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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

OR

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

Commission file number: 814-01360

FRANKLIN BSP CAPITAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-2950084**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
9 West 57th Street, 49th Floor, Suite 4920 New York, New York	**10019**
(Address of Principal Executive Office)	(Zip Code)

(212) 588-6770
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $0.001 per share
(Title of Class)

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, a smaller reporting company, or an emerging growth 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. ☐

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

There is no established market for the Registrant’s shares of common stock. The number of shares of the registrant's common stock, $0.001 par value, outstanding as of November 9, 2021 was 9,546,071.

FRANKLIN BSP CAPITAL CORPORATION
FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(dollars in thousands except share and per share data)

	September 30, 2021 (Unaudited)	December 31, 2020
Assets:		
Investments, at fair value:		
Affiliate Investments, at fair value (amortized cost of $11, and $0, respectively)	$ 114	$ —
Non-affiliate Investments, at fair value (amortized cost of $279,546 and $0, respectively)	281,392	—
Investments, at fair value (amortized cost of $279,557 and $0, respectively)	281,506	—
Cash and cash equivalents	2,706	2
Deferred offering costs	183	603
Interest receivable	2,105	—
Receivable for unsettled trades	25,392	—
Prepaid expenses and other assets	96	—
Total assets	$ 311,988	$ 605
Liabilities:		
Debt (net of deferred financing costs of $2,198 and $0, respectively)	$ 185,702	$ —
Management fees payable	330	—
Accounts payable and accrued expenses	795	—
Payable for unsettled trades	6,230	—
Interest and debt fees payable	323	—
Other liabilities	707	1,017
Total liabilities	194,087	1,017
Commitments and Contingencies (Note 6)		
Redeemable convertible preferred stock Series A, $0.001 par value, 50,000,000 shares authorized; 0 issued and outstanding at September 30, 2021, and 0 shares authorized, issued and outstanding at December 31, 2020	—	—
Net Assets:		
Common stock, $0.001 par value, 450,000,000 shares authorized; 7,641,936 issued and outstanding at September 30, 2021, and 100 issued and outstanding at December 31, 2020	8	0 [(1)]
Additional paid in capital	114,934	2
Total distributable earnings (loss)	2,959	(414)
Total net assets	117,901	(412)
Total liabilities and net assets	$ 311,988	$ 605
Net asset value per share	$ 15.43	$ (4,120.15)

(1) Less than $1.

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands except share and per share data)
(Unaudited)

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Investment income:		
From affiliate investments		
Interest income	$ 1	$ 60
Total investment income from affiliate investments	1	60
From non-affiliate investments		
Interest income	3,964	5,632
Fee and other income	76	117
Total investment income from non-affiliate investments	4,040	5,749
Interest from cash and cash equivalents	1	1
Total investment income	4,042	5,810
Operating expenses:		
Management fees	330	572
Incentive fee on income	218	218
Incentive fee on capital gains	151	378
Interest and debt fees	1,209	1,871
Professional fees	370	945
Other general and administrative	264	659
Amortization of offering costs	160	450
Administrative services	27	87
Directors' fees	98	288
Total expenses before incentive fee waiver	2,827	5,468
Incentive fee waiver	(369)	(596)
Expenses, net of incentive fee waiver	2,458	4,872
Net investment income before income taxes	1,584	938
Income tax expense, including excise tax	11	88
Net investment income	1,573	850
Realized and unrealized gain (loss):		
Net realized gain		
Affiliate investments	515	566
Non-affiliate investments	5	8
Total net realized gain	520	574
Net change in unrealized appreciation (depreciation) on investments		
Affiliate investments	(552)	102
Non-affiliate investments	1,043	1,847
Total net change in unrealized appreciation on investments	491	1,949
Net realized and unrealized gain	1,011	2,523
Net increase in net assets resulting from operations	$ 2,584	$ 3,373

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands except share and per share data)
(Unaudited)

Per share information - basic and diluted				
Net investment income	$	0.22	$	0.22
Net increase in net assets resulting from operations	$	0.37	$	0.86
Weighted average shares outstanding	$	7,034,082	$	3,939,356

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(dollars in thousands except share and per share data)
(Unaudited)

	For the nine months ended September 30, 2021
Operations:	
Net investment income	$ 850
Net realized gain from investments	574
Net change in unrealized appreciation on investments	1,949
Net increase in net assets resulting from operations	3,373
Capital share transactions:	
Issuance of common stock, net of issuance costs	114,940
Net increase in net assets from capital share transactions	114,940
Total increase in net assets	118,313
Net assets at beginning of period	(412)
Net assets at end of period	$ 117,901
Net asset value per common share	$ 15.43
Common shares outstanding at end of period	7,641,936

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	For the nine months ended September 30, 2021
Operating activities	
Net increase in net assets resulting from operations	$ 3,373
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Payment-in-kind interest income	(74)
Net accretion of discount on investments	(166)
Amortization of deferred financing costs	425
Amortization of deferred offering costs	420
Sales and repayments of investments	3,579
Purchases of investments	(282,322)
Net realized gain from investments	(574)
Net change in unrealized appreciation on investments	(1,949)
(Increase) decrease in operating assets:	
Interest receivable	(2,105)
Receivable for unsettled trades	(25,392)
Prepaid expenses and other assets	(96)
Increase (decrease) in operating liabilities:	
Management fees payable	330
Accounts payable and accrued expenses	795
Payable for unsettled trades	6,230
Interest and debt fees payable	323
Other liabilities	(310)
Net cash used in operating activities	(297,513)
Financing activities	
Proceeds from issuance of shares of common stock	114,940
Proceeds from debt	187,900
Payments of financing costs	(2,623)
Net cash provided by financing activities	300,217
Net increase in cash and cash equivalents	2,704
Cash and cash equivalents, beginning of period	2
Cash and cash equivalents, end of period	$ 2,706
Supplemental information:	
Interest paid during the period	$ 1,120
Taxes, including excise tax, paid during the period	$ 99

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
(dollars in thousands)
September 30, 2021
(Unaudited)

Portfolio Company (f) (g)	Industry	Investment Coupon Rate/ Maturity (i)	Principal/ Numbers of Shares	Amortized Cost	Fair Value	% of Net Assets (b)
Senior Secured First Lien Debt - 212.4% (b)						
1236904 BC, Ltd. (c) (h)	Software/Services	L+7.50% (8.50%), 3/4/2027	$ 4,183	$ 4,106	$ 4,309	3.7 %
Absolute Software Corp. (a) (c) (h)	Software/Services	L+6.00% (6.75%), 7/1/2027	20,120	19,730	19,734	16.6 %
ADCS Clinics Intermediate Holdings, LLC (c) (f)	Healthcare	L+6.25% (7.25%), 5/7/2027	227	227	223	0.2 %
ADCS Clinics Intermediate Holdings, LLC (c) (h)	Healthcare	L+6.25% (7.25%), 5/7/2027	5,829	5,716	5,720	4.9 %
American Rock Salt Company, LLC (h)	Chemicals	L+4.00% (4.75%), 6/9/2028	2,065	2,060	2,074	1.8 %
Aveanna Healthcare, LLC (a) (h)	Healthcare	L+3.75% (4.25%), 7/17/2028	5,640	5,612	5,633	4.8 %
Chudy Group, LLC (c) (h)	Healthcare	L+5.75% (6.75%), 6/30/2027	8,902	8,772	8,774	7.4 %
Cobblestone Intermediate Holdco, LLC (c) (f)	Consumer	L+5.25% (6.25%), 1/29/2026	2,193	2,193	2,193	1.9 %
Cobblestone Intermediate Holdco, LLC (c) (h)	Consumer	L+5.25% (6.25%), 1/29/2026	2,086	2,049	2,086	1.8 %
Communication Technology Intermediate, LLC (c)	Business Services	L+5.75% (6.75%), 5/5/2027	2,661	2,661	2,661	2.3 %
Communication Technology Intermediate, LLC (c) (h)	Business Services	L+5.75% (6.75%), 5/5/2027	7,650	7,501	7,650	6.5 %
Division Holding Corp. (h)	Business Services	L+4.75% (5.50%), 5/26/2028	3,789	3,753	3,803	3.2 %
Enviva Holdings, LP (a) (c) (h)	Utilities	L+5.50% (6.50%), 2/17/2026	3,842	3,807	3,842	3.3 %
FGT Purchaser, LLC (c) (h)	Consumer	L+5.50% (6.50%), 9/13/2027	9,756	9,563	9,562	8.1 %
Galway Borrower, LLC (c) (h)	Financials	L+5.25% (6.00%), 9/29/2028	11,241	11,016	11,016	9.3 %
Gogo Intermediate Holdings, LLC (a) (h)	Telecom	L+3.75% (4.50%), 4/28/2028	3,610	3,531	3,613	3.1 %
Gordian Medical, Inc. (h)	Healthcare	L+6.25% (7.00%), 1/31/2027	4,461	4,341	4,448	3.8 %
IG Investments Holdings, LLC (c) (h)	Business Services	L+6.00% (6.75%), 9/22/2028	8,119	7,957	7,957	6.8 %
Kissner Milling Co., Ltd.	Industrials	4.88%, 5/1/2028	2,275	2,275	2,289	1.9 %
Liquid Tech Solutions Holdings, LLC (h)	Industrials	L+4.75% (5.50%), 3/20/2028	4,126	4,106	4,105	3.5 %
Medical Management Resource Group, LLC (c) (h)	Healthcare	L+5.75% (6.50%), 9/30/2027	7,359	7,212	7,212	6.1 %
Mirra-Primeaccess Holdings, LLC (c) (h)	Healthcare	L+6.50% (7.50%), 7/29/2026	21,665	21,238	21,247	17.9 %
Pie Buyer, Inc. (c) (h)	Food & Beverage	L+5.50% (6.50%), 4/5/2027	11,465	11,140	11,465	9.7 %
Pilot Air Freight, LLC (c)	Transportation	L+4.75% (5.75%), 7/25/2024	939	939	939	0.8 %
Pilot Air Freight, LLC (c) (h)	Transportation	L+4.75% (5.75%), 7/25/2024	3,623	3,575	3,623	3.1 %
Pluralsight, LLC (c) (h)	Software/Services	L+8.00% (9.00%), 4/6/2027	7,499	7,357	7,355	6.2 %
Pluralsight, LLC (c) (h)	Software/Services	L+8.00% (9.00%), 4/6/2027	2,680	2,628	2,629	2.2 %
Relativity Oda, LLC (c) (h)	Software/Services	L+7.50% (8.50%) PIK, 5/12/2027	2,016	1,969	1,969	1.7 %

