpaid amount of such Advances and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment (all of which are hereby expressly waived by the Borrower) and the Facility Termination Date shall be deemed to have occurred.
- xx. Automatic Termination. Upon the occurrence of a Facility Termination Event described in Section 13.1(d), the Facility Termination Date shall be deemed to have occurred automatically, and all outstanding Advances under this Agreement and all other Obligations under this Agreement shall become immediately and automatically due and payable, all without presentment, demand, protest or notice of any kind (all of which are hereby expressly waived by the Borrower).

Section 13.3 Rights upon Facility Termination Event.

If a Facility Termination Event shall have occurred and be continuing, the Facility Agent may, in its sole discretion, or shall at the direction of the Majority Lenders, direct the Collateral Agent to exercise any of the remedies specified herein in respect of the Collateral and the Collateral Agent shall promptly, at the written direction of the Facility Agent or the Majority Lenders, also do one or more of the following (subject to Section 13.9):

- i. institute proceedings in its own name and on behalf of the Secured Parties as Collateral Agent for the collection of all Obligations, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Borrower and any other obligor with respect thereto moneys adjudged due, for the specific enforcement of any covenant or agreement in any Transaction Document or in the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Collateral Agent by Applicable Law or any Transaction Document;
- ii. exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the right and remedies of the Collateral Agent and the Secured Parties which rights and remedies shall be cumulative; and
- iii. require the Borrower and the Investment Manager, at the Investment Manager's expense, to (1) assemble all or any part of the Collateral as directed by the Collateral Agent (at the direction of the Facility Agent) and make the same available to the Collateral Agent at a place to be designated by the Collateral Agent (at the direction of the Facility Agent) that is reasonably convenient to such parties and (2) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at a public or private sale, at any of the Collateral Agent's or the Facility Agent's offices or elsewhere in accordance with Applicable Law. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent (at the direction of the Facility Agent) may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral (after payment of any amounts incurred in connection with such sale) shall be deposited into the Collection Account and to be

applied against all or any part of the outstanding Advances pursuant to Section 4.1 or otherwise in such order as the Collateral Agent shall be directed by the Facility Agent (in its sole discretion).

Section 13.4 Collateral Agent May Enforce Claims Without Possession of Notes.

All rights of action and of asserting claims under the Transaction Documents, may be enforced by the Collateral Agent without the possession of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Collateral Agent shall be brought in its own name as Collateral Agent and any recovery of judgment, subject to the payment of the reasonable, out-of-pocket and documented expenses, disbursements and compensation of the Collateral Agent each predecessor Collateral Agent and their respective agents and attorneys, shall be for the ratable benefit of the holders of the Notes and other Secured Parties.

Section 13.5 Collective Proceedings.

In any proceedings brought by the Collateral Agent to enforce the Liens under the Transaction Documents (and also any proceedings involving the interpretation of any provision of any Transaction Document), the Collateral Agent shall be held to represent all of the Secured Parties, and it shall not be necessary to make any Secured Party a party to any such proceedings.

Section 13.6 Insolvency Proceedings.

In case there shall be pending, relative to the Borrower or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Collateral, proceedings under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Borrower, its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Borrower or other obligor upon the Notes, or to the creditors of property of the Borrower or such other obligor, the Collateral Agent irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Collateral Agent shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered but without any obligation, subject to Section 13.9(a), by intervention in such proceedings or otherwise:

- i. to file and prove a claim or claims for the whole amount of principal and Yield owing and unpaid in respect of the Notes, all other amounts owing to the Lenders and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Collateral Agent (including any claim for reimbursement of all expenses (including the fees and expenses of counsel) and liabilities incurred, and all advances, if any, made, by the Collateral Agent and each predecessor Collateral Agent except as determined to have been caused by its own gross negligence or willful misconduct) and of each of the other Secured Parties allowed in such proceedings;
- ii. unless prohibited by Applicable Law and regulations, to vote (with the consent of the Facility Agent) on behalf of the holders of the Notes in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;
- iii. to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Secured Parties on their behalf; and
- iv. to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Collateral Agent or the Secured Parties allowed in any judicial proceedings relative to the Borrower, its creditors and its property;

and any trustee, receiver, liquidator, collateral agent or trustee or other similar official in any such proceeding is hereby authorized by each of such Secured Parties to make payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of payments directly to such Secured Parties, to pay to the Collateral Agent such amounts as shall be sufficient to cover all reasonable expenses and liabilities

incurred, and all advances made, by the Collateral Agent and each predecessor Collateral Agent except as determined to have been caused by its own negligence or willful misconduct.

Section 13.7 Delay or Omission Not Waiver.

No delay or omission of the Collateral Agent or of any other Secured Party to exercise any right or remedy accruing upon any Facility Termination Event shall impair any such right or remedy or constitute a waiver of any such Facility Termination Event or an acquiescence therein. Every right and remedy given by this Section 13.7 or by law to the Collateral Agent or to the other Secured Parties may be exercised from time to time, and as often as may be deemed expedient, by the Collateral Agent or by the other Secured Parties, as the case may be.

Section 13.8 Waiver of Stay or Extension Laws.

The Borrower waives and covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force (including filing a voluntary petition under Chapter 11 of the Bankruptcy Code and by the voluntary commencement of a proceeding or the filing of a petition seeking winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law now or hereafter in effect), which may affect the covenants, the performance of or any remedies under this Agreement; and the Borrower (to the extent that it may lawfully do so) hereby expressly waives all benefits or advantages of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Collateral Agent, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 13.9 Limitation on Duty of Collateral Agent in Respect of Collateral.

(a) Beyond the safekeeping of the Collateral Obligation Files in accordance with Article XVIII, neither the Collateral Agent nor the Collateral Custodian shall have any duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and neither the Collateral Agent nor the Collateral Custodian shall be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. Neither the Collateral Agent nor the Collateral Custodian shall be liable or responsible for any misconduct, negligence or loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent, attorney or bailee selected by the Collateral Agent or the Collateral Custodian in good faith and with due care hereunder.

- i. Neither the Collateral Agent nor the Collateral Custodian shall be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, or for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.
- ii. Neither the Collateral Agent nor the Collateral Custodian shall have any duty to act outside of the United States in respect of any Collateral located in any jurisdiction other than the United States.

Section 13.10 Power of Attorney.

(a) The Borrower hereby irrevocably appoints the Collateral Agent as its true and lawful attorney (with full power of substitution) in its name, place and stead and at its expense, in connection with the enforcement of the rights and remedies provided for (and subject to the terms and conditions set forth) in this Agreement including without limitation the following powers: (i) to give any necessary receipts or acquittance for amounts collected or received hereunder, (ii) to make all necessary transfers of the Collateral in connection with any such sale or other disposition made pursuant hereto, (iii) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale or other disposition, the Borrower hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (iv) to sign any agreements, orders or other documents in connection with or pursuant to any Transaction Document. Nevertheless, if so requested by the Collateral

Agent (at the direction of the Facility Agent), the Borrower shall ratify and confirm any such sale or other disposition by executing and delivering to the Collateral Agent all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

- i. No person to whom this power of attorney is presented as authority for the Collateral Agent to take any action or actions contemplated by clause (a) shall inquire into or seek confirmation from the Borrower as to the authority of the Collateral Agent to take any action described below, or as to the existence of or fulfillment of any condition to the power of attorney described in clause (a), which is intended to grant to the Collateral Agent unconditionally the authority to take and perform the actions contemplated herein, and the Borrower irrevocably waives any right to commence any suit or action, in law or equity, against any person or entity that acts in reliance upon or acknowledges the authority granted under this power of attorney. The power of attorney granted in clause (a) is coupled with an interest and may not be revoked or canceled by the Borrower until all obligations of the Borrower under the Transaction Documents have been paid in full and the Collateral Agent has provided its written consent thereto.
- ii. Notwithstanding anything to the contrary herein, the power of attorney granted pursuant to this Section 13.10 shall only be effective after the occurrence of a Facility Termination Event.

B. THE FACILITY AGENT

Section 14.1 Appointment.

Each Lender and each Agent hereby irrevocably designates and appoints DBNY as Facility Agent hereunder and under the other Transaction Documents, and authorizes the Facility Agent to take such action on its behalf under the provisions of this Agreement and the other Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Facility Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto. Each Lender in each Lender Group hereby irrevocably designates and appoints the Agent for such Lender Group as the agent of such Lender under this Agreement, and each such Lender irrevocably authorizes such Agent, as the agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Transaction Documents and to exercise such powers and perform such duties thereunder as are expressly delegated to such Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Facility Agent nor any Agent (the Facility Agent and each Agent being referred to in this Article as a “Note Agent”) shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any Note Agent.

Section 14.2 Delegation of Duties.

Each Note Agent may execute any of its duties under this Agreement and the other Transaction Documents by or through its subsidiaries, affiliates, agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Note Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 14.3 Exculpatory Provisions.

