

WhiteHorse Finance, Inc.
Form 10-Q
May 08, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

or

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

For the transition period from _____ to _____

Commission file number: 814-00967

WHITEHORSE FINANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

**Delaware 45-4247759
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)**

1450 Brickell Avenue, 31st Floor 33131

Miami, Florida
(Address of Principal Executive Offices) (Zip Code)

(305) 381-6999

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

As of May 7, 2015 the Registrant had 14,982,857 shares of common stock, \$0.001 par value, outstanding.

WHITEHORSE FINANCE, INC.

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Part I. Financial Information**Item 1. Financial Statements****WhiteHorse Finance, Inc.****Consolidated Statements of Assets and Liabilities***(in thousands, except share and per share data)*

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Investments, at fair value (amortized cost \$389,329 and \$401,062, respectively)	\$ 391,289	\$ 403,500
Cash and cash equivalents	11,887	11,647
Restricted cash and cash equivalents	5,698	4,495
Interest receivable	2,725	2,702
Receivable from investments sold	4,750	—
Deferred financing costs	4,391	4,004
Prepaid expenses and other receivables	437	494
Total assets	\$ 421,177	\$ 426,842
Liabilities		
Credit facility	\$ 100,500	\$ 105,500
Senior notes	30,000	30,000
Unsecured term loan	55,000	55,000
Distributions payable	5,319	5,319
Management fees payable	5,185	5,006
Accounts payable and accrued expenses	361	659
Total liabilities	196,365	201,484
Commitments and contingencies (See Note 7)		
Net assets		
Common stock, 14,982,857 shares issued and outstanding, par value \$0.001 per share and 100,000,000 authorized	15	15
Paid-in capital in excess of par	228,731	228,731
Accumulated overdistributed net investment income	(5,903)	(5,918)
Accumulated realized gains on investments	645	728
Accumulated unrealized appreciation on investments	1,324	1,802
Total net assets	224,812	225,358
Total liabilities and total net assets	\$ 421,177	\$ 426,842

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Number of shares outstanding	14,982,857	14,982,857
Net asset value per share	\$ 15.00	\$ 15.04

See notes to the consolidated financial statements

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

	Three months ended March 31,	
	2015	2014
Investment income		
Interest income	\$ 10,511	\$ 7,857
Fee income	100	393
Dividend income	660	—
Total investment income	11,271	8,250
Expenses		
Interest expense	1,670	1,355
Base management fees	2,120	1,787
Performance-based incentive fees	1,333	151
Administrative service fees	329	325
General and administrative expenses	485	986
Total expenses, before fees waived	5,937	4,604
Base management fees waived	—	(344)
Total expenses, net of fees waived	5,937	4,260
Net investment income	5,334	3,990
Realized and unrealized (losses) gains on investments		
Net realized losses on investments	(83)	—
Net change in unrealized (depreciation) appreciation on investments	(478)	2,380
Net realized and unrealized (losses) gains on investments	(561)	2,380
Net increase in net assets resulting from operations	\$ 4,773	\$ 6,370
Per common share data		
Basic and diluted earnings per common share	\$ 0.32	\$ 0.43
Distributions declared per common share	\$ 0.36	\$ 0.36
Basic and diluted weighted average common shares outstanding	14,982,857	14,982,728

See notes to the consolidated financial statements

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

	Common Stock		Paid-in Capital in	Accumulated Investment	Accumulated Realized Gains (Losses) on Investments	Accumulated Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Par amount	Excess of Par	Income			
Balance at December 31, 2013	14,977,056	\$ 15	\$ 228,646	\$ (854)	\$ —	\$ (805)	\$ 227,002
Stock issued in connection with dividend reinvestment plan	5,801	—	88	—	—	—	88
Net increase in net assets resulting from operations	—	—	—	3,990	—	2,380	6,370
Distributions declared	—	—	—	(5,319)	—	—	(5,319)
Balance at March 31, 2014	14,982,857	\$ 15	\$ 228,734	\$ (2,183)	\$ —	\$ 1,575	\$ 228,141
Balance at December 31, 2014	14,982,857	\$ 15	\$ 228,731	\$ (5,918)	\$ 728	\$ 1,802	\$ 225,358
Net increase in net assets resulting from operations	—	—	—	5,334	(83)	(478)	4,773
Distributions declared	—	—	—	(5,319)	—	—	(5,319)
Balance at March 31, 2015	14,982,857	\$ 15	\$ 228,731	\$ (5,903)	\$ 645	\$ 1,324	\$ 224,812