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
(dollars in thousands)
September 30, 2021
(Unaudited)

Portfolio Company (f) (g)	Industry	Investment Coupon Rate/ Maturity (i)	Principal/ Numbers of Shares	Amortized Cost	Fair Value	% of Net Assets (b)
Roadsafe Holdings, Inc. (c) (h)	Industrials	L+5.75% (6.75%), 10/19/2027	$ 3,373	$ 3,309	$ 3,310	2.8 %
SCIH Salt Holdings, Inc. (h)	Industrials	L+4.00% (4.75%), 3/16/2027	1,116	1,111	1,117	1.0 %
Skillsoft Corp. (a) (h)	Technology	L+4.75% (5.50%), 7/14/2028	628	619	630	0.5 %
Striper Buyer, LLC (c) (h)	Paper & Packaging	L+5.50% (6.25%), 12/30/2026	4,972	4,925	4,973	4.2 %
SunMed Group Holdings, LLC (c) (f)	Healthcare	L+5.75% (6.50%), 6/16/2027	83	83	81	0.1 %
SunMed Group Holdings, LLC (c) (h)	Healthcare	L+5.75% (6.50%), 6/16/2028	3,913	3,846	3,847	3.3 %
Tecta America Corp. (h)	Industrials	L+4.25% (5.00%), 4/6/2028	3,910	3,874	3,915	3.3 %
Therapy Brands Holdings, LLC (c) (h)	Healthcare	L+4.00% (4.75%), 5/18/2028	1,458	1,451	1,458	1.2 %
Trinity Air Consultants Holdings Corp. (c) (h)	Business Services	L+5.25% (6.00%), 6/29/2027	8,788	8,618	8,620	7.3 %
Triple Lift, Inc. (c) (h)	Software/Services	L+5.75% (6.50%), 5/8/2028	9,730	9,541	9,547	8.1 %
TSL Engineered Products, LLC (c) (h)	Industrials	L+4.75% (5.50%), 1/7/2028	3,144	3,115	3,144	2.7 %
US Salt Investors, LLC (c) (h)	Chemicals	L+5.50% (6.25%), 7/19/2028	8,662	8,493	8,494	7.2 %
Vensure Employer Services, Inc. (c) (f)	Business Services	L+4.75% (5.50%), 3/26/2027	124	124	123	0.1 %
Vensure Employer Services, Inc. (c) (h)	Business Services	L+4.75% (5.50%), 3/26/2027	3,214	3,180	3,214	2.7 %
Westwood Professional Services, Inc. (c) (h)	Business Services	L+6.00% (7.00%), 5/26/2026	3,726	3,655	3,656	3.1 %
WHCG Purchaser III, Inc. (c) (f)	Healthcare	L+5.75% (6.50%), 6/22/2026	100	100	98	0.1 %
WHCG Purchaser III, Inc. (c) (h)	Healthcare	L+5.75% (6.50%), 6/22/2028	12,713	12,462	12,465	10.6 %
WIN Holdings III Corp. (c) (f)	Consumer	L+5.75% (6.50%), 7/16/2026	239	239	234	0.2 %
WIN Holdings III Corp. (c) (h)	Consumer	L+5.75% (6.50%), 7/16/2028	13,600	13,337	13,336	11.3 %
Subtotal Senior Secured First Lien Debt				$ 249,116	$ 250,393	212.4 %
Senior Secured Second Lien Debt - 26.3% (b)						
American Rock Salt Company, LLC (c) (h)	Chemicals	L+7.25% (8.00%), 6/11/2029	$ 6,010	$ 5,951	$ 6,010	5.1 %
Corelogic, Inc. (h)	Business Services	L+6.50% (7.00%), 6/4/2029	4,645	4,600	4,738	4.0 %
Mercury Merger Sub, Inc. (c) (h)	Business Services	L+6.50% (7.00%), 8/2/2029	5,015	4,967	5,015	4.3 %
Proofpoint, Inc. (c) (h)	Software/Services	L+6.25% (6.75%), 8/31/2029	3,681	3,663	3,681	3.1 %
RealPage, Inc. (c) (h)	Software/Services	L+6.50% (7.25%), 4/23/2029	5,445	5,365	5,581	4.7 %
Tecta America Corp. (c) (h)	Industrials	L+8.50% (9.25%), 4/6/2029	2,155	2,103	2,155	1.8 %
Therapy Brands Holdings, LLC (c) (h)	Healthcare	L+6.75% (7.50%), 5/18/2029	1,370	1,356	1,370	1.2 %
USIC Holdings, Inc. (c) (h)	Business Services	L+6.50% (7.25%), 5/14/2029	2,449	2,425	2,449	2.1 %
Subtotal Senior Secured Second Lien Debt				$ 30,430	$ 30,999	26.3 %

The accompanying notes are an integral part of these consolidated financial statements.

FRANKLIN BSP CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
(dollars in thousands)
September 30, 2021
(Unaudited)

Portfolio Company (f) (g)	Industry	Investment Coupon Rate/ Maturity (i)	Principal/ Numbers of Shares	Amortized Cost	Fair Value	% of Net Assets (b)
Equity/Other - 0.1% (b) (d)						
Jakks Pacific, Inc. (c) (e) (j)	Consumer		783	$ 11	$ 114	0.1 %
Subtotal Equity/Other				$ 11	$ 114	0.1 %
Total Investments- 238.8% (b)				**$ 279,557**	**$ 281,506**	**238.8 %**

(a) All of the Company's investments, except the investments noted by this footnote, are qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act"). Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. At September 30, 2021, qualifying assets represent 89.3% of the Company's total assets. The significant majority of all investments held are deemed to be illiquid.

(b) Percentages are based on net assets as of September 30, 2021.

(c) The fair value of investments with respect to securities for which market quotations are not readily available is determined in good faith by the Company's Board of Directors as required by the 1940 Act. Such investments are valued using significant unobservable inputs (See Note 3 to the consolidated financial statements).

(d) All amounts are in thousands except share amounts.

(e) Non-income producing at September 30, 2021.

(f) The Company has various unfunded commitments to portfolio companies. Please refer to Note 6 - Commitments and Contingencies for details of these unfunded commitments.