No Note Agent (acting in such capacity) nor any of its directors, officers, agents or employees shall be (a) liable for any action lawfully taken or omitted to be taken by it or them or any Person described in Section 14.2 under or in connection with this Agreement or the other Transaction Documents (except, solely with respect to liability to the Borrower, for its, their or such Person’s own gross negligence or willful misconduct), or (b) responsible in any manner to any Person for any recitals, statements, representations or warranties of any Person (other than itself) contained in the Transaction Documents or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, the Transaction Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Transaction Documents or any other document furnished in connection therewith or herewith, or for any failure of any Person (other than

itself or its directors, officers, agents or employees) to perform its obligations under any Transaction Document or for the satisfaction of any condition specified in a Transaction Document. Except as otherwise expressly provided in this Agreement, no Note Agent shall be under any obligation to any Person to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, the Transaction Documents, or to inspect the properties, books or records of the Borrower or the Investment Manager.

Section 14.4 Reliance by Note Agents.

Each Note Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, 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 and upon advice and statements of legal counsel (including counsel to each of the Lenders), Independent Accountants and other experts selected by such Note Agent. Each Note Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement, any other Transaction Document or any other document furnished in connection herewith or therewith 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 (i) in the case of the Facility Agent, by the Lenders or (ii) in the case of an Agent, by the Lenders in its Lender Group, against any and all liability, cost and expense which may be incurred by it by reason of taking or continuing to take any such action. The Facility Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders. The Facility Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Transaction Documents or any other document furnished in connection herewith or therewith in accordance with a request of the Lenders in its Lender Group holding greater than 50% of the outstanding Advances held by such Lender Group, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders in such Lender Group.

Section 14.5 Notices.

No Note Agent shall be deemed to have knowledge or notice of the occurrence of any breach of this Agreement or the occurrence of any Facility Termination Event unless it has received notice from the Investment Manager, the Borrower or any Lender, referring to this Agreement and describing such event. In the event that any Agent receives such a notice, it shall promptly give notice thereof to the Lenders in its Lender Group. The Facility Agent shall take such action with respect to such event as shall be reasonably directed in writing by the Required Lenders, and each Agent shall take such action with respect to such event as shall be reasonably directed by Lenders in its Lender Group holding greater than 50% of the outstanding Advances held by such Lender Group; provided, that unless and until such Note Agent shall have received such directions, such Note Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the Lenders or of the Lenders in its Lender Group, as applicable.

Section 14.6 Non-Reliance on Note Agents.

The Lenders expressly acknowledge that no Note Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by any Note Agent hereafter taken, including any review of the affairs of the Borrower or the Investment Manager, shall be deemed to constitute any representation or warranty by such Note Agent to any Lender. Each Lender represents to each Note Agent that it has, independently and without reliance upon any Note Agent 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, operations, property, financial and other condition and creditworthiness of the Borrower, the Investment Manager, and the Collateral Obligations and made its own decision to purchase its

interest in the Notes hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Note Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under any of the Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Investment Manager, and the Collateral Obligations. Except as expressly provided herein, no Note Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the Collateral or the business, operations, property, prospects, financial and other condition or creditworthiness of the Borrower, the Investment Manager or the Lenders which may come into the possession of such Note Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

In no event shall any Note Agent be liable for any indirect, special, punitive or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, even if such Note Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event shall such Note Agent be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Agreement.

Section 14.7 Indemnification.

The Lenders agree to indemnify the Facility Agent and its officers, directors, employees, representatives and agents (to the extent not reimbursed by the Borrower or the Investment Manager under the Transaction Documents, and without limiting the obligation of such Persons to do so in accordance with the terms of the Transaction Documents), ratably according to the outstanding amounts of their Advances from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for the Facility Agent or the affected Person in connection with any investigative, or judicial proceeding commenced or threatened, whether or not the Facility Agent or such affected Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Facility Agent or such affected Person as a result of, or arising out of, or in any way related to or by reason of, any of the transactions contemplated hereunder or under the Transaction Documents or any other document furnished in connection herewith or therewith.

Section 14.8 Successor Note Agent.

If either (x) the Facility Agent shall resign as Facility Agent under this Agreement or (y) the Required Lenders vote to remove (on not less than 60 days prior written notice) the Facility Agent (which vote may occur at any time when Affiliates of the Facility Agent hold less than 25% of the aggregate Commitments), then the Majority Lenders shall appoint a successor agent (with the consent of the Investment Manager), whereupon such successor agent shall succeed to the rights, powers and duties of the Facility Agent, and the term "Facility Agent" shall mean such successor agent, effective upon its acceptance of such appointment, and the former Facility Agent's rights, powers and duties as Facility Agent shall be terminated, without any other or further act or deed on the part of such former Facility Agent or any of the parties to this Agreement. Any Agent may resign as Agent upon ten days' notice to the Lenders in its Lender Group and the Facility Agent (with a copy to the Borrower) with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Agent pursuant to this Section 14.8. If an Agent shall resign as Agent under this Agreement, then Lenders in its Lender Group holding greater than 50% of the outstanding Advances held by such Lender Group shall appoint a successor agent for such Lender Group. After any Note Agent's resignation hereunder, the provisions of this Article XIV shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Note Agent under this Agreement. No resignation of any Note Agent shall become effective until a successor Note Agent shall have assumed the responsibilities and obligations of such Note Agent hereunder; provided, that in the event a successor Note Agent is not appointed within 60 days after such notice of its resignation is given as permitted by this Section 14.8, the applicable Note Agent may petition a court for its removal.

Section 14.9 Note Agents in their Individual Capacity.

Each Note Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or the Investment Manager as though such Note Agent were not an agent hereunder. Any Person which is a Note Agent may act as a Note Agent without regard to and without additional duties or liabilities arising from its role as such administrator or agent or arising from its acting in any such other capacity.

Section 14.10 Borrower Procedural Review.

The Facility Agent shall, at the Borrower's expense, retain Protiviti, Inc. (or another nationally recognized audit firm acceptable to the Facility Agent in its sole discretion) to conduct and complete a procedural review of the Collateral Obligations in compliance with the standards set forth on Exhibit B hereto (as such Exhibit B may be amended from time to time as the Facility Agent and Borrower (in the sole discretion of each) may agree) once every twelve-month period at the request of the Facility Agent. The Facility Agent shall promptly forward the results of such audit to the Investment Manager.

A. ASSIGNMENTS

Section 15.1 Restrictions on Assignments.

Except as specifically provided herein, the Borrower may not assign any of its rights or obligations hereunder or any interest herein without the prior written consent of the Facility Agent and the Majority Lenders in their respective sole discretion and any attempted assignment in violation of this Section 15.1 shall be null and void.

Section 15.2 Documentation.

In connection with any permitted assignment, each Lender shall deliver to each assignee an assignment, in such form as such Lender and the related assignee may agree, duly executed by such Lender assigning any such rights, obligations, Advance or Note to the assignee; and such Lender shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to perfect, protect or more fully evidence the assignee's right, title and interest in and to the items assigned, and to enable the assignee to exercise or enforce any rights hereunder or under the Notes evidencing such Advance.

Section 15.3 Rights of Assignee.

Upon the foreclosure of any assignment of any Advances made for security purposes, or upon any other assignment of any Advance from any Lender pursuant to this Article XV, the respective assignee receiving such assignment shall have all of the rights of such Lender hereunder with respect to such Advances and all references to the Lender or Lenders in Sections 4.3 or 5.1 shall be deemed to apply to such assignee.

Section 15.4 Assignment by Lenders.

(a) So long as no Facility Termination Event or Investment Manager Event of Default has occurred and is continuing, no Lender may make any assignment, and no such assignment shall be permitted, other than any proposed assignment (i) to an Affiliate of such Lender, (ii) to another Lender hereunder or (iii) if (x) such Lender makes a reasonable determination that its ownership of any of its rights or obligations hereunder (and under other similar facilities (if any) held by such Lender) is prohibited by the Volcker Rule and (y) to the extent such Lender is permitted by the applicable documentation, such Lender is making commercially reasonable efforts to assign its interest in other similar facilities in a manner similar to such proposed assignment, to any Person other than a Competitor, without the prior written consent of the Borrower (which consent, if such assignment is to a Person other than a Competitor, shall not to be unreasonably withheld, delayed or conditioned). Each Lender shall endorse the Notes to reflect any assignments made pursuant to this Article XV or otherwise.

- i. No Person other than a regulated bank or an insurance company shall be permitted to become a Lender hereunder, whether by assignment or in accordance with Section 2.8, without the prior written consent of each other Lender.

Section 15.5 Registration; Registration of Transfer and Exchange.