See notes to the consolidated financial statements

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

	Three months ended March 31,	
	2015	2014
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 4,773	\$ 6,370
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Paid in kind income	(314)	(290)
Net realized losses on investments	83	—
Net unrealized depreciation (appreciation) on investments	478	(2,380)
Accretion of discount	(254)	(204)
Amortization of deferred financing costs	176	148
Acquisition of investments	(26,475)	(16,623)
Proceeds from principal payments and sales of portfolio investments	38,693	5,074
Net changes in operating assets and liabilities:		
Interest receivable	(23)	(326)
Prepaid expenses and other receivables	57	(62)
Receivable from investments sold	(4,750)	—
Payable for investments purchased	—	(16,883)
Management fees payable	179	(752)
Accounts payable and accrued expenses	(298)	354
Restricted cash and cash equivalents	(1,203)	(11,365)
Net cash provided by (used in) operating activities	11,122	(36,939)
Cash flows from financing activities		
Proceeds from borrowings under credit facility	6,000	—
Repayment of borrowings under credit facility	(11,000)	(25,000)
Deferred financing costs	(563)	—
Distributions paid to common stockholders, net of distributions reinvested	(5,319)	(5,229)
Net cash used in financing activities	(10,882)	(30,229)
Net change in cash and cash equivalents	240	(67,168)
Cash and cash equivalents at beginning of period	11,647	92,905
Cash and cash equivalents at end of period	\$ 11,887	\$ 25,737
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,471	\$ 1,202
Supplemental noncash disclosures:		
Dividends reinvested	\$ —	\$ 88

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited)****March 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
North America								
Debt Investments								
Broadcasting								
Multicultural Radio								
Broadcasting, Inc.								
First Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	6/27/19	\$ 14,850	\$ 14,850	\$ 14,880	6.62	%
Cable & Satellite								
Puerto Rico Cable Acquisition								
Company, Inc.								
Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	5/30/19	7,000	6,935	7,028	3.13	
Consumer Finance								
Golden Pear Funding III, LLC ⁽⁷⁾								
First Lien Secured Term Loan	L+9.75% (1.00% Floor)	10.75%	12/29/19	10,000	9,810	9,840	4.38	
Oasis Legal Finance, LLC ⁽⁷⁾								
Second Lien Secured Term Loan	N/A ⁽⁵⁾	10.50%	9/30/18	9,500	9,351	9,500	4.23	
Sigue Corporation								
Second Lien Secured Term Loan	L+9.50% (1.00% Floor)	10.50%	12/27/18	25,000	24,602	24,775	11.02	
				44,500	43,763	44,115	19.63	
Data Processing & Outsourced Services								
Future Payment Technologies, L.P.								
Second Lien Secured Term Loan	L+12.00% (1.00% Floor)	13.00% (2.00% PIK)	12/31/18	35,895	34,771	35,572	15.82	
Diversified Support Services								

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Expert Global Solutions, Inc. Second Lien Secured Term Loan	L+11.00% (1.50% Floor)	12.50%	10/3/18	7,500	7,426	7,440	3.31
Orion Healthcorp, Inc. First Lien Secured Term Loan	L+9.00% (2.00% Floor)	11.00%	9/30/17	9,113	8,880	9,058	4.03
Smile Brands Group Inc. First Lien Secured Term Loan	L+6.25% (1.25% Floor)	7.50%	8/16/19	11,820	11,633	11,170	4.97
				28,433	27,939	27,668	12.31

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WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited) (Continued)****March 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
Electronic Equipment & Instruments AP Gaming I, LLC								
First Lien Secured Term Loan	L+8.25% (1.00% Floor)	9.25%	12/20/20	\$9,875	\$9,613	\$9,707	4.32	%
Food Retail Crews of California, Inc.								
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	15,055	14,735	14,949	6.65	
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	—	(104)	—	—	
First Lien Secured Delayed Draw Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	2,500	2,396	2,483	1.10	
				17,555	17,027	17,432	7.75	
Health Care Distributors Comprehensive Decubitus Therapy, Inc.								
First Lien Secured Term Loan	P+12.50% (3.25% Floor)	15.75% (3.00% PIK)	3/15/18	11,761	11,593	11,690	5.20	
First Lien Secured Revolving Loan	P+12.50% (3.25% Floor)	15.75% (3.00% PIK)	3/15/18	—	(24)	—	—	
P2 Newco Acquisition, Inc. ⁽⁶⁾ Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	10/22/21	10,000	9,912	9,950	4.43	
				21,761	21,481	21,640	9.63	
Health Care Facilities Coastal Sober Living, LLC								