(g) Unless otherwise indicated, all investments in the consolidated schedule of investments are non-affiliated, non-controlled investments.

(h) The Company's investment or a portion thereof is pledged as collateral under the MS Credit Facility (as defined in Note 5).

(i) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") and which reset daily, monthly, quarterly, or semiannually. For each, the Company has provided the spread over LIBOR or Prime and the current interest rate in effect at September 30, 2021. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable. For floating rate securities the all-in rate is disclosed within parentheses.

(j) The provisions of the 1940 Act classify investments further based on the level of ownership that the company maintains in a particular portfolio company. As defined in the 1940 Act, a company is generally deemed as “non-affiliated” when the Company owns less than 5% of a portfolio company’s voting securities and “affiliated” when the Company owns 5% or more of a portfolio company’s voting securities. The Company classifies this investment as “affiliated”.

(dollars in thousands)

The following table shows the portfolio composition by industry grouping based on fair value at September 30, 2021:

	At September 30, 2021	
	Investments at Fair Value	**Percentage of Total Portfolio**
Healthcare	$ 72,576	25.8 %
Software/Services	54,805	19.5 %
Business Services	49,886	17.7 %
Consumer	27,525	9.8 %
Industrials	20,035	7.1 %
Chemicals	16,578	5.9 %
Food & Beverage	11,465	4.1 %
Financials	11,016	3.9 %
Paper & Packaging	4,973	1.8 %
Transportation	4,562	1.6 %
Utilities	3,842	1.3 %
Telecom	3,613	1.3 %
Technology	630	0.2 %
Total	$ 281,506	100.0 %

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - Organization

Franklin BSP Capital Corporation (the "Company") is an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a business development company (a "BDC") under the Investment Company Act of 1940, as amended (the "1940 Act") and intends to elect to be treated for U.S. federal income tax purposes, and to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Company was formed as a Delaware limited liability company on January 29, 2020 and converted to a Delaware corporation on September 23, 2020 pursuant to which Franklin BSP Capital Corporation succeeded to the business of Franklin BSP Capital L.L.C. The Company commenced investment operations on January 7, 2021.

The Company is managed by Franklin BSP Capital Adviser L.L.C. (the "Adviser"), a Delaware limited liability company and an affiliate of Benefit Street Partners L.L.C. ("Benefit Street Partners" or "BSP") pursuant to an investment advisory agreement (the "Investment Advisory Agreement"). The Adviser is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. The Adviser oversees the management of the Company's activities and is responsible for making investment decisions with respect to the Company's portfolio.

The Company's investment objective is to generate both current income capital and capital appreciation through debt and equity investments. The Company intends to invest primarily in first and second lien senior secured loans, and to a lesser extent, mezzanine loans, unsecured loans and equity of predominantly private U.S. middle market companies. The Company defines middle market companies as those with annual revenues up to $1 billion, although the Company may invest in larger or smaller companies. The Company also may purchase interests in loans or corporate bonds through secondary market transactions.

The Company is conducting a private placement of shares of its common stock, par value $0.001 per share (the "Common Stock"), to investors in reliance on exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). Each investor in the private placement will make a capital commitment (the "Capital Commitments") to purchase shares of Common Stock pursuant to a subscription agreement (a "Subscription Agreement"). Investors will be required to make capital contributions to purchase shares of Common Stock (the "Drawdown Purchase Price") each time the Company delivers a drawdown notice (the "Drawdown Notice"), which will be delivered at least ten business days prior to the required funding date, in an aggregate amount not to exceed their respective Capital Commitments.

The Company is also conducting a private placement of shares of its preferred stock designated as Series A Convertible Preferred Stock in reliance on exemption from the registration requirements of the Securities Act. See Note 10 - Preferred Stock for the terms of such preferred stock, including liquidation preference, distributions, and rights regarding conversion to shares of Common Stock.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statements. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements reflect all adjustments, both normal and recurring which, in the opinion of management, are necessary for the fair presentation of the Company’s results of operations and financial condition for the periods presented. The Company is an investment company and accordingly applies specific accounting and financial reporting requirements under Financial Accounting Standards Codification (“ASC”) Topic 946- *Financial Services-Investment Companies.*

We have also formed and expect to continue to form consolidated subsidiaries (the "Consolidated Holding Companies"). The Company consolidates the following subsidiary for accounting purposes: FBCC Lending I, LLC. All intercompany balances and transactions have been eliminated in consolidation.

Interim financial statements are prepared in accordance with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X, as appropriate. Accordingly, the consolidated financial statements may not include all of the information and notes required by U.S. GAAP for annual consolidated financial statements. U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ materially. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending on December 31, 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

Consolidation

As provided under ASC 946, the Company will generally not consolidate its investment in a company other than a substantially or wholly-owned investment company or controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the accounts of the Company's substantially wholly-owned subsidiaries in its consolidated financial statements.

Valuation of Portfolio Investments

Portfolio investments are reported on the consolidated statements of assets and liabilities at fair value. On a quarterly basis, the Company performs an analysis of each investment to determine fair value as follows:

Securities for which market quotations are readily available on an exchange are valued at the reported closing price on the valuation date. The Company may also obtain quotes with respect to certain of the Company's investments from pricing services or brokers or dealers in order to value assets. When doing so, the Company determines whether the quote obtained is readily available according to U.S. GAAP to determine the fair value of the security. If determined to be readily available, the Company uses the quote obtained.

Investments without a readily determined market value are primarily valued using a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in fair value pricing the Company's investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process.

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

- Each portfolio company or investment will be valued by the Adviser, with assistance from one or more independent valuation firms engaged by the Company's board of directors (the "Board of Directors") or as noted below; and
- The independent valuation firm(s) conduct independent appraisals and make an independent assessment of the value of each investment; and
- The Board of Directors determines the fair value of each investment, in good faith, based on the input of the Adviser and independent valuation firm (to the extent applicable).

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its Board of Directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has recorded it.

Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, "Control" is defined as the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. In addition, in accordance with Section 2(a)(9) of the 1940 Act, any person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company. Any person who does not so own more than 25% of the voting securities of any company shall be presumed not to control such company. Any person who does not so own more than 25% of the voting securities of any company and/or does not have the power to exercise control over the management or policies of such portfolio company shall be presumed not to control such company. Consistent with the 1940 Act, "Affiliated Investments" are defined as those investments in companies in which the Company owns 5% or more of the voting securities. Consistent with the 1940 Act, "Non-affiliated Investments" are defined as investments that are neither Control Investments nor Affiliated Investments.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in banks and short-term, liquid investments in a money market deposit account. Cash and cash equivalents are carried at cost which approximates fair value.

Organization and Offering Costs

Organization costs consist of costs incurred to establish the Company and enable it legally to do business. Organization costs are expensed as incurred. Offering costs consist of costs incurred in connection with the offering of common shares of the Company. Offering costs are capitalized as a deferred charge and amortized to expense on a straight-line basis over 12 months from the commencement of operations.

The Company will bear the organization and offering expenses incurred in connection with the formation of the Company and the offering of shares of its Common Stock, including the out-of-pocket expenses of the Adviser and its agents and affiliates. In addition, the Company will reimburse the Adviser for the organization and offering costs it incurs on the Company's behalf. If actual organization and offering costs incurred exceed the greater of $1 million or 0.10% of the Company's total capital commitments, the Adviser or its affiliate will bear the excess costs. To the extent the Company's capital commitments later increase, the Adviser or its affiliates may be reimbursed for past payments of excess organization and offering costs made on the Company's behalf provided that the total organization and offering costs borne by the Company do not exceed 0.10% of total capital commitments and provided further that the Adviser or its affiliates may not be reimbursed for payment of excess organization and offering expenses that were incurred more than three years prior to the proposed reimbursement. For the three and nine months ended September 30, 2021, there were no reimbursements from the Adviser.

Deferred Financing Costs

Financing costs incurred in connection with the Company's revolving credit facilities are capitalized and amortized into expense using the straight-line method, which approximates the effective yield method over the life of the respective facility. See Note 5 - Borrowings.

Revenue Recognition

Interest Income

Investment transactions are accounted for on the trade date. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Discount and premium on investments purchased are accreted/amortized over the expected life of the respective investment using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discount and amortization of premium on investments.

Fee Income

Fee income, such as structuring fees, origination, closing, amendment fees, commitment, termination, and other upfront fees are generally non-recurring and are recognized as income when earned, either upon receipt or amortized into income. Upon the re-payment of a loan or debt security, any prepayment penalties and unamortized loan origination, structuring, closing, commitment, and other upfront fees are recorded as income.