(a) The Collateral Agent, acting solely for this purpose as agent for the Borrower (and, in such capacity, the "Note Registrar"), shall maintain a register for the recordation of the name and address of each Lender (including any assignees), and the principal amounts (and stated interest) owing to such Lender pursuant to the

terms hereof from time to time (the “Note Register”). The entries in the Note Register shall be conclusive absent manifest error, and the Borrower, the Collateral Agent, the Facility Agent, each Agent and each Lender shall treat each Person whose name is recorded in the Note Register pursuant to the terms hereof as a Lender hereunder. The Note Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

- i. Each Person who has or who acquired an interest in a Note shall be deemed by such acquisition to have agreed to be bound by the provisions of this Section 15.5. A Note may be exchanged (in accordance with Section 15.5(c)) and transferred to the holders (or their agents or nominees) of the Advances and to any assignee (in accordance with Section 15.1) (or its agent or nominee) of all or a portion of the Advances. The Note Registrar shall not register (or cause to be registered) the transfer of such Note, unless the proposed transferee shall have delivered to the Note Registrar either (i) an Opinion of Counsel that the transfer of such Note is exempt from registration or qualification under the Securities Act of 1933, as amended, and all applicable state securities laws and that the transfer does not constitute a non-exempt “prohibited transaction” under ERISA or (ii) an express agreement by the proposed transferee to be bound by and to abide by the provisions of this Section 15.5 and the restrictions noted on the face of such Note.
- ii. At the option of the holder thereof, a Note may be exchanged for one or more new Notes of any authorized denominations and of a like class and aggregate principal amount at an office or agency of the Borrower. Whenever any Note is so surrendered for exchange, the Borrower shall execute and deliver (through the Note Registrar) the new Note which the holder making the exchange is entitled to receive at the Note Registrar’s office, located at DB Services Americas Inc., 5022 Gate Parkway, Suite 200, Jacksonville, Florida, 32256, Attention: Transfer Unit.
- iii. Upon surrender for registration of transfer of any Note at an office or agency of the Borrower, the Borrower shall execute and deliver (through the Note Registrar), in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like class and aggregate principal amount.
- iv. All Notes issued upon any registration of transfer or exchange of any Note in accordance with the provisions of this Agreement shall be the valid obligations of the Borrower, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Note(s) surrendered upon such registration of transfer or exchange.
- v. Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Borrower or the Note Registrar) be fully endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Note Registrar, duly executed by the holder thereof or his attorney duly authorized in writing.
- vi. No service charge shall be made for any registration of transfer or exchange of a Note, but the Borrower may require payment from the transferee holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note.
- vii. The holders of the Notes shall be bound by the terms and conditions of this Agreement.

Section 15.6 Mutilated, Destroyed, Lost and Stolen Notes.

(a) If any mutilated Note is surrendered to the Note Registrar, the Borrower shall execute and deliver (through the Note Registrar) in exchange therefor a new Note of like class and tenor and principal amount and bearing a number not contemporaneously outstanding.

- i. If there shall be delivered to the Borrower and the Note Registrar prior to the payment of the Notes (i) evidence to their satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Borrower or the Note Registrar that such Note has been acquired by a bona fide Lender, the Borrower shall execute and deliver (through the Note Registrar), in lieu of any such destroyed, lost

- or stolen Note, a new Note of like class, tenor and principal amount and bearing a number not contemporaneously outstanding.
- ii. Upon the issuance of any new Note under this Section 15.6, the Borrower may require the payment from the transferor holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.
 - iii. Every new Note issued pursuant to this Section 15.6 and in accordance with the provisions of this Agreement, in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Borrower, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.
 - iv. The provisions of this Section 15.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of a mutilated, destroyed, lost or stolen Note.

Section 15.7 Persons Deemed Owners.

The Borrower, the Investment Manager, the Facility Agent, the Collateral Agent and any agent for any of the foregoing may treat the holder of any Note as the owner of such Note for all purposes whatsoever, whether or not such Note may be overdue, and none of Borrower, the Investment Manager, the Facility Agent, the Collateral Agent and any such agent shall be affected by notice to the contrary.

Section 15.8 Cancellation.

All Notes surrendered for payment or registration of transfer or exchange shall be promptly canceled. The Borrower shall promptly cancel and deliver to the Note Registrar any Notes previously authenticated and delivered hereunder which the Borrower may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Borrower. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 15.8, except as expressly permitted by this Agreement.

Section 15.9 Participations; Pledge.

(a) At any time and from time to time, each Lender may, in accordance with Applicable Law, at any time grant participations in all or a portion of its Note and/or its interest in the Advances and other payments due to it under this Agreement to any Person (each, a "Participant"). Each Lender hereby acknowledges and agrees that (A) any such participation will not alter or affect such Lender's direct obligations hereunder, and (B) none of the Borrower, the Investment Manager, the Facility Agent, any Agent, any Lender, the Collateral Agent nor the Investment Manager shall have any obligation to have any communication or relationship with any Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Section 4.3 and Section 5.1 (subject to the requirements and limitations therein, including the requirements under Section 4.3(f) (it being understood that the documentation required under Section 4.3(f) 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 this Article XV; provided that such Participant (A) agrees to be subject to the provisions of Section 17.16 as if it were an assignee under this Article XV; and (B) shall not be entitled to receive any greater payment under Section 4.3 or Section 5.1, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent that such entitlement to receive a greater payment results from a change in any Applicable Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 17.16(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 17.1 as though it were a Lender.

- i. Notwithstanding anything in Section 15.9(a) to the contrary, each Lender may pledge its interest in the Advances and the Notes to any Federal Reserve Bank as collateral in accordance with Applicable Law without the prior written consent of any Person.
- ii. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, 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 obligations under the Transaction Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any obligations under any Transaction Document) except to the extent that such disclosure is necessary to establish that such obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Facility Agent (in its capacity as Facility Agent) shall have no responsibility for maintaining a Participant Register.

Section 15.10 Reallocation of Advances.

Any reallocation of Advances among Committed Lenders pursuant to an assignment executed by such Committed Lender and its assignee(s) and delivered pursuant to Article XV shall be wired by the applicable purchasing Lender(s) to the Collateral Agent pursuant to the wiring instructions for the Principal Collection Account provided by the Collateral Agent and the Collateral Agent shall only release such funds at the direction of the Facility Agent and upon receipt of an executed assignment, as applicable.

A. INDEMNIFICATION

Section 16.1 Borrower Indemnity.

Without limiting any other rights which any such Person may have hereunder or under Applicable Law, the Borrower agrees to indemnify the Facility Agent, the Agents, the Lenders, the Note Registrar, the Collateral Custodian and the Collateral Agent and each of their Affiliates, and each of their respective successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each of the foregoing Persons being individually called an "Indemnified Party"), forthwith on demand, from and against any and all damages (including punitive damages), losses, claims, liabilities and related costs and expenses, including reasonable and documented attorneys' and accountants' fees and disbursements (all of the foregoing being collectively called "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to any Transaction Document or the transactions contemplated hereby or thereby or the use of proceeds therefrom by the Borrower, including in respect of the funding of any Advance or any breach of any representation, warranty or covenant of the Borrower or the Investment Manager in any Transaction Document or in any certificate or other written material delivered by any of them pursuant to any Transaction Document, excluding, however, Indemnified Amounts payable to an Indemnified Party (a) to the extent determined by a court of competent jurisdiction to have resulted from gross negligence, bad faith or willful misconduct on the part of any Indemnified Party and (b) resulting from the performance of the Collateral Obligations. This Section 16.1 shall not apply to Taxes, but shall be subject to Section 16.4.

Indemnification under this Section 16.1 shall survive the termination of this Agreement and the resignation or removal of any Indemnified Party and shall include reasonable fees and expenses of counsel and expenses of litigation.

Section 16.2 Reserved.

Section 16.3 Contribution.

If for any reason (other than the exclusions set forth in the first paragraph of Section 16.1) the indemnification provided above in Section 16.1 is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless, then the Borrower agrees to contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party, on the one hand, and the Borrower and its Affiliates, on the other hand, but also the relative fault of such Indemnified Party, on the one hand, and the Borrower and its Affiliates, on the other hand, as well as any other relevant equitable considerations.

Section 16.4 Net After-Tax Basis.

Indemnification under Section 16.1 shall be in an amount necessary to make the Indemnified Party whole after taking into account any Tax consequences, on a net after-Tax basis (including, for example, taking into account the deductibility of an applicable underlying damage, cost or expense) to the Indemnified Party of the receipt of the indemnity provided hereunder (or of the incurrence of such applicable underlying damage, cost or expense), including the effect of such Tax or refund on the amount of Tax measured by net income or profits that is or was payable by the Indemnified Party.

A. MISCELLANEOUS

Section 17.1 No Waiver; Remedies.

No failure on the part of any Lender, the Facility Agent, the Collateral Agent, any Agent, any Indemnified Party or any Affected Person to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any of them of any right, power or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each Lender is hereby authorized by the Borrower during the existence of a Facility Termination Event, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by it to or for the credit or the account of the Borrower to the amounts owed by the Borrower under this Agreement, to the Facility Agent, the Collateral Agent, any Agent, any Affected Person, any Indemnified Party or any Lender or their respective successors and assigns.

Section 17.2 Amendments, Waivers.