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First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	6/30/19	42,680	41,977	42,510	18.91
Grupo HIMA San Pablo, Inc.							
First Lien Secured Term Loan	L+7.00% (1.50% Floor)	8.50%	1/31/18	14,700	14,510	14,700	6.54
Second Lien Secured Term Loan	N/A ⁽⁵⁾	13.75%	7/31/18	1,000	964	1,000	0.44
				58,380	57,451	58,210	25.89
Health Care Technology Client Network Services, Inc.							
First Lien Secured Term Loan	L+13.00% (0.50% Floor)	13.50%	4/24/19	21,756	21,430	21,756	9.68
First Lien Secured Revolving Loan	P+12.00% (3.25% Floor)	15.25%	4/24/19	—	—	—	—
				21,756	21,430	21,756	9.68
Homebuilding Orleans Homebuilders, Inc.							
First Lien Secured Term Loan	L+8.50% (2.00% Floor)	10.50%	2/14/16	16,133	16,165	16,133	7.18
Integrated Telecommunication Services Securus Technologies Holdings, Inc.							
Second Lien Secured Term Loan	L+7.75% (1.25% Floor)	9.00%	4/30/21	12,090	12,025	11,969	5.32

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited) (Continued)****March 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
Metal & Glass Containers Pelican Products, Inc. ⁽⁶⁾ Second Lien Secured Term Loan	L+8.25% (1.00% Floor)	9.25%	4/11/21	\$3,000	\$2,980	\$3,009	1.34 %
Oil & Gas Drilling ProPetro Services, Inc. First Lien Secured Term Loan	L+6.25% (1.00% Floor)	7.25%	9/30/19	9,250	9,172	8,760	3.90
Oil & Gas Exploration & Production Caelus Energy Alaska O3, LLC Second Lien Secured Term Loan	L+7.50% (1.25% Floor)	8.75%	4/15/20	13,000	12,837	11,869	5.28
Larchmont Resources, LLC First Lien Secured Term Loan	L+7.25% (1.00% Floor)	8.25%	8/7/19	1,985	2,023	1,866	0.83
				14,985	14,860	13,735	6.11
Oil & Gas Storage & Transportation Sprint Industrial Holdings LLC ⁽⁶⁾ First Lien Secured Term Loan	L+5.75% (1.25% Floor)	7.00%	5/14/19	1,985	1,996	1,897	0.84
Other Diversified Financial Services RCS Capital Corporation ⁽⁷⁾ Second Lien Secured Term Loan	L+9.50% (1.00% Floor)	10.50%	4/29/21	17,750	17,829	17,519	7.79
The Pay-O-Matic Corp First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00%	3/31/18	10,000	9,800	9,800	4.36
				27,750	27,629	27,319	12.15

Specialized Consumer Services							
Pre-Paid Legal Services, Inc.							
Second Lien Secured Term Loan	L+8.50% (1.25% Floor)	9.75%	7/1/20	18,000	17,809	18,054	8.03
Specialized Finance							
GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (6) (7)}							
First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	3,835	3,884	3,835	1.71
Trucking							
Fox Rent A Car, Inc.							
Second Lien Secured Term Loan	L+12.00%	12.18%	10/31/19	7,500	7,429	7,470	3.32
Total Debt Investments				374,533	369,209	370,189	164.69
Equity Investments							
Diversified Support Services							
Constellation Health, LLC Warrants ⁽⁶⁾							
	N/A	N/A	3/31/18	—	—	890	0.40
Food Retail							
Crews of California, Inc. Warrants ⁽⁶⁾							
	N/A	N/A	12/31/24	—	—	127	0.06
Nicholas & Associates, LLC Warrants ⁽⁶⁾							
	N/A	N/A	12/31/24	—	—	24	0.01
Pinnacle Management Group, LLC Warrants ⁽⁶⁾							
	N/A	N/A	12/31/24	—	—	46	0.02
RC3 Enterprises, LLC Warrants ⁽⁶⁾							
	N/A	N/A	12/31/24	—	—	13	0.01
				—	—	210	0.10
Specialized Finance							
NMFC Senior Loan Program I LLC Units ⁽⁶⁾⁽⁷⁾							
	N/A	N/A	6/10/19	—	20,120	20,000	8.90
Total Equity Investments					20,120	21,100	9.40
Total Investments				\$374,533	\$389,329	\$391,289	174.07 %