Payment-in-Kind Interest

The Company may hold debt investments in its portfolio that contain payment-in-kind ("PIK") interest and dividend provisions. PIK interest, which represents contractually deferred interest that add to the investment balance that is generally due at maturity, is recorded on the accrual basis to the extent such amounts are expected to be collected.

Non-accrual Income

Investments may be placed on non-accrual status when principal or interest payments are past due and/or when there is reasonable doubt that principal or interest will be collected. Accrued interest which may include un-capitalized PIK interest is generally reversed when an investment is placed on non-accrual status. Previously capitalized PIK interest is not reversed when an investment is placed on non-accrual status. Interest payments received on non-accrual investments may be recognized as income or applied to principal depending upon management's judgment of the ultimate outcome. Non-accrual investments are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Net Realized Gain or Loss and Net Change in Unrealized Appreciation or Depreciation

Gain or loss on the sale of investments is calculated using the specific identification method. The Company measures realized gain or loss 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. Net change in unrealized appreciation or depreciation will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when a gain or loss is realized.

Income Taxes

The Company intends to elect to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Generally, a RIC is not subject to federal income taxes in respect of each taxable year if it distributes dividends for federal income tax purposes to stockholders of an amount generally equal to at least 90% of "investment company taxable income," as defined in the Code, and determined without regard to any deduction for dividends paid. Distributions declared prior to the filing of the previous year's tax return and paid up to twelve months after the previous tax year can be carried back to the prior tax year in determining the distributions paid in such tax year. The Company intends to make sufficient distributions to maintain its ability to be subject to be taxed as a RIC each year. The Company may be subject to federal excise tax imposed at a rate of 4% on certain undistributed amounts.

The Company evaluates tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether it is "more-likely-than-not" (i.e., greater than 50-percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Company did not record any tax provision in the current period. However, management's conclusions regarding tax positions taken may be subject to review and adjustment at a later date based on factors including, but not limited to, examination by tax authorities on-going analysis of and changes to tax laws, regulations and interpretations thereof.

Recent Accounting Pronouncements

Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting if certain criteria are met. The guidance is effective from March 12, 2020 through December 31, 2022. The Company adopted ASU 2020-04 for the period ended September 30, 2021 and there was no impact to the accompanying financial statements and related disclosures.

Note 3 - Fair Value of Financial Instruments

The Company's fair value measurements are classified into a fair value hierarchy in accordance with ASC Topic 820, Fair Value Measurement, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The Company determines fair value based on quoted prices when available or through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. This alternative approach also reflects the contractual terms of the derivatives, if any, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The guidance defines three levels of inputs that may be used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

- Level 3—Unobservable inputs that reflect the entity's own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the above hierarchy requires significant judgment and factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures each quarter and depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter.

For investments for which Level 1 inputs, such as quoted prices, were not available at September 30, 2021, the investments were valued at fair value as determined in good faith using the valuation policy approved by the Board of Directors using Level 2 and Level 3 inputs. The Company evaluates the source of inputs, including any markets in which the Company's investments are trading, in determining fair value. Due to the inherent uncertainty in the valuation process, the estimate of fair value of the Company's investment portfolio at September 30, 2021 may differ materially from values that would have been used had a ready market for the securities existed.

In addition to using the above inputs in investment valuations, the Company continues to employ the valuation policy approved by the Board of Directors. Portfolio investments are reported on the consolidated statements of assets and liabilities at fair value. On a quarterly basis the Company performs an analysis of each investment to determine fair value as described below.

Securities for which market quotations are readily available on an exchange are valued at the reported closing price on the valuation date. The Company may also obtain quotes with respect to certain of the Company's investments from pricing services or brokers or dealers in order to value assets. When doing so, the Company determines whether the quote obtained is readily available according to U.S. GAAP to determine the fair value of the security. If determined readily available, the Company uses the quote obtained.

Investments without a readily determined market value are primarily valued using a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in fair value pricing the Company's investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process.

As part of the Company's quarterly valuation process, the Adviser may be assisted by one or more independent valuation firms engaged by the Company. The Board of Directors determines the fair value of each investment, in good faith, based on the input of the Adviser and the independent valuation firm(s) (to the extent applicable).

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

For discussion of the fair value measurement of the Company's borrowings, refer to Note 5 - Borrowings.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The following table presents fair value measurements of investments, by major class, as of September 30, 2021, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	**Level 2**	**Level 3**	**Total**
Senior Secured First Lien Debt	$ —	$ 31,627	$ 218,766	$ 250,393
Senior Secured Second Lien Debt	—	4,738	26,261	30,999
Equity/Other	—	—	114	114
Total	$ —	$ 36,365	$ 245,141	$ 281,506

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the nine months ended September 30, 2021:

	Senior Secured First Lien Debt	**Senior Secured Second Lien Debt**	**Subordinated Debt**	**Equity/Other**	**Total**
Balance as of December 31, 2020	$ —	$ —	$ —	$ —	$ —
Payment-in-kind interest income	66	—	9	—	75
Net change in unrealized appreciation on investments	931	431	—	102	1,464
Purchases	218,828	25,822	587	12	245,249
Market discount/ premium	132	8	9	—	149
Sales and repayments	(1,220)	—	(1,148)	—	(2,368)
Net realized gain from investments	29	—	543	—	572
Balance as of September 30, 2021	$ 218,766	$ 26,261	$ —	$ 114	$ 245,141
Net change in unrealized appreciation for the period relating to those Level 3 assets that were still held by the Company at the end of the period:	$ 931	$ 431	$ —	$ 102	$ 1,464

For each of the three and nine months ended September 30, 2021, there were no transfers between levels of the fair value hierarchy.

The composition of the Company’s investments as of September 30, 2021, at amortized cost and fair value, were as follows:

	Investments at Amortized Cost	**Investments at Fair Value**	**Fair Value Percentage of Total Portfolio**
Senior Secured First Lien Debt	$ 249,116	$ 250,393	89.0 %
Senior Secured Second Lien Debt	30,430	30,999	11.0
Equity/Other	11	114	0.0[(1)]
Total	$ 279,557	$ 281,506	100.0 %

(1) Percentage rounds to less than 0.1%

Significant Unobservable Inputs

The following table summarizes the significant unobservable inputs used to value the majority of the Level 3 investments as of September 30, 2021. The table is not intended to be all-inclusive, but instead identifies the significant unobservable inputs relevant to the determination of fair values.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

				Range		
Asset Category	**Fair Value**	**Primary Valuation Technique**	**Unobservable Inputs**	**Minimum**	**Maximum**	**Weighted Average** [a]
Senior Secured First Lien Debt	$ 103,015	Discounted Cash Flow	Market Yield	6.21%	9.91%	7.60%
Senior Secured First Lien Debt [b]	76,851	N/A	N/A	N/A	N/A	N/A
Senior Secured First Lien Debt	38,900	Yield Analysis	Market Yield	5.49%	8.72%	7.30%
Senior Secured Second Lien Debt	15,665	Yield Analysis	Market Yield	7.89%	10.54%	8.79%
Senior Secured Second Lien Debt	10,596	Discounted Cash Flow	Market Yield	7.00%	7.25%	7.12%
Equity/Other [c]	114	Discounted Cash Flow	Market Yield	10.00%	10.00%	10.00%
Total	$ 245,141					

[a] Weighted averages are calculated based on fair value of investments.

[b] This instrument(s) was held at cost.

[c] This asset category contains one investment.

There were no significant changes in valuation approach or technique as of September 30, 2021.

Level 3 inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are included in this category include investments in privately held entities where the fair value is based on unobservable inputs.

The income and market approaches were used in the determination of fair value of certain Level 3 assets as of September 30, 2021. The significant unobservable inputs used in the income approach are the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. An increase in the discount rate or market yield would result in a decrease in the fair value. Included in the consideration and selection of discount rates is risk of default, rating of the investment, call provisions and comparable company investments. The significant unobservable inputs used in the market approach are based on market comparable transactions and market multiples of publicly traded comparable companies. Increases or decreases in market comparable transactions or market multiples would result in an increase or decrease, respectively, in the fair value.