This Agreement may not be amended, supplemented or modified nor may any provision hereof be waived except in accordance with the provisions of this Section 17.2. The Borrower and the Facility Agent may, upon written notice to the Investment Manager and each Agent, from time to time enter into written amendments, supplements, waivers or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of any party hereto or waiving, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement; provided, that no such amendment, supplement, waiver or modification shall (i) reduce the amount of or extend the maturity of any payment with respect to an Advance or reduce the rate or extend the time of payment of Yield thereon, or reduce or alter the timing of any other amount payable to any Lender hereunder, in each case without the consent of each Lender affected thereby, (ii) amend, modify or waive any provision of this Section 17.2 or Section 17.11, or reduce the percentage specified in the definition of Required Lenders, in each case without the written consent of all Lenders, (iii) amend, modify or waive any provision adversely affecting the obligations or duties of the Collateral Agent, in each case without the prior written consent of the Collateral Agent, (iv) amend, modify or waive any provision adversely affecting the obligations or duties of the Facility Agent, in each case without the prior written consent of the Facility Agent, (v) amend, modify or waive any provision adversely affecting the obligations or duties of the Collateral Custodian, in each case without the prior written consent of the Collateral Custodian, (vi) constitute a Fundamental Amendment without the prior written consent of each Lender, (vii) waive any Facility Termination Event or Investment Manager Event of Default without the prior written consent of the Majority Lenders or (viii) materially affect the rights or duties of the Investment Manager unless the Investment Manager has consented thereto. Notwithstanding the foregoing, if the ~~LIBOR~~ Facility Agent determines in its sole discretion that it can no longer support any Applicable Interest Rate, or if such Applicable Interest Rate ceases to exist or is reasonably expected to cease to exist within the succeeding three (3) months, the Borrower, the Investment Manager and the Facility Agent may (and such parties will reasonably cooperate with each other in good faith in order to) amend this Agreement to replace references herein to ~~the LIBOR~~ such Applicable Interest Rate (and any associated terms and provisions) with any alternative floating reference rate (and any associated terms and provisions) that is then being generally used in ~~U.S. credit markets~~ the applicable interbank market for similar types of facilities. Any waiver of any provision of this Agreement shall be limited to the provisions specifically set forth therein for the period of time set forth therein and shall not be construed to be a waiver of any other provision of this Agreement.

Section 17.3 Notices, Etc.

All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, electronic mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on Annex A or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (a) if personally delivered, when received, (b) if sent by certified mail, three Business Days after having been deposited in the mail, postage prepaid, (c) if sent by overnight courier, one Business Day after having been given to such courier, and (d) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means, except that notices and communications pursuant to Section 2.2, shall not be effective until received.

Section 17.4 Costs and Expenses.

In addition to the rights of indemnification granted under Section 16.1, the Borrower agrees to pay on demand all reasonable and documented out-of-pocket costs and expenses of the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders in connection with the preparation, execution, delivery, syndication and administration of this Agreement, any liquidity support facility and the other documents and agreements to be delivered hereunder or with respect hereto, in each case, subject to any cap on such costs and expenses agreed upon in a separate letter agreement among the Borrower, the Investment Manager and the Facility Agent or the Collateral Agent and Collateral Custodian Fee Letter, as applicable, and the Borrower further agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Facility Agent in connection with any amendments, waivers or consents executed in connection with this Agreement, including the reasonable fees and out-of-pocket, documented expenses of counsel for the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders with respect thereto and with respect to advising the Facility Agent and the Lenders as to its rights and remedies under this Agreement, and to pay all reasonable, documented and out-of-pocket costs and expenses, if any (including reasonable counsel fees and expenses), of the Facility Agent, the Collateral Agent, the Collateral Custodian, the Agents and the Lenders, in connection with the enforcement against the Investment Manager or the Borrower of this Agreement or any of the other Transaction Documents and the other documents and agreements to be delivered hereunder or with respect hereto; provided, that in the case of reimbursement of (A) counsel for the Lenders other than the Facility Agent, such reimbursement shall be limited to one counsel for all the Facility Agent, the Agents and Lenders and (B) counsel for the Collateral Agent and Collateral Custodian shall be limited to one counsel for such Persons. For the avoidance of doubt, the costs and expenses described in this Section 17.4 shall not include Taxes.

Section 17.5 Binding Effect; Survival.

This Agreement shall be binding upon and inure to the benefit of Borrower, the Lenders, the Facility Agent, the Agents, the Collateral Agent, the Collateral Custodian and their respective successors and assigns, and the provisions of Section 4.3, Article V, and Article XVI shall inure to the benefit of the Affected Persons and the Indemnified Parties, respectively, and their respective successors and assigns; provided, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Article XV. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until (subject to the immediately following sentence) such time when all Obligations have been finally and fully paid in cash and performed. The rights and remedies with respect to any breach of any representation and warranty made by the Borrower pursuant to Article IX and the indemnification and payment provisions of Article V, Article XVI and the provisions of Section 17.10, Section 17.11 and Section 17.12 shall be continuing and shall survive any termination of this Agreement and any termination of the Investment Manager under the Investment Management Agreement.

Section 17.6 Captions and Cross References.

The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section of or Schedule or Exhibit to this Agreement, as the case may be, and references in any Section,

subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

Section 17.7 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 17.8 GOVERNING LAW.

THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Section 17.9 Counterparts.

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original but all of which shall constitute together but one and the same agreement.

Section 17.10 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE BORROWER, THE INVESTMENT MANAGER, THE FACILITY AGENT, THE AGENTS, THE INVESTORS OR ANY OTHER AFFECTED PERSON. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER TRANSACTION DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ITS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER TRANSACTION DOCUMENT.

Section 17.11 No Proceedings.

- i. Notwithstanding any other provision of this Agreement, each of the Collateral Agent, the Collateral Custodian, each Agent, each Lender and the Facility Agent hereby agrees that it will not institute against the Borrower, or join any other Person in instituting against the Borrower, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Insolvency Event) so long as any Advances or other amounts due from the Borrower hereunder shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Advances or other amounts shall be outstanding. The foregoing shall not limit such Person's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than such Person.
- ii. The provisions of this Section 17.11 are a material inducement for the Secured Parties to enter into this Agreement and the transactions contemplated hereby and are an essential term hereof. The parties hereby agree that monetary damages are not adequate for a breach of the provisions of this Section 17.11 and the Facility Agent may seek and obtain specific performance of such provisions (including injunctive relief), including, without limitation, in any bankruptcy, reorganization, arrangement, winding up, insolvency, moratorium, winding up or liquidation proceedings, or other proceedings under United States federal or state bankruptcy laws or any similar laws. The provisions of this paragraph shall survive the termination of this Agreement.

Section 17.12 Limited Recourse.

No recourse under any obligation, covenant or agreement of a Lender contained in this Agreement shall be had against any incorporator, stockholder, officer, director, member, manager, employee or agent of any Lender or any of their respective Affiliates (solely by virtue of such capacity) by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly

agreed and understood that this Agreement is solely a corporate obligation of each Lender, and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, member, manager, employee or agent of any Lender or any of their respective Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of a Lender contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by a Lender of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, stockholder, officer, director, member, manager, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement.

Section 17.13 ENTIRE AGREEMENT.

THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS EXECUTED AND DELIVERED HERewith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 17.14 Confidentiality.

(a) The Borrower, the Investment Manager, the Collateral Custodian and the Collateral Agent shall hold in confidence, and not disclose to any Person, the identity of any Lender or the terms of any fees payable in connection with this Agreement except they may disclose such information (i) to their officers, directors, employees, agents, counsel, accountants, auditors, advisors, prospective lenders, equity investors or representatives, (ii) with the consent of such Lender, (iii) to the extent such information has become available to the public other than as a result of a disclosure by or through such Person, or (iv) to the extent the Borrower, the Investment Manager, the Collateral Custodian or the Collateral Agent or any Affiliate of any of them should be required by any law or regulation applicable to it (including securities laws) or requested by any Official Body to disclose such information.

- i. The Facility Agent, the Collateral Agent, the Collateral Custodian, each Agent and each Lender, severally and with respect to itself only, covenants and agrees that any information about the Borrower or its Affiliates or the Obligors, the Collateral Obligations, the Related Security or otherwise obtained by the Facility Agent, the Collateral Agent, such Agent or such Lender pursuant to this Agreement shall be held in confidence (it being understood that documents provided to the Facility Agent hereunder may in all cases be distributed by the Facility Agent to the Lenders and Agents) except that the Facility Agent, the Collateral Agent, the Collateral Custodian, such Agent or such Lender may disclose such information (i) to its affiliates, officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Facility Agent, the Collateral Agent, the Collateral Custodian, such Agent or such Lender, (iii) to the extent such information was available to the Facility Agent, such Agent or such Lender on a non-confidential basis prior to its disclosure to the Facility Agent, such Agent or such Lender hereunder, (iv) with the consent of the Investment Manager, (v) to the extent permitted by Article XV, or (vi) to the extent the Facility Agent, such Agent or such Lender should be (A) required in connection with any legal or regulatory proceeding or (B) requested by any Official Body to disclose such information; provided, that in the case of clause (vi) above, the Facility Agent, such Agent or such Lender, as applicable, will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Investment Manager of its intention to make any such disclosure prior to making any such disclosure.

Section 17.15 Non-Confidentiality of Tax Treatment.

All parties hereto agree that each of them and each of their employees, representatives, and other agents may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including, without limitation, opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure. "Tax treatment" and "tax structure"

shall have the same meaning as such terms have for purposes of Treasury Regulation Section 1.6011-4; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, the provisions of this Section 17.15 shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the transactions contemplated hereby.

Section 17.16 Replacement of Lenders.