⁽¹⁾ All investments are non-controlled/non-affiliate investments as defined by the Investment Company Act of 1940, as amended (the “1940 Act”). Except as otherwise noted, the investments provide collateral for the Credit Facility.

⁽²⁾ The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”) or the Prime Rate (“P”), which resets monthly, quarterly or semiannually.

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

(4) WhiteHorse Finance, Inc.’s investments in GMT Holdings 1, Ltd. and GMT Holdings 12, Ltd. are held through its subsidiary Bayside Financing S.A.R.L.

(5) Interest rate is fixed and accordingly the spread above the index is not applicable.

(6) Investment does not provide collateral for the Credit Facility.

Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any (7) non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets.

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments****December 31, 2014***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
North America Debt Investments Auto Parts & Equipment GST Autoleather, Inc.	L+5.50% (1.00% Floor)	6.50%	7/10/20	\$ 1,995	\$ 1,990	\$ 1,975	0.88 %
Broadcasting Multicultural Radio Broadcasting, Inc.	L+10.50% (1.00% Floor)	11.50%	6/27/19	14,850	14,850	14,865	6.60
Cable & Satellite Puerto Rico Cable Acquisition Company, Inc.	L+8.50% (1.00% Floor)	9.50%	5/30/19	7,000	6,932	7,007	3.11
Consumer Finance Golden Pear Funding III, LLC (7)	L+9.75% (1.00% Floor)	10.75%	12/29/19	10,000	9,800	9,880	4.38
Oasis Legal Finance, LLC ⁽⁷⁾ Second Lien Secured Term Loan	N/A ⁽⁵⁾	10.50%	9/30/18	9,500	9,342	9,434	4.19
Sigue Corporation Second Lien Secured Term Loan	L+9.50% (1.00% Floor)	10.50%	12/27/18	25,000	24,580	24,850	11.03
				44,500	43,722	44,164	19.60

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Data Processing & Outsourced
Services
Future Payment Technologies,
L.P.

Second Lien Secured Term Loan	L+12.00% (1.00% Floor)	13.00% (2.00% PIK)	12/31/18	35,716	34,534	35,716	15.85
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Diversified Support Services
Orion Healthcorp, Inc.

First Lien Secured Term Loan	L+9.00% (2.00% Floor)	11.00%	9/30/17	9,616	9,364	9,491	4.21
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Smile Brands Group Inc.

First Lien Secured Term Loan	L+6.25% (1.25% Floor)	7.50%	8/16/19	11,850	11,655	11,577	5.14
				21,466	21,019	21,068	9.35

Electronic Equipment &
Instruments
AP Gaming I, LLC

First Lien Secured Term Loan	L+8.25% (1.00% Floor)	9.25%	12/20/20	9,900	9,630	9,623	4.27
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WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2014***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
Food Retail							
Crews of California, Inc.							
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	\$ 15,017	\$ 14,685	\$ 14,807	6.57 %
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	—	(110)	—	—
First Lien Secured Delayed Draw Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	—	(110)	—	—
				15,017	14,465	14,807	6.57
Health Care Distributors							
Comprehensive Decubitus Therapy, Inc.							
First Lien Secured Term Loan	P+12.50% (3.25% Floor)	15.75% (3.00% PIK)	3/15/18	12,311	12,125	12,163	5.40
First Lien Secured Revolving Loan	P+12.50% (3.25% Floor)	15.75% (3.00% PIK)	3/15/18	—	(26)	—	—
P2 Newco Acquisition, Inc. (6)							
Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	10/22/21	10,000	9,910	10,010	4.44
				22,311	22,009	22,173	9.84
Health Care Facilities							
Coastal Sober Living, LLC							
First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	6/30/19	43,230	42,494	43,014	19.09
Grupo HIMA San Pablo, Inc.							
First Lien Secured Term Loan	L+7.00% (1.50% Floor)	8.50%	1/31/18	14,738	14,534	14,679	6.51
Second Lien Secured Term Loan	N/A ⁽⁵⁾	13.75%	7/31/18	1,000	962	997	0.44
				58,968	57,990	58,690	26.04
Health Care Technology							

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Client Network Services,
Inc.