Valuations of loans, corporate debt, and other debt obligations are generally based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows, market yields and recovery assumptions. The significant inputs are generally determined based on relative value analysis, which incorporate comparisons to other debt instruments for which observable prices or broker quotes are available. Other valuation methodologies are used as appropriate including market comparables, transactions in similar instruments and recovery/liquidation analysis. The Company also considers the use of EBITDA multiples, revenue multiples, tangible net asset value multiples, TBV multiples, and other relevant multiples on its debt and equity investments to determine any credit gains or losses in certain instances. Increases or decreases in either of these inputs in isolation may result in a significantly lower or higher fair value measurement of the respective subject instrument.

As of September 30, 2021, the Company had no portfolio companies on non-accrual status. Refer to Note 2 - Summary of Significant Accounting Policies - for additional details regarding the Company’s non-accrual policy.

The Company commenced investment operations on January 7, 2021 and, as a result, did not have investments as of December 31, 2020.

Note 4 - Related Party Transactions

Investment Advisory Agreement

The Company entered into the Investment Advisory Agreement with the Adviser pursuant to which the Adviser, subject to the overall supervision of the Company's Board of Directors, manages the day-to-day operations of, and provides investment advisory services to the Company.

Pursuant to the Investment Advisory Agreement, the Company pays the Adviser a fee for investment advisory and management services consisting of two components - a base management fee (the "Management Fee") and an incentive fee, which consists of two components (together, the "Incentive Fee").

Management Fee

The Management Fee is payable quarterly in arrears and is calculated based on the average value of the Company's gross assets at the end of the two most recently completed calendar quarters, where gross assets includes the total assets of the Company, including any borrowings for investment purposes.

Prior to a liquidity event, the Management Fee payable under the Investment Advisory Agreement will be calculated at an annual rate of 0.5% of the Company's average gross assets. A "1iquidity event" is defined as any of: (1) a merger or another transaction approved by the Board of Directors in which the Company's stockholders will receive cash or shares of a publicly traded company (or a company that becomes publicly traded concurrently with the closing of such transaction), which may include an entity advised by the Adviser or its affiliates, (2) an initial public offering ("IPO") or a listing (an "Exchange Listing") of the Common Stock on a national securities exchange, or (3) the sale of all or substantially all of the Company's assets either on a complete portfolio basis or individually followed by a liquidation.

After a liquidity event, the Management Fee payable under the Investment Advisory Agreement will be calculated at an annual rate of 1.50% of the Company's average gross assets, provided, that the Management Fee will be calculated at an annual rate of 1.00% of the Company's average gross assets purchased with borrowed funds above 1.0x debt-to-equity (equivalent to $1 of debt outstanding for each $1 of equity), and provided further that for a period of 15 months commencing on the date of the closing of a Liquidity Event, the Adviser will irrevocably waive Management Fees in excess of 0.5% of the Company's average gross assets. Any fees waived under the Investment Advisory Agreement are not subject to reimbursement to the Adviser.

As of September 30, 2021, $0.3 million was payable to the Adviser for Management Fees.

For the three and nine months ended September 30, 2021, the Company incurred $0.3 million and $0.6 million, respectively, in Management Fees under the Investment Advisory Agreement.

Incentive Fee

The Company will also pay the Adviser an Incentive Fee consisting of two parts, which are described below. Notwithstanding anything herein to the contrary, the Adviser will waive all Incentive Fees for the first twelve calendar quarters of operations of the Company.

The incentive fee consists of two parts. The first part is referred to as the "incentive fee on income" and it is calculated and payable quarterly in arrears based on the Company's "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter.

"Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees, other than fees for providing managerial assistance, such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the Management Fee, expenses payable under the Administration Agreement (as defined below) and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount debt instruments with payment-in-kind ("PIK") interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. For purposes of computing the Company's Pre-Incentive Fee Net Investment Income, the calculation methodology will look through total return swaps as if the Company owned the referenced assets directly.

For periods ending on or prior to the date of the closing of a Liquidity Event, the incentive fee on income with respect to the Company's Pre-Incentive Fee Net Investment Income will be calculated as follows:

- No incentive fee on income in any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the preferred return rate of 1.50%, or 6.00% annualized (the "Preferred Return"), on net assets;

- 100% of Pre-Incentive Fee Net Investment Income, if any, that exceeds the Preferred Return but is less than or equal to 1.765% in any calendar quarter (7.06% annualized). This portion of the incentive fee on income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 15% on all of the Company's Pre-Incentive Fee Net Investment Income when the Company's Pre-Incentive Fee Net Investment Income reaches 1.765% (7.06% annualized) in any calendar quarter; and

- For any quarter in which Pre-Incentive Fee Net Investment Income exceeds 1.765% (7.06% annualized), the incentive fee on income equals 15% of the amount of Pre-Incentive Fee Net Investment Income, as the Preferred Return and catch-up will have been achieved.

For any period ending after the closing of a Liquidity Event, the incentive fee on income for each quarter will be calculated as follows:

- No incentive fee on income in any calendar quarter in which Pre-Incentive Fee Net Investment Income does not exceed the Preferred Return of 1.50%, or 6.00% annualized, on net assets;

- 100% of Pre-Incentive Fee Net Investment Income, if any, that exceeds the Preferred Return but is less than or equal to 1.8175% in any calendar quarter (7.27% annualized), which portion of the incentive fee on income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 17.5% on all of Pre-Incentive Fee Net Investment Income when Pre-Incentive Fee Net Investment Income reaches 1.8175% (7.27% annualized) in any calendar quarter; and

- For any quarter in which Pre-Incentive Fee Net Investment Income exceeds 1.8175% (7.27% annualized), the incentive fee on income equals 17.5% of the amount of Pre-Incentive Fee Net Investment Income, as the Preferred Return and catch-up will have been achieved.

Notwithstanding the foregoing, for a period of 15 months commencing on the date of the closing of a Liquidity Event, the Adviser will irrevocably waive any incentive fee on income otherwise payable in excess of any amounts calculated at the pre-IPO or pre-Exchange Listing rates. Any fees waived under the Investment Advisory Agreement are not subject to reimbursement to the Adviser. For the three and nine months ended September 30, 2021, the Company incurred $0.2 million and $0.2 million, respectively, in incentive fees on income, none of which was payable to the Adviser under the Investment Advisory Agreement.

The second part of the incentive fee, referred to as the “incentive fee on capital gains during operations,” is an incentive fee on capital gains earned on cumulative realized capital gains of the Company net of cumulative realized capital losses and unrealized capital depreciation and is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, if earlier). Prior to a Liquidity Event, this fee equals 15% of the Company’s incentive fee capital gains, which equals realized capital gains of the Company on a cumulative basis from the date of the Company’s election to be regulated as a business development company, calculated as of the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fee on capital gains during operations. Following a Liquidity Event, the incentive fee on capital gains during operations equals 17.5% of the Company’s incentive fee capital gains calculated as described above, on a cumulative basis from the date of the Company’s election to be regulated as a business development company.

GAAP requires that the incentive fee accrual be calculated assuming a hypothetical liquidation of the Company based upon investments held at the end of each period. In such a calculation, in order to calculate the accrual for the capital gains incentive fee in accordance with GAAP for a given period, the Company includes unrealized appreciation in calculating the accrual for the capital gains incentive fee even though such unrealized appreciation is not included in in calculating the capital gains incentive fee payable under the Investment Advisory Agreement. There can be no assurance that such unrealized appreciation will be realized in the future. Accordingly, the accrual for the capital gains incentive fee, as calculated and accrued in accordance with GAAP, does not necessarily represent amounts that will be payable under the Investment Advisory Agreement.

For the three and nine months ended September 30, 2021, the Company accrued $0.2 million and $0.4 million, respectively, in incentive fees on capital gains in accordance with GAAP, none of which was payable to the Adviser under the Investment Advisory Agreement.

Administration Agreement

The Company entered into an administration agreement with Benefit Street Partners (the “Administration Agreement”), pursuant to which Benefit Street Partners (in such capacity, the “Administrator”) provides the Company with office facilities and certain administrative services necessary for the Company to conduct its business.

As of September 30, 2021, $0.5 million was payable to BSP under the Administration Agreement.

For the three and nine months ended September 30, 2021, the Company incurred $0.1 million and $0.5 million, respectively, in administrative service fees under the Administration Agreement, which are included in the “Other general and administrative” on the consolidated statements of operations.