- i. If any Lender requests compensation under Section 5.1, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or Official Body for the account of any Lender pursuant to Section 4.3, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking the Obligations or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 4.3 or Section 5.1, as the case may be, in the future, and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.
- ii. At any time there is more than one Lender, the Borrower shall be permitted, at its sole expense and effort, to replace any Lender, except (i) the Facility Agent or (ii) any Lender which is administered by the Facility Agent or an Affiliate of the Facility Agent, that (a) requests reimbursement, payment or compensation for any amounts owing pursuant to Section 4.3 or Section 5.1 or (b) has received a written notice from the Borrower of an impending change in law that would entitle such Lender to payment of additional amounts pursuant to Section 4.3 or Section 5.1, unless such Lender designates a different lending office before such change in law becomes effective pursuant to Section 17.16(a) and such alternate lending office obviates the need for the Borrower to make payments of additional amounts pursuant to Section 4.3 or Section 5.1 or (c) has not consented to any proposed amendment, supplement, modification, consent or waiver, each pursuant to Section 17.2 or (d) defaults in its obligation to make Advances hereunder; provided, that (i) nothing herein shall relieve a Lender from any liability it might have to the Borrower or to the other Lenders for its failure to make any Advance, (ii) the replacement regulated bank or insurance company shall purchase, at par, all Advances and other amounts owing to such replaced Lender on or prior to the date of replacement, (iii) during the Revolving Period, the replacement regulated bank or insurance company, if not already a Lender, shall be reasonably satisfactory to the Facility Agent, (iv) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 15.5, (v) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) for Increased Costs or Indemnified Taxes, as the case may be, (vi) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Facility Agent or any other Lender shall have against the replaced Lender, and (vii) if such replacement is being effected as a result of a Lender requesting compensation pursuant to Section 4.3 or Section 5.1, such replacement, if effected, will result in a reduction in such compensation or payment thereafter. Notwithstanding anything to the contrary contained herein or in the Fee Letter, in the event that the Facility Agent or an Affiliate of the Facility Agent takes any action described in the foregoing clauses (a), (b) or (d), the Borrower may elect to prepay all outstanding Advances and terminate the remaining Commitments hereunder. Notwithstanding anything contained to the contrary in this Agreement, no Lender removed or replaced under the provisions hereof shall have any right to receive any amounts set forth in

Section 2.5(b) in connection with such removal or replacement. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 17.17 Consent to Jurisdiction.

Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to the Transaction Documents, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The parties hereto hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 17.18 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Notwithstanding anything to the contrary in any Transaction Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Transaction Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- i. the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- ii. the effects of any Bail-In Action on any such liability, including, if applicable:
 1. a reduction in full or in part or cancellation of any such liability;
 2. a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Transaction Document; or
 3. the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

B. COLLATERAL CUSTODIAN

Section 18.1 Designation of Collateral Custodian.

The role of Collateral Custodian with respect to the Collateral Obligation Files shall be conducted by the Person designated as Collateral Custodian hereunder from time to time in accordance with this Section 18.1. Wells Fargo Bank, National Association is hereby appointed as, and hereby accepts such appointment and agrees to perform the duties and obligations of, Collateral Custodian pursuant to the terms hereof.

Section 18.2 Duties of the Collateral Custodian.

- i. Duties. The Collateral Custodian shall perform, on behalf of the Secured Parties, the following duties and obligations:
 1. The Collateral Custodian, as the duly appointed agent of the Secured Parties, for these purposes, acknowledges that the Borrower shall cause the Investment Manager to deliver, on or prior to the applicable Funding Date (but no more than five (5) Business Days after such Funding Date, except as set forth in Section 10.21), the Collateral Obligation Files delivered to it for each Collateral Obligation listed on the Schedule of Collateral Obligations attached to the related Asset Approval Request. The Collateral Custodian acknowledges that in connection with any Asset Approval Request, additional Collateral Obligation Files (specified on an accompanying Schedule of Collateral Obligations supplement) may be delivered to the Collateral Custodian from time to time, and

that the Collateral Custodian will credit each Collateral Obligation File to the Collection Account in accordance with the terms hereof. Promptly upon the receipt of any such delivery of Collateral Obligation Files and without any review, the Collateral Custodian shall send notice of such receipt to the Investment Manager, the Facility Agent and each Agent.

2. With respect to each Collateral Obligation File which has been or will be delivered to the Collateral Custodian, the Collateral Custodian is acting exclusively as the custodian of the Secured Parties, and has no instructions to hold any Collateral Obligation File for the benefit of any Person other than the Secured Parties and undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. In so taking and retaining custody of the Collateral Obligation Files, the Collateral Custodian shall be deemed to be acting for the purpose of perfecting the Collateral Agent's security interest therein under the UCC. Except upon compliance with the provisions of Section 18.5, no Collateral Obligation File or other document constituting a part of a Collateral Obligation File shall be released from the possession of the Collateral Custodian.
3. The Collateral Custodian shall maintain continuous custody of all items in its possession in secure facilities in accordance with customary standards for such custody and shall reflect in its records the interest of the Secured Parties therein. Each Collateral Obligation File which comes into the possession of the Collateral Agent (other than documents delivered electronically) shall be maintained in fire-resistant vaults or cabinets at the office of the Collateral Custodian. Each Collateral Obligation File shall be marked with an appropriate identifying label and maintained in such manner so as to permit retrieval and access by the Collateral Custodian and the Facility Agent. The Collateral Custodian shall keep the Collateral Obligation Files clearly segregated from any other documents or instruments in its files.
4. With respect to the documents comprising each Collateral Obligation File, the Collateral Custodian shall (i) act exclusively as Collateral Custodian for the Secured Parties, (ii) hold all documents constituting such Collateral Obligation File received by it for the exclusive use and benefit of the Secured Parties and (iii) make disposition thereof only in accordance with the terms of this Agreement or with written instructions furnished by the Facility Agent; provided, that in the event of a conflict between the terms of this Agreement and the written instructions of the Facility Agent, the Facility Agent's written instructions shall control.
5. The Collateral Custodian shall accept only written instructions of an Executive Officer, in the case of the Borrower or the Investment Manager, or a Responsible Officer, in the case of the Facility Agent, concerning the use, handling and disposition of the Collateral Obligation Files.
6. In the event that (i) the Borrower, the Facility Agent, any Agent, the Investment Manager, the Collateral Custodian or the Collateral Agent shall be served by a third party with any type of levy, attachment, writ or court order with respect to any Collateral Obligation File or a document included within a Collateral Obligation File or (ii) a third party shall institute any court proceeding by which any Collateral Obligation File or a document included within a Collateral Obligation File shall be required to be delivered otherwise than in accordance with the provisions of this Agreement, the party receiving such service shall promptly deliver or cause to be delivered to the other parties to this Agreement (to the extent not prohibited by Applicable Law) copies of all court papers, orders, documents and other materials concerning such proceedings. The Collateral

Custodian shall, to the extent permitted by law, continue to hold and maintain all the Collateral Obligation Files that are the subject of such proceedings pending a final, nonappealable order of a court of competent jurisdiction permitting or directing disposition thereof. Upon final determination of such court, the Collateral Custodian shall dispose of such Collateral Obligation File or a document included within such Collateral Obligation File as directed by the Facility Agent, which shall give a direction consistent with such determination. Expenses of the Collateral Custodian incurred as a result of such proceedings shall be borne by the Borrower.

7. The Facility Agent may direct the Collateral Custodian to take any such incidental action hereunder. With respect to other actions which are incidental to the actions specifically delegated to the Collateral Custodian hereunder, the Collateral Custodian shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the direction of the Facility Agent; provided that the Collateral Custodian shall not be required to take any action hereunder at the request of the Facility Agent, any Secured Parties or otherwise if the taking of such action, in the reasonable determination of the Collateral Custodian, (x) shall be in violation of any Applicable Law or contrary to any provisions of this Agreement or (y) shall expose the Collateral Custodian to liability hereunder or otherwise (unless it has received indemnity which it reasonably deems to be satisfactory with respect thereto). In the event the Collateral Custodian requests the consent of the Facility Agent and the Collateral Custodian does not receive a consent (either positive or negative) from the Facility Agent within ten (10) Business Days of its receipt of such request, then the Facility Agent shall be deemed to have declined to consent to the relevant action.
8. The Collateral Custodian shall not be liable for any action taken, suffered or omitted by it in accordance with the request or direction of any Secured Party, to the extent that this Agreement provides such Secured Party the right to so direct the Collateral Custodian, or the Facility Agent. The Collateral Custodian shall not be deemed to have notice or knowledge of any matter hereunder, including a Facility Termination Event, unless a Responsible Officer of the Collateral Custodian has knowledge of such matter or written notice thereof is received by the Collateral Custodian.

Section 18.3 Delivery of Collateral Obligation Files.

(a) In connection with each delivery of a Collateral Obligation File to the Collateral Custodian, the Borrower shall represent, warrant and agree that the Collateral Obligation Files delivered to the Collateral Custodian shall include all of the documents listed in the related Document Checklist and all of such documents and the information contained in the Schedule of Collateral Obligations are complete in all material respects and correct pursuant to a certification in the form of Exhibit H executed by or on behalf of the Borrower.

- i. Reserved.
- ii. With respect to any documents comprising the Collateral Obligation File that have been delivered or are being delivered to recording offices for recording and have not been returned to the Borrower or the Investment Manager in time to permit their delivery hereunder at the time required, in lieu of delivering such original documents, the Borrower or the Investment Manager shall indicate such on a Schedule of Collateral Obligations supplement and deliver to the Collateral Custodian a true copy thereof. The Borrower or the Investment Manager shall deliver such original documents to the Collateral Custodian promptly when they are received.