First Lien Secured Term Loan	L+13.00% (0.50% Floor)	13.50% (1.00% PIK)	4/24/19	28,657	28,226	28,657	12.72
First Lien Secured Revolving Loan	L+12.00% (0.50% Floor)	12.50%	4/24/19	1,500	1,500	1,500	0.67
				30,157	29,726	30,157	13.39

Homebuilding

Orleans Homebuilders, Inc.

First Lien Secured Term Loan	L+8.50% (2.00% Floor)	10.50%	2/14/16	16,175	16,214	16,175	7.18
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Home Furnishing Retail
BDF Acquisition Corp. ⁽⁶⁾

Second Lien Secured Term Loan	L+8.00% (1.00% Floor)	9.00%	2/12/22	5,000	4,907	4,975	2.21
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WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2014***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
Human Resource & Employment Services Miller Heiman, Inc.								
First Lien Secured Term Loan	L+5.75% (1.00% Floor)	6.75%	9/30/19	\$ 3,949	\$ 3,877	\$ 3,862	1.71	%
Integrated Telecommunication Services Securus Technologies Holdings, Inc.								
Second Lien Secured Term Loan	L+7.75% (1.25% Floor)	9.00%	4/30/21	12,090	12,023	11,945	5.30	
Internet Software & Services Tourico Holidays, Inc.								
First Lien Secured Term Loan	L+7.50% (1.00% Floor)	8.50%	11/5/18	10,000	9,952	9,870	4.38	
Metal & Glass Containers Pelican Products, Inc. ⁽⁶⁾								
Second Lien Secured Term Loan	L+8.25% (1.00% Floor)	9.25%	4/11/21	3,000	2,979	3,018	1.34	
Oil & Gas Drilling ProPetro Services, Inc.								
First Lien Secured Term Loan	L+6.25% (1.00% Floor)	7.25%	9/30/19	9,375	9,293	9,291	4.12	
Oil & Gas Exploration & Production Caelus Energy Alaska O3, LLC								
Second Lien Secured Term Loan	L+7.50% (1.25% Floor)	8.75%	4/15/20	13,000	12,831	11,635	5.16	
Larchmont Resources, LLC								
First Lien Secured Term Loan	L+7.25% (1.00% Floor)	8.25%	8/7/19	1,990	2,030	2,000	0.89	
				14,990	14,861	13,635	6.05	
Oil & Gas Storage & Transportation								

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Sprint Industrial Holdings LLC ⁽⁶⁾

First Lien Secured Term Loan	L+5.75% (1.25% Floor)	7.00%	5/14/19	1,990	2,002	1,994	0.88
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Other Diversified Financial Services

RCS Capital Corporation⁽⁷⁾

Second Lien Secured Term Loan	L+9.50% (1.00% Floor)	10.50%	4/29/21	17,750	17,831	17,253	7.66
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Specialized Consumer Services
Pre-Paid Legal Services, Inc.

Second Lien Secured Term Loan	L+8.50% (1.25% Floor)	9.75%	7/1/20	18,000	17,802	17,964	7.97
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WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2014***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
Specialized Finance GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (6) (7)}								
First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	\$4,843	\$4,907	\$4,615	2.05	%
Trucking Fox Rent A Car, Inc.	L+12.00%	12.16%	10/31/19	7,500	7,427	7,448	3.30	
Second Lien Secured Term Loan								
Total Debt Investments				386,542	380,942	382,290	169.64	
Equity Investments Diversified Support Services Constellation Health, LLC Warrants ⁽⁶⁾	N/A	N/A	3/31/18	—	—	950	0.42	
Food Retail Crews of California, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	158	0.07	
Nicholas & Associates, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	29	0.01	
Pinnacle Management Group, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	57	0.03	
RC3 Enterprises, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	16	0.01	
				—	—	260	0.12	
Specialized Finance NMFC Senior Loan Program I LLC Units ⁽⁶⁾⁽⁷⁾	N/A	N/A						