Co-Investment Relief

The 1940 Act generally prohibits BDCs from entering into negotiated co-investments with affiliates absent an order from the SEC. The SEC staff has granted the Company exemptive relief that allows it to enter into certain negotiated co-investment transactions alongside with other funds managed by the Adviser or its affiliates (“Affiliated Funds”) in a manner consistent with its investment objective, positions, policies, strategies, and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions (the “Order”). Pursuant to the Order, the Company is permitted to co-invest with its affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of its eligible directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to the Company and the Company's stockholders and do not involve overreaching in respect of the Company or the Company's stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of the Company’s stockholders and is consistent with the Company’s investment objective and strategies.

Due to Related Party

Prior to the commencement of operations on January 7, 2021, the Company's expenses were paid by a related party of the Adviser and will be reimbursed by the Company. This payable is included in “Other liabilities” on the consolidated statements of assets and liabilities. As of September 30, 2021 and December 31, 2020, $0.0 million and $1.0 million was payable to the Adviser, respectively.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Note 5 - Borrowings

MS Credit Facility

On March 15, 2021, the Company, FBCC Lending I, LLC, a wholly-owned, special purpose financing subsidiary of the Company ("FBCC Lending"), and the Adviser, as the servicer, entered into a loan and servicing agreement (together with the other documents executed in connection therewith, the "MS Credit Facility") with Morgan Stanley Asset Funding, Inc. as administrative agent, Morgan Stanley Bank, N.A., as the lender, and U.S. Bank National Association as collateral agent, account bank and collateral custodian, that provides for borrowings of up to $100.0 million on a committed basis. Obligations under the MS Credit Facility are secured by a first priority security interest in substantially all of the assets of FBCC Lending, including its portfolio of investments and the Company's equity interest in FBCC Lending. The obligations of FBCC Lending under the MS Credit Facility are nonrecourse to the Company. Any amounts borrowed under the Credit Facility will mature, and will be due and payable, on the maturity date, which is March 15, 2025. Borrowings under the MS Credit Facility bear interest at three-month LIBOR, with a LIBOR floor of zero, plus a spread of 2.25%. Interest is payable quarterly in arrears. FBCC Lending is subject to a non-usage fee of 0.50% on the difference between total commitments and the greater of the (i) drawn amounts and (ii) minimum utilization requirement, and, in addition, after the ramp-up period, FBCC Lending would pay interest on undrawn amounts up to the minimum utilization requirement under the MS Credit Facility, at three-month LIBOR floor of zero, plus spread of 1.125%, if drawn amounts are less than such minimum utilization requirement.

On July 1, 2021, FBCC Lending amended the MS Credit Facility to, among other things, increase the maximum permissible borrowings under the MS Credit Facility from $100.0 million to $200.0 million on a committed basis.

MS Subscription Facility

On April 22, 2021, the Company entered into a revolving credit agreement (the "MS Subscription Facility") with Morgan Stanley Asset Funding, Inc., as administrative agent and sole lead arranger, and Morgan Stanley Bank, N.A., as the letter of credit issuer and lender. The MS Subscription Facility allows the Company to borrow up to $50.0 million, subject to certain restrictions, including availability under the borrowing base, which is based on unfunded capital commitments. The amount of permissible borrowings under the MS Subscription Facility may be increased up to an aggregate of $150.0 million with the consent of the lenders. The MS Subscription Facility has a maturity date of April 22, 2022, which may be extended for an additional two terms of not more than 12 months each with the consent of the administrative agent and lenders.

The MS Subscription Facility bears interest at a rate of: (i) with respect LIBOR Rate Loans, Adjusted LIBOR for the applicable interest period plus 2.00% per annum and (ii) with respect to Base Rate Loans, the greatest of (a) the Prime Rate in effect on such day plus 1.00% per annum, (b) the Federal Funds Rate in effect on such day plus 0.50%, plus 1.00% per annum and (c) except during any period of time during which LIBOR is unavailable, one-month Adjusted LIBOR plus, without duplication, 100 basis points per annum. The Company paid an upfront fee and incurred other customary costs and expenses in connection with the MS Subscription Facility. In addition, the Company will be subject to an unused commitment fee of 0.30%.

The following table represents borrowings as of September 30, 2021:

	Maturity Date	Total Aggregate Borrowing Capacity	Total Principal Outstanding	Less Deferred Financing Costs	Amount per Consolidated Statements of Assets and Liabilities
MS Credit Facility	3/15/2025	$ 200,000	$ 138,000	$ (1,927)	$ 136,073
MS Subscription Facility	4/22/2022	50,000	49,900	(271)	49,629
Total		$ 250,000	$ 187,900	$ (2,198)	$ 185,702

The weighted average annualized interest cost for all borrowings for the three and nine months ended September 30, 2021 was 2.36% and 2.36%, respectively. The average daily debt outstanding for the three and nine months ended September 30, 2021 was $137.9 million and $67.9 million, respectively. The maximum debt outstanding for the three and nine months ended September 30, 2021 was $187.9 million and $187.9 million, respectively.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The following table represents interest and debt fees for the three and nine months ended September 30, 2021:

	Three months ended September 30, 2021					Nine months ended September 30, 2021				
	Interest Rate	Non-Usage Rate	Interest Expense	Deferred Financing Costs [1]	Other Fees [2]	Interest Rate	Non-Usage Rate	Interest Expense	Deferred Financing Costs [1]	Other Fees [2]
MS Credit Facility	L+2.25%	0.50%	$ 557	$ 141	$ 142	L+2.25%	0.50 %	$ 776	$ 227	$ 274
MS Subscription Facility	L+2.00%	0.30%	244	122	3	L+2.00%	0.30 %	382	198	14
Total			$ 801	$ 263	$ 145			$ 1,158	$ 425	$ 288

[1] Amortization of deferred financing costs.
[2] Includes non-usage fees and custody fees.

The Company is required to disclose the fair value of financial instruments for which it is practicable to estimate fair value. The fair value of short-term financial instruments such as cash and cash equivalents, due to affiliates, and accounts payable approximate their carrying value on the accompanying consolidated statements of assets and liabilities due to their short-term nature.

At September 30, 2021, the carrying amount of the Company's secured borrowings approximated their fair value. The fair values of the Company's debt obligations are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company's borrowings is estimated based upon market interest rates for the Company's own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. As of September 30, 2021, the Company's borrowings would be deemed to be Level 3, as defined in Note 3 - Fair Value of Financial Instruments.

The fair values of the Company’s remaining financial instruments that are not reported at fair value on the accompanying consolidated statements of assets and liabilities are reported below:

	Level	Carrying Amount as of September 30, 2021	Fair Value as of September 30, 2021
MS Credit Facility	3	$ 138,000	$ 138,000
MS Subscription Facility	3	49,900	49,900
Total		$ 187,900	$ 187,900

Note 6 - Commitments and Contingencies

Commitments

In the ordinary course of business, the Company may enter into future funding commitments. As of September 30, 2021, the Company had unfunded commitments on delayed draw term loans of $28.3 million, and unfunded commitments on revolver term loans of $17.4 million. The Company maintains sufficient cash on hand, unfunded Capital Commitments, and available borrowings to fund such unfunded commitments.

As of September 30, 2021, the Company's unfunded commitments consisted of the following:

Portfolio Company Name	Investment Type	Commitment Type	Total Commitment	Remaining Commitment
ADCS Clinics Intermediate Holdings, LLC	Senior Secured First Lien Debt	Delayed Draw	$ 1,522	$ 1,295
ADCS Clinics Intermediate Holdings, LLC	Senior Secured First Lien Debt	Revolver	533	533