Section 18.4 Collateral Obligation File Certification.

(a) On or prior to each Funding Date, the Borrower shall cause the Investment Manager to provide a Schedule of Collateral Obligations and related Document Checklist dated as of such Funding Date to the Collateral Custodian, the Facility Agent and each Agent (such information contained on the Schedule of Collateral Obligations shall also be delivered to the Collateral Custodian, the Facility Agent and each Agent simultaneously in Microsoft Excel format) with respect to the Collateral Obligations to be delivered to the Collateral Agent on such Funding Date.

- i. In connection with (and as a part of) each Monthly Report, with respect to the Collateral Obligation Files delivered at least three (3) Business Days' prior to the related Reporting Date, the Collateral Custodian shall prepare a report (to be included as a part of each Monthly Report) in respect of each of the Collateral Obligations, to the effect that, as to each Collateral Obligation listed on the Schedule of Collateral Obligations attached to the related Advance Request or Reinvestment Request, based on the Collateral Custodian's examination of the Collateral Obligation File for each Collateral Obligation and the related Document Checklist, except for variances from the documents identified in the Document Checklist with respect to the related Collateral Obligation Files ("Exceptions"), (i) all documents required to be delivered in respect of such Collateral Obligations pursuant to the Document Checklist have been delivered and are in the possession of the Collateral Custodian as part of the Collateral Obligation File for such Collateral Obligation (other than those released pursuant to Section 18.5), and (ii) all such documents have been reviewed by the Collateral Custodian and appear on their face to be regular and to relate to such Collateral Obligation. The Collateral Custodian shall also maintain records of the total number of Collateral Obligation Files that do not have the documents provided on the Document Checklist and will include such total in each Monthly Report.
- ii. Notwithstanding any language to the contrary herein, the Collateral Custodian shall make no representations as to, and shall not be responsible to verify, (i) the validity, legality, ownership, title, perfection, priority, enforceability, due authorization, recordability, sufficiency for any purpose, or genuineness of any of the documents contained in each Collateral Obligation File or (ii) the collectability, insurability, effectiveness or suitability of any such Collateral Obligation.

Section 18.5 Release of Collateral Obligation Files.

(a) Upon satisfaction of any of the conditions set forth in Section 12.3, the Borrower shall cause the Investment Manager to provide an Officer's Certificate to such effect to the Collateral Custodian (with a copy to the Collateral Agent) and shall request in writing delivery to it of the Collateral Obligation File and a copy thereof shall be sent concurrently by the Investment Manager to the Facility Agent and each Agent. Upon receipt of such certification and request, unless it receives notice to the contrary from the Facility Agent, the Collateral Custodian shall within three Business Days release the related Collateral Obligation File to the Investment Manager and the Investment Manager will not be required to return the related Collateral Obligation File to the Collateral Custodian.

- i. From time to time and as appropriate for the management or foreclosure of any of the Collateral Obligations, including, for this purpose, collection under any insurance policy relating to the Collateral Obligations, the Collateral Custodian shall, upon receipt of a Request for Release and Receipt substantially in the form of Exhibit F-2 from an authorized representative of the Investment Manager (as listed on Exhibit F-1, as such exhibit may be amended from time to time by the Investment Manager with notice to the Collateral Custodian, the Facility Agent and each Agent), release the related Collateral Obligation File or the documents set forth in such Request for Release and Receipt to the Investment Manager. In the event an Unmatured Facility Termination Event, a Facility Termination Event, an Unmatured Investment Manager Event of Default or an Investment Manager Event of Default has occurred and is continuing, the Borrower shall not permit the Investment Manager to make any such request with respect to any original

documents unless the Facility Agent shall have consented in writing thereto (which consent may be evidenced by an executed counterpart to such request). The Borrower shall cause the Investment Manager to return each and every original document previously requested from the Collateral Obligation File to the Collateral Custodian when the need therefor by the Investment Manager no longer exists unless (x) the Collateral Obligation File or such document has been delivered to an attorney, or to a public trustee or other public official as required by law, for purposes of initiating or pursuing legal action or other proceedings for the foreclosure of the Related Security either judicially or non-judicially, and (y) the Investment Manager has delivered to the Collateral Custodian a certificate executed by an Executive Officer certifying as to the name and address of the Person to which such Collateral Obligation File or such document was delivered and the purpose or purposes of such delivery, in which case the Investment Manager shall complete such return as soon as possible. Upon receipt of a certificate of the Investment Manager substantially in the form of Exhibit F-3, with a copy to the Facility Agent and each Agent, stating that such Collateral Obligation was either (x) liquidated and that all amounts received or to be received in connection with such liquidation that are required to be deposited have been so deposited, or (y) sold pursuant to an Optional Sale in accordance with Section 7.10, the Collateral Custodian shall within three (3) Business Days release the Request for Release and Receipt to the Investment Manager, or, in connection with an Optional Sale, the requested Collateral Obligation File, and the Investment Manager will not be required to return the related Collateral Obligation File to the Collateral Custodian.

- ii. Notwithstanding anything to the contrary set forth herein, the Borrower shall not permit the Investment Manager to, without the prior written consent of the Facility Agent, request any documents (other than copies thereof) held by the Collateral Custodian if the sum of the unpaid Principal Balances of all Collateral Obligations for which the Investment Manager is then in possession of the related Collateral Obligation File or any document comprising such Collateral Obligation File (other than for Collateral Obligations then held by the Investment Manager which have been sold, repurchased, paid off or liquidated in accordance with this Agreement) (including the documents to be requested) exceeds 5% of the Adjusted Aggregate Eligible Collateral Obligation Balance. The Investment Manager may hold, and hereby acknowledges that it shall hold, any documents and all other property included in the Collateral that it may from time to time receive hereunder as Collateral Custodian for the Secured Parties solely at the will of the Collateral Custodian and the Secured Parties for the sole purpose of facilitating the management of the Collateral Obligations and such retention and possession shall be in a custodial capacity only. To the extent the Investment Manager, as agent of the Collateral Custodian and the Borrower, holds any Collateral, the Borrower shall cause the Investment Manager to do so in accordance with the Investment Management Standard as such standard applies to investment managers acting as custodial agent. The Borrower shall cause the Investment Manager to promptly report to the Collateral Custodian and the Facility Agent the loss by it of all or part of any Collateral Obligation File previously provided to it by the Collateral Custodian and shall promptly take appropriate action to remedy any such loss. In such custodial capacity, the Borrower shall cause the Investment Manager to perform the following powers and duties:

1. hold the Collateral Obligation Files and any document comprising a Collateral Obligation File that it may from time to time receive hereunder from the Collateral Custodian for the benefit of the Collateral Custodian, on behalf of the Secured Parties, maintain accurate records pertaining to each Collateral Obligation to enable it to comply with the terms and conditions of this Agreement, and maintain a current inventory thereof;

2. implement policies and procedures consistent with the Investment Management Standard and requirements of this Agreement so that the integrity and physical possession of such Collateral Obligation Files will be maintained; and
3. take all other actions, in accordance with the Investment Management Standard, in connection with maintaining custody of such Collateral Obligation Files on behalf of the Collateral Agent.

Acting as custodian of the Collateral Obligation Files pursuant to this [Section 18.5](#), the Borrower shall cause the Investment Manager to agree that it does not and will not have or assert any beneficial ownership interest in the Collateral Obligations or the Collateral Obligation Files.

Section 18.6 Examination of Collateral Obligation Files.

Upon reasonable prior notice to the Collateral Custodian, the Borrower, the Investment Manager and their agents, accountants, attorneys and auditors will be permitted during normal business hours to examine and make copies of the Collateral Obligation Files, documents, records and other papers in the possession of or under the control of the Collateral Custodian relating to any or all of the Collateral Obligations. Prior to the occurrence of an Unmatured Facility Termination Event, a Facility Termination Event, an Unmatured Investment Manager Event of Default or an Investment Manager Event of Default, upon the request of the Facility Agent and at the cost and expense of the Borrower, the Collateral Custodian shall promptly provide the Facility Agent with the Collateral Obligation Files or copies, as designated by the Facility Agent, subject to any applicable cap on costs and expenses, the Collateral Custodian shall promptly provide the Facility Agent with the Collateral Obligation Files or copies, as designated by the Facility Agent; provided, the Collateral Custodian shall not be required to provide such copies if it does not receive adequate assurance of payment.

Section 18.7 Lost Note Affidavit.

In the event that the Collateral Custodian fails to produce any original promissory note delivered to it related to a Collateral Obligation that was in its possession pursuant to [Section 10.22](#) within five (5) Business Days after required or requested by the Facility Agent and provided that (a) the Collateral Custodian previously certified in writing to the Facility Agent that it had received such original promissory note and (b) such original promissory note is not outstanding pursuant to a Request for Release and Receipt, then the Collateral Custodian shall with respect to any missing original promissory note, promptly deliver to the Facility Agent upon request a lost note affidavit.

Section 18.8 Transmission of Collateral Obligation Files.

Written instructions as to the method of shipment and shipper(s) the Collateral Custodian is directed to utilize in connection with the transmission of Collateral Obligation Files in the performance of the Collateral Custodian's duties hereunder shall be delivered by the Borrower or the Investment Manager to the Collateral Custodian prior to any shipment of any Collateral Obligation Files hereunder. In the event the Collateral Custodian does not receive such written instruction from the Borrower or the Investment Manager, the Collateral Custodian shall be authorized and indemnified as provided herein to utilize a nationally recognized courier service. The Borrower shall cause the Investment Manager to arrange for the provision of such services at its sole cost and expense (or, at the Collateral Custodian's option, reimburse the Collateral Custodian for all costs and expenses incurred by the Collateral Custodian consistent with such instructions) and shall maintain such insurance against loss or damage to the Collateral Obligation Files as the Investment Manager deems appropriate.

Section 18.9 Merger or Consolidation.

Any Person (i) into which the Collateral Custodian may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Collateral Custodian shall be a party, or (iii) that may succeed to the properties and assets of the Collateral Custodian substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Collateral Custodian hereunder, shall be the successor to the Collateral Custodian under this Agreement without further act of any of the parties to this Agreement.

Section 18.10 Collateral Custodian Compensation.

As compensation for its Collateral Custodian activities hereunder and in its capacity as Securities Intermediary under the Account Control Agreement, the Collateral Custodian shall be entitled to its fees and

expenses from the Borrower as set forth in the Collateral Agent and Collateral Custodian Fee Letter and any other accrued and unpaid fees, expenses (including reasonable attorneys' fees, costs and expenses) and indemnity amounts payable by the Borrower or the Investment Manager, or both but without duplication, to the Collateral Custodian (including Indemnified Amounts under Article XVI) under the Transaction Documents (which includes amounts payable to the Securities Intermediary under the Account Control Agreement) (collectively, the "Collateral Custodian Fees and Expenses"). The Borrower agrees to reimburse the Collateral Custodian in accordance with the provisions of Section 8.3 for all reasonable expenses, disbursements and advances incurred or made by the Collateral Custodian in accordance with any provision of this Agreement or the other Transaction Documents or in the enforcement of any provision hereof or in the other Transaction Documents.

Section 18.11 Removal or Resignation of Collateral Custodian.

(a) The Collateral Custodian may at any time resign and terminate its obligations under this Agreement upon at least 60 days' prior written notice to the Investment Manager, the Borrower and the Facility Agent and each Agent; provided, that no resignation or removal of the Collateral Custodian will be permitted unless a successor Collateral Custodian has been appointed which successor Collateral Custodian, so long as no Unmatured Investment Manager Event of Default, Investment Manager Event of Default, Unmatured Facility Termination Event or Facility Termination Event has occurred and is continuing, is reasonably acceptable to the Investment Manager. Promptly after receipt of notice of the Collateral Custodian's resignation, the Facility Agent shall promptly appoint a successor Collateral Custodian by written instrument, in duplicate, copies of which instrument shall be delivered to the Borrower, the Investment Manager, each Agent, the resigning Collateral Custodian and to the successor Collateral Custodian.

- i. The Facility Agent upon at least 60 days' prior written notice to the Collateral Custodian and each Agent, may (or shall upon the request of the Majority Lenders) remove and discharge the Collateral Custodian or any successor Collateral Custodian thereafter appointed from the performance of its duties under this Agreement for cause. Promptly after giving notice of removal of the Collateral Custodian, the Facility Agent shall appoint, or petition a court of competent jurisdiction to appoint, a successor Collateral Custodian (which successor Collateral Custodian shall be reasonably acceptable to the Majority Lenders and the Borrower). Any such appointment shall be accomplished by written instrument and one original counterpart of such instrument of appointment shall be delivered to the Collateral Custodian and the successor Collateral Custodian, with a copy delivered to the Borrower and the Investment Manager.
- ii. In the event of any such resignation or removal, the Collateral Custodian shall, no later than five (5) Business Days after receipt of notice of the successor Collateral Custodian, transfer to the successor Collateral Custodian, as directed in writing by the Facility Agent, all the Collateral Obligation Files being administered under this Agreement. The cost of the shipment of Collateral Obligation Files arising out of the resignation of the Collateral Custodian pursuant to Section 18.11(a), or the termination for cause of the Collateral Custodian pursuant to Section 18.11(b), shall be at the expense of the Collateral Custodian. Any cost of shipment arising out of the removal or discharge of the Collateral Custodian without cause pursuant to Section 18.11(b), shall be at the expense of the Borrower.

Section 18.12 Limitations on Liability.

(a) The Collateral Custodian may conclusively rely on and shall be fully protected in acting upon any certificate, instrument, opinion, notice, letter, telegram or other document delivered to it and that in good faith it reasonably believes to be genuine and that has been signed by the proper party or parties. The Collateral Custodian may rely conclusively on and shall be fully protected in acting upon (a) the written instructions of any designated officer of the Facility Agent or (b) the verbal instructions of the Facility Agent.

- i. The Collateral Custodian may consult counsel satisfactory to it and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any

- action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel.
- ii. The Collateral Custodian shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except in the case of its willful misconduct or grossly negligent performance or omission of its duties and in the case of the grossly negligent performance of its duties in taking and retaining custody of the Collateral Obligation Files; provided that, the Collateral Custodian hereby agrees that any failure of the Collateral Custodian to produce an original promissory note satisfying the conditions described in clauses (a) and (b) of Section 18.7 shall constitute negligence.
 - iii. The Collateral Custodian makes no warranty or representation and shall have no responsibility (except as expressly set forth in this Agreement) as to the content, enforceability, completeness, validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, and will not be required to and will not make any representations as to the validity or value (except as expressly set forth in this Agreement) of any of the Collateral. The Collateral Custodian shall not be obligated to take any action hereunder that might in its judgment involve any expense or liability unless it has been furnished with an indemnity reasonably satisfactory to it.
 - iv. The Collateral Custodian shall have no duties or responsibilities except such duties and responsibilities as are specifically set forth in this Agreement and no covenants or obligations shall be implied in this Agreement against the Collateral Custodian.
 - v. The Collateral Custodian shall not be required to expend or risk its own funds in the performance of its duties hereunder. In no event shall the Collateral Custodian be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action (including any laws, ordinances, regulations) or the like that delay, restrict or prohibit the providing of services by the Collateral Custodian as contemplated by this Agreement.
 - vi. It is expressly agreed and acknowledged that the Collateral Custodian is not guaranteeing performance of or assuming any liability for the obligations of the other parties hereto or any parties to the Collateral.
 - vii. In case any reasonable question arises as to its duties hereunder, the Collateral Custodian may, prior to the occurrence of a Facility Termination Event or the Facility Termination Date, request instructions from the Investment Manager and may, after the occurrence of a Facility Termination Event or the Facility Termination Date, request instructions from the Facility Agent, and shall be entitled at all times to refrain from taking any action unless it has received instructions from the Investment Manager or the Facility Agent, as applicable. The Collateral Custodian shall in all events have no liability, risk or cost for any action taken pursuant to and in compliance with the instruction of the Facility Agent. In no event shall the Collateral Custodian be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collateral Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.
 - viii. Each of the protections, reliances, indemnities and immunities offered to the Collateral Agent in Section 11.7 and Section 11.8 shall be afforded to the Collateral Custodian.

Section 18.13 Collateral Custodian as Agent of Collateral Agent.

The Collateral Custodian agrees that, with respect to any Collateral Obligation File at any time or times in its possession or held in its name, the Collateral Custodian shall be the agent and custodian of the Collateral Agent, for the benefit of the Secured Parties, for purposes of perfecting (to the extent not otherwise perfected) the Collateral Agent's security interest in the Collateral and for the purpose of ensuring that such security

interest is entitled to first priority status under the UCC. For so long as the Collateral Custodian is the same entity as the Collateral Agent, the Collateral Custodian shall be entitled to the same rights and protections afforded to the Collateral Agent hereunder.
[signature pages begin on next page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

DUNLAP FUNDING LLC, as Borrower

By: _____ Name: Title:

Collateral Custodian

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and as

By: _____ Name: Title:

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent

By: _____ Name: Title:

By: _____ Name: Title:

DEUTSCHE BANK AG, NEW YORK BRANCH, as an Agent, as a Dollar Lender, as a Euro Lender, as a GBP Lender, as a CAD Lender, as a AUD Lender and as a Committed Lender

By: _____ Name: Title:

By: _____ Name: Title:

ANNEX A

DUNLAP FUNDING LLC

201 Rouse Boulevard

Philadelphia, PA 19112 Attention: William Goebel, Chief Financial Officer Telephone: (215) 220-4247 Facsimile: (215) 339-1931

Email: credit.notices@fsinvestments.com; FSICIII_Team@fsinvestments.com; portfolio_finance@fsinvestments.com

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Agent and Collateral Custodian

Wells Fargo Bank, National Association

9062 Old Annapolis Rd.

Columbia, Maryland 21045

Attn: CDO Trust Services—Dunlap Funding LLC

Fax: (410) 715-3748

Phone: (410) 884-2000

DEUTSCHE BANK AG, NEW YORK BRANCH, as Facility Agent

One Columbus Circle New York, New York 10019 Attention: Asset Finance Department Email: Amit.Patel@db.com, James.Kwak@db.com

DEUTSCHE BANK AG, NEW YORK BRANCH, as an Agent and as a Committed Lender

One Columbus Circle New York, New York 10019 Attention: Asset Finance Department Email: Amit.Patel@db.com, James.Kwak@db.com

Annex B

Lender
Deutsche Bank AG, New York Branch

Commitment
\$500,000,000

Document comparison by Workshare Compare on Thursday, February 23, 2023 8:36:14 AM

Input:	
Document 1 ID	iManage://USDMS10/USActive/31506654/25
Description	#31506654v25<USActive> - DB - FSIC III: LFSA (Conformed through Amd 14)
Document 2 ID	iManage://USDMS10/USActive/31506654/28
Description	#31506654v28<USActive> - DB - FSIC III: LFSA (Conformed through Amd 15)
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	215
Deletions	207
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	422

AMENDMENT AGREEMENT

AMENDMENT AGREEMENT (“**Amendment**”) dated as of January 25, 2023 between BNP Paribas Prime Brokerage International, Limited, on behalf of itself and as agent for the BNPP Entities (“**BNPP PB**”), on the one hand, and Burholme Funding LLC (“**Customer**”), on the other hand.