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Portfolio Company Name	Investment Type	Commitment Type	Total Commitment	Remaining Commitment
Aveanna Healthcare, LLC	Senior Secured First Lien Debt	Delayed Draw	$ 1,312	$ 1,312
Cobblestone Intermediate Holdco, LLC	Senior Secured First Lien Debt	Delayed Draw	3,782	1,589
Chudy Group, LLC	Senior Secured First Lien Debt	Delayed Draw	1,484	1,484
Chudy Group, LLC	Senior Secured First Lien Debt	Revolver	371	371
Communication Technology Intermediate, LLC	Senior Secured First Lien Debt	Revolver	998	998
FGT Purchaser, LLC	Senior Secured First Lien Debt	Revolver	976	976
Galway Borrower, LLC	Senior Secured First Lien Debt	Delayed Draw	2,584	2,584
Galway Borrower, LLC	Senior Secured First Lien Debt	Revolver	861	861
Gogo Intermediate Holdings, LLC	Senior Secured First Lien Debt	Revolver	452	452
IG Investments Holdings, LLC	Senior Secured First Lien Debt	Revolver	632	632
Medical Management Resource Group, LLC	Senior Secured First Lien Debt	Delayed Draw	3,016	3,016
Medical Management Resource Group, LLC	Senior Secured First Lien Debt	Revolver	603	603
Mirra-Primeaccess Holdings, LLC	Senior Secured First Lien Debt	Revolver	3,429	3,429
Pie Buyer, Inc.	Senior Secured First Lien Debt	Delayed Draw	2,468	2,468
Pie Buyer, Inc.	Senior Secured First Lien Debt	Revolver	741	741
Pluralsight, LLC	Senior Secured First Lien Debt	Revolver	638	638
Relativity Oda, LLC	Senior Secured First Lien Debt	Revolver	196	196
Roadsafe Holdings, Inc.	Senior Secured First Lien Debt	Delayed Draw	1,908	1,908
SunMed Group Holdings, LLC	Senior Secured First Lien Debt	Revolver	259	176
Therapy Brands Holdings, LLC	Senior Secured Second Lien Debt	Delayed Draw	577	577
Therapy Brands Holdings, LLC	Senior Secured First Lien Debt	Delayed Draw	372	372
Trinity Air Consultants Holdings Corp.	Senior Secured First Lien Debt	Delayed Draw	3,001	3,001
Trinity Air Consultants Holdings Corp.	Senior Secured First Lien Debt	Revolver	857	857
Triple Lift, Inc.	Senior Secured First Lien Debt	Revolver	1,393	1,393
US Salt Investors, LLC	Senior Secured First Lien Debt	Revolver	934	934
Vensure Employer Services, Inc.	Senior Secured First Lien Debt	Delayed Draw	1,629	1,505
Westwood Professional Services, Inc.	Senior Secured First Lien Debt	Delayed Draw	1,299	1,299
Westwood Professional Services, Inc.	Senior Secured First Lien Debt	Revolver	162	162
WHCG Purchaser III, Inc.	Senior Secured First Lien Debt	Delayed Draw	5,917	5,917
WHCG Purchaser III, Inc.	Senior Secured First Lien Debt	Revolver	1,821	1,721
WIN Holdings III Corp.	Senior Secured First Lien Debt	Revolver	1,908	1,669
Total			$ 48,635	$ 45,669

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Litigation and Regulatory Matters

In the ordinary course of business, the Company may become subject to litigation, claims, and regulatory matters. The Company has no knowledge of material legal or regulatory proceedings pending or known to be contemplated against the Company at this time.

Indemnifications

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, management feels that the likelihood of such an event is remote.

Note 7 - Economic Dependency

Under various agreements, the Company has engaged or will engage the Adviser and its affiliates to provide certain services that are essential to the Company, including asset management services, asset acquisition and disposition decisions, the sale of shares of the Company's common stock available for issuance, as well as other administrative responsibilities for the Company including accounting services and investor relations.

As a result of these relationships, the Company is dependent upon the Adviser and its affiliates. In the event that these companies were unable to provide the Company with the respective services, the Company would be required to find alternative providers of these services.

Note 8 - Capital

Investor Commitments

As of September 30, 2021 and December 31, 2020, the Company had $599.8 million and $136.0 million, respectively, in Capital Commitments, of which $484.8 million and $136.0 million, respectively, were unfunded.

Capital Drawdowns

The following tables summarizes the total shares issued and proceeds related to capital drawdowns:

Share Issue Date	Shares Issued	Net Proceeds Received
For the nine months ended September 30, 2021		
January 7, 2021	1,333,333	$ 20,000
March 11, 2021	1,333,333	20,000
June 2, 2021	1,665,196	25,000
June 29, 2021	1,665,196	25,000
August 3, 2021	1,644,778	24,940
Total Capital Drawdowns	**7,641,836**	**$ 114,940**

Share Issue Date	Shares Issued	Net Proceeds Received
For the period ended December 31, 2020		
October 1, 2020	100	$ 2
Total Capital Drawdowns	**100**	**$ 2**

On October 1, 2020, BSP Fund Holdco (Debt Strategy) L.P., a wholly-owned subsidiary of Benefit Street Partners, purchased 100 shares of Common Stock, which represented all of the issued and outstanding shares of Common Stock, for an aggregate purchase price of $2.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The issuances of Common Stock described above were exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) thereof and Regulation D thereunder. The Company relied, in part, upon representations from investors in the relevant Subscription Agreements that each investor is an "accredited investor," as defined in Regulation D under the Securities Act.

Note 9 - Common Stock

The following table reflects the net assets activity for the nine months ended September 30, 2021:

	Common stock - shares	Common stock - par	Additional paid in capital	Total distributable earnings (loss)	Total net assets
Balance as of December 31, 2020	100	$ 0 [1]	$ 2	$ (414)	$ (412)
Net investment loss	—	—	—	(732)	(732)
Net realized gain (loss) from investment transactions	—	—	—	—	—
Net change in unrealized appreciation on investments	—	—	—	403	403
Issuance of common stock, net of issuance costs	2,666,665	3	39,997	—	40,000
Balance as of March 31, 2021	2,666,765	$ 3	$ 39,999	$ (743)	$ 39,259
Net investment income	—	—	—	9	9
Net realized gain from investment transactions	—	—	—	54	54
Net change in unrealized appreciation on investments	—	—	—	1,055	1,055
Issuance of common stock, net of issuance costs	3,333,331	3	49,997	—	50,000
Balance as of June 30, 2021	6,000,096	$ 6	$ 89,996	$ 375	$ 90,377
Net investment income	—	—	—	1,573	1,573
Net realized gain from investment transactions	—	—	—	520	520
Net change in unrealized appreciation on investments	—	—	—	491	491
Issuance of common stock, net of issuance costs	1,641,840	2	24,938	—	24,940
Balance as of September 30, 2021	7,641,936	$ 8	$ 114,934	$ 2,959	$ 117,901

[1] Less than $1.

The Company has adopted a distribution reinvestment plan (the “DRIP”) pursuant to which all cash dividends or distributions (“Distributions”) declared by the Board of Directors are reinvested on behalf of investors who do not elect to receive their Distributions in cash (the “Participants”). As a result, if the Board of Directors declares a Distribution, then stockholders who have not elected to “opt out” of the DRIP will have their Distributions automatically reinvested in additional shares of the Company's common stock at a price equal to NAV per share as estimated in good faith by the Company on the payment date. The timing and amount of Distributions to stockholders are subject to applicable legal restrictions and the sole discretion of our Board of Directors.

Note 10 – Preferred Stock

On August 25, 2021, the Company filed with the Secretary of State of the State of Delaware the Certificate of Designation for the Series A Preferred Stock, which designates a total of 50,000,000 shares of preferred stock as Series A Convertible Preferred Stock, par value $0.001 per share (the “Series A Preferred Stock”). The Series A Preferred Stock has a liquidation preference of $1,000.00 per share (the “Liquidation Preference”), and dividends are payable on each outstanding share of Series A Preferred Stock quarterly in arrears at a rate equal to (1) for each fiscal quarter ending on or before September 30, 2022 (the “Initial Dividend Period”), the dividends that would have been paid in respect of each share of Series A Preferred Stock if it had been converted into a share of the Company’s Common Stock, on the first day of such quarter (or the date of issuance in the case of shares of Series A Preferred Stock issued after the first day of such quarter) at the applicable Conversion Rate (as defined below) and (2) for each quarter after the Initial Dividend Period, the greater of (i) an amount equal to $10.00 per share, subject to proration if such share is not outstanding for the full quarter, and (ii) the dividends that would have been paid in respect of such share of Series A Preferred Stock if it had been converted into a share of Common Stock on the first day of such quarter (or the date of issuance in the case of shares of Series A Preferred Stock issued after the first day of such quarter) at the applicable Conversion Rate. The Series A Term Preferred Stock is convertible (a) by the Company, in its sole discretion, at any time commencing on the closing date of a Liquidity Event, or (b) by the holders thereof at any time commencing six months following the closing date of a Liquidity Event, in each case, into the number of shares of Common Stock equal to (1) the Liquidation Preference divided by (2) the price paid by investors for shares of Common Stock at the time of the purchase of such share of Series A Preferred Stock or if the purchase of such share of Series A Preferred Stock did not occur concurrent with a sale of Common Stock by the Company at the net asset value per share of Common Stock determined within 48 hours (excluding Sundays and holidays) of the purchase of such share of Series A Preferred Stock (the “Conversion Rate”). The Company has the right to redeem the Series A Preferred Stock at any time, and from time to time, on or after August 23, 2029 upon 90 days prior notice to holders of Series A Preferred Stock.