WHEREAS, BNPP PB and Customer previously entered into the Committed Facility Agreement dated as of October 17, 2014 (as amended from time to time, the “**Agreement**”);

WHEREAS, the parties hereto desire to amend the Agreement as provided herein;

NOW THEREFORE, in consideration of the mutual agreements provided herein, the parties agree to amend the Agreement as follows:

1. Amendment to Appendix B to the Agreement

- a. Appendix B to the Agreement is hereby deleted in its entirety and replaced with new Appendix B, attached hereto as Exhibit I.

1. Representations

Each party represents to the other party that all representations contained in the Agreement are true and accurate as of the date of this Amendment and that such representations are deemed to be given or repeated by each party, as the case may be, on the date of this Amendment, in each case, however, except for any representation that refers to a specific date, as to which each party represents to the other party that such representation is true and accurate as of such specific date and is deemed to be given or repeated by each party, as the case may be, as of such specific date.

1. Miscellaneous

- a. **Definitions.** Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings specified for such terms in the Agreement.
- b. **Entire Agreement.** The Agreement as amended and supplemented by this Amendment constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communications and prior writings (except as otherwise provided herein) with respect thereto. Except as expressly set forth herein, the terms and conditions of the Agreement remain in full force and effect.
- c. **Counterparts.** This Amendment may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
- d. **Headings.** The headings used in this Amendment are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Amendment.
- e. **Governing Law.** This Amendment will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).

(Signature page follows)

IN WITNESS WHEREOF the parties have executed this Amendment with effect from the first date specified on the first page of this Amendment.

BNP PARIBAS PRIME BROKERAGE INTERNATIONAL, LTD.

BURHOLME FUNDING LLC

/s/ Alex Bergelson

Name: Alex Bergelson
Title: Managing Director

/s/ William Goebel Name: William Goebel
Title: Chief Financial Office

/s/ Robert Lakeman

Name: Jeffrey Lowe
Title: Director

Exhibit I

Appendix B

Pricing

Burholme Funding LLC

Financing Rate

Customer Debit Rate

SOFR + 135 bps

ISO Code

USD

Arrangement Fee

Customer shall pay an arrangement fee (the “**Arrangement Fee**”) to BNPP PB equal to the product of the Maximum Commitment Financing and 15 bps and shall pay such Arrangement Fee on the execution date of the Committed Facility Agreement.

Commitment Fee

N/A

FOURTH AMENDMENT TO LOAN AND SERVICING AGREEMENT (this “Amendment”), dated as of November 28, 2022 (the “Amendment Date”), among Meadowbrook Run LLC, a Delaware limited liability company, as the borrower (the “Borrower”), FS KKR Capital Corp., a Maryland corporation, as the servicer (the “Servicer”), Morgan Stanley Bank, N.A., as the lender (the “Lender”), and Morgan Stanley Senior Funding, Inc., as administrative agent (in such capacity, together with its successors and permitted assigns in such capacity, the “Administrative Agent”).

WHEREAS, the Borrower, the Servicer, the Lender and the Administrative Agent are party to that certain Loan and Servicing Agreement, dated as of November 22, 2019 (as the same may be amended, modified or supplemented prior to the Amendment Date in accordance with the terms thereof, the “Loan and Servicing Agreement”), by and among the Borrower, the Servicer, FS KKR Capital Corp., as the equityholder, the Lender, each of the other lenders from time to time party thereto, the Administrative Agent and Wells Fargo Bank, National Association, as the collateral agent, the account bank and the collateral custodian, providing, among other things, for the making and the administration of the Advances by the Lender to the Borrower; and

WHEREAS, the Borrower, the Servicer, the Lender and the Administrative Agent desire to amend certain provisions of the Loan and Servicing Agreement, in accordance with Section 12.01 thereof and subject to the terms and conditions set forth herein.

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

A. Definitions

Section 1.1 Defined Terms.

Terms used but not defined herein have the respective meanings given to such terms in the Loan and Servicing Agreement.

A.

Amendments to Loan and Servicing Agreement

Section 2.1 As of the Amendment Date, the Loan and Servicing Agreement is hereby amended as follows:

- i. The definition of “Revolving Period End Date” in Section 1.01 of the Loan and Servicing Agreement is hereby amended to delete reference to the date “November 22, 2022” and insert the date “February 22, 2023” in lieu thereof.

A.

Representations and Warranties

Section 3.1 The Borrower and the Servicer hereby represent and warrant to the Administrative Agent and the Lender that, as of the Amendment Date, (i) no Unmatured Event of Default, Event of Default or Servicer Default has occurred and is continuing and (ii) the representations and warranties of the Borrower and the Servicer contained in the Loan and Servicing Agreement are true and correct in all material respects on and as of such day.

B. Conditions Precedent to Closing

Section 4.1 This Amendment shall become effective as of the date first written above upon its execution and delivery by each party hereto.

C. Condition Precedent to Advance

Section 5.1 The Advance request made immediately after the Amendment Date shall be subject to the further condition precedent that the Borrower shall have paid in full all fees then required to be paid (including reasonable and documented fees, disbursements and other charges of outside counsel to the Administrative Agent).

D.

Miscellaneous

Section 6.1 Governing Law.

THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 6.2 Severability Clause.

In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.3 Ratification.

Except as expressly amended hereby, the Loan and Servicing Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment shall form a part of the Loan and Servicing Agreement for all purposes.

Section 6.4 Counterparts.

The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 6.5 Headings.

The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the Amendment Date.

BORROWER:
MEADOWBROOK RUN LLC

By: /s/ William Goebel Name: William Goebel Title: Chief
Financial Officer

SERVICER:
FS KKR CAPITAL CORP.

Accounting Officer

By: /s/ William Goebel Name: William Goebel Title: Chief

Authorized Signatory

ADMINISTRATIVE AGENT:
MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ David Wasserman Name: David Wasserman Title:

Authorized Signatory

LENDER:
MORGAN STANLEY BANK, N.A.

By: /s/ David Wasserman Name: David Wasserman Title:

Subsidiaries of FS KKR Capital Corp.

Name of Subsidiary	State of Incorporation or Organization
CT Dublin Funding Designated Activity Company	Ireland
CCT Holdings II LLC	Delaware
CCT Tokyo Funding LLC	Delaware
FCF LLC	Delaware
FS KKR MM CLO 1 LLC	Delaware
FSIC Investments, Inc.	Delaware
IC Altus Investments, LLC	Delaware
IC American Energy Investments, Inc.	Delaware
IC Arches Investments, LLC	Delaware
IC Northern Investments, LLC	Delaware
Locust Street Funding LLC	Delaware
Race Street Funding LLC	Delaware
Ambler Funding LLC	Delaware
Cobbs Creek LLC	Delaware
Cooper River LLC	Delaware
Darby Creek LLC	Delaware
Dunlap Funding LLC	Delaware
FSIC II Investments, Inc.	Delaware
Germantown Funding LLC	Delaware
IC II Northern Investments, LLC	Delaware
Juniata River LLC	Delaware
Meadowbrook Run Funding LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-231221 on Form N-2 of our reports dated February 27, 2023, relating to the financial statements and financial highlights of FS KKR Capital Corp. (the “Company”), and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP
San Francisco, California
February 27, 2023

Certification of Chief Executive Officer

I, Michael C. Forman, Chief Executive Officer of FS KKR Capital Corp., certify that:

1. I have reviewed this annual report on Form 10-K of FS KKR Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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.

Dated this [27th day of February 2022.]

/s/ Michael C. Forman
Michael C. Forman
Chief Executive Officer

Certification of Chief Financial Officer

I, Steven Lilly, Chief Financial Officer of FS KKR Capital Corp., certify that:

1. I have reviewed this annual report on Form 10-K of FS KKR Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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.

Dated this [27th day of February 2022.]

/s/ Steven Lilly

Steven Lilly
Chief Financial Officer

CERTIFICATION of CEO PURSUANT TO

Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 (the "Report") of FS KKR Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Michael C. Forman, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: [February 27, 2023]

/s/ Michael C. Forman

Michael C. Forman
Chief Executive Officer

CERTIFICATION of CFO PURSUANT TO

Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 (the "Report") of FS KKR Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Steven Lilly, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: [February 27, 2023]

/s/ Steven Lilly

Steven Lilly
Chief Financial Officer