As of September 30, 2021, there were 50,000,000 shares of preferred stock authorized, par value $0.001 per share, of which zero shares of Series A Preferred Stock were issued and outstanding.

On August 25, 2021, the Company entered into subscription agreements (collectively, the “Preferred Subscription Agreements”) with certain investors (the “Investors,” and each, an “Investor”), pursuant to which the Investors made new capital commitments to purchase shares of the Company’s Series A Preferred Stock, in a total aggregate amount of approximately $27.5 million. Pursuant to their respective Preferred Subscription Agreements, each Investor is required to fund drawdowns to purchase shares of the Series A Preferred Stock up to the amount of their respective capital commitments on an as-needed basis, upon a minimum of 10 business days’ prior notice at a per-share price equal to the Liquidation Preference. The sale and issuance of shares of Series A Preferred Stock is exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) thereof and Regulation D thereunder. The Company shall rely, in part, upon representations from the Investors in the relevant Preferred Subscription Agreements that each Investor is an “accredited investor,” as defined in Regulation D under the Securities Act.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Note 11 - Earnings Per Share

Basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. Other potentially dilutive shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The following information sets forth the computation of the weighted average basic and diluted net increase in net assets per share resulting from operations for the three and nine months ended September 30, 2021.

	For the three months ended September 30,	For the nine months ended September 30,
	2021	2021
Basic and diluted		
Net increase in net assets resulting from operations	$ 2,584	$ 3,373
Weighted average common shares outstanding	7,034,082	3,939,356
Net increase in net assets resulting from operations per share	$ 0.37	$ 0.86

Note 12 - Financial Highlights

The Company commenced investing operations on January 7, 2021. Net asset value, at the beginning of the period represents the initial price per share issued on that date. The following is a schedule of financial highlights for the period from January 7, 2021 to September 30, 2021:

	For the period from January 7, 2021 to September 30, 2021
Net asset value, beginning of period	$ 15.00
Results of operations (1)	
Net investment income	0.22
Net realized and unrealized gain on investments	0.64
Net increase in net assets resulting from operations	0.86
Other (6)	(0.43)
Net asset value, end of period	$ 15.43
Shares outstanding at end of period	7,641,936
Total return (3)	2.85 %
Total net assets, end of period	117,901
Ratio/Supplemental data:	
Ratio of net investment income to average net assets (2)	1.89 %
Ratio of total expenses to average net assets (2) (5)	11.98 %
Ratio of net expenses to average net assets (2) (7)	11.02 %
Portfolio turnover rate (4)	2.19 %

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(1) The per share data was derived by using the weighted average shares outstanding during the period.

(2) Ratios are annualized, except for incentive fees and waivers.

(3) Total return is calculated assuming a purchase of shares of common stock at the current net asset value on the first day and a sale at the current net asset value on the last day of the periods reported. Distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the DRIP. Total return is not annualized.

(4) Portfolio turnover rate is calculated using the lesser of year-to-date purchases or sales over the average of the invested assets at fair value. Portfolio turnover rate is not annualized.

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

(5) Ratio of total expenses to average net assets is calculated using total operating expenses, including income tax expense over average net assets.

(6) Represents the impact of calculating certain per share amounts based on weighted average shares outstanding during the period and certain per share amounts based on shares outstanding as of period end.

(7) Ratio of net expenses to average net assets is calculated using total operating expenses, including income tax expense, less applicable waivers over average net assets.

Note 13 - Schedules of Investments and Advances to Affiliates

The following table presents the Schedule of Investments and Advances to Affiliates as of September 30, 2021:

Portfolio Company [1]	Type of Asset	Industry	Amount of dividends and interest included in income	Beginning Fair Value at December 31, 2020	Gross additions*	Gross reductions**	Realized Gain/(Loss)	Change in Unrealized Gain	Fair Value at September 30, 2021
Affiliate Investments									
Jakks Pacific, Inc. [2] [3]	Equity/Other	Consumer	$ 11	$ —	$ 12	$ —	$ —	$ 102	$ 114
Jakks Pacific, Inc. [3] [4]	Senior Secured First Lien Debt	Consumer	27	—	464	(488)	24	—	—
Jakks Pacific, Inc. [3] [4]	Subordinated Debt	Consumer	22	—	605	(1,147)	542	—	—
Total Affiliate Investments			$ 60	$ —	$ 1,081	$ (1,635)	$ 566	$ 102	$ 114

* Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, 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.

** 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.

(1) The principal/share amount and ownership detail are shown in the consolidated schedules of investments.

(2) Investment is non-income producing at September 30, 2021.

(3) The fair value of investments with respect to securities for which market quotations are not readily available is determined in good faith by the Company's Board of Directors as required by the 1940 Act. Such investments are valued using significant unobservable inputs (See Note 3 to the consolidated financial statements).

(4) Investment no longer held as of September 30, 2021.

Note 14 - Subsequent Events

The Company has evaluated subsequent events through the filing of this Form 10-Q and has determined that there have been no events that have occurred that would require adjustments to the Company's disclosures in the consolidated financial statements, except as set forth below.

On October 28, 2021, the Company's board of directors declared a distribution of $0.30 per share, which is payable on November 15, 2021 to stockholders of record as of October 28, 2021.

On November 2, 2021, pursuant to a drawdown notice previously delivered to investors, the Company sold 1,904,135 shares of Common Stock for an aggregate offering price of approximately $29.0 million.

On November 9, 2021, in accordance with the terms of the subscription agreement entered into by investors in the Company (the "Subscription Agreements"), the Company's board of directors approved a one year extension of the Initial Closing Period (as defined in the Subscription Agreements) for closings of the Company's private placement of its common stock, and, as a result, such closings can occur from time to time during the period ending on December 18, 2022, the second anniversary of our initial closing, provided, the Company may permit one or more additional closings of the private placement thereafter with the approval of the Company's board of directors. The extension of the Initial Closing Period also extends the drawdown period under the Subscription Agreements, which is the period ending on the two-year anniversary of the end of the Initial Closing Period, during which investors are required to fund drawdown purchases up to the amount of their respective capital commitments in accordance with the terms of their respective Subscription Agreements, provided, that this drawdown period may be further extended by an additional one-year extension in the discretion of the Company's board of directors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying financial statements of Franklin BSP Capital Corporation (including, for periods prior to September 23, 2020, the date on which we converted to a corporation, Franklin BSP Capital L.L.C., a Delaware limited liability company, the "Company," "FBCC," "we," "us," or "our") and the notes thereto and other financial information included elsewhere in this Quarterly Report on Form 10-Q. We are externally managed by our adviser, Franklin BSP Capital Adviser L.L.C. (the "Adviser").

Forward Looking Statements

This report, and other statements that we may make, may contain forward-looking statements with respect to future financial or business performance, strategies, or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future conditional verbs such as "will," "would," "should," "could," "may," or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in our U.S. Securities and Exchange Commission ("SEC") reports and those identified elsewhere in this report, including the "Risk Factors" section, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- our future operating results;
- the impact of the COVID-19 pandemic on our business and our portfolio companies, including our and their ability to access capital and liquidity;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including the effect of the current COVID-19 pandemic;
- the impact that the discontinuation of the London Interbank Offered Rate ("LIBOR") and the transition to new reference rates could have on the value of any LIBOR-indexed portfolio investments we may hold and the cost of borrowing under any credit facilities we may enter into;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our contractual arrangements and relationships with third parties;
- our expected financings and investments;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- our repurchase of shares;
- actual and potential conflicts of interest with our Adviser and its affiliates;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability to qualify and maintain our qualifications as a regulated investment company ("RIC") and a business development company ("BDC");
- the timing, form, and amount of any distributions;
- the impact of fluctuations in interest rates on our business;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market;
- the impact of changes to generally accepted accounting principles;
- the impact of changes to tax legislation and, generally, our tax position;

- the ability of our Adviser to locate suitable investments for us and to monitor and administer our investments; and
- the ability of our Adviser and its affiliates to attract and retain highly talented professionals.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligations to update any forward-looking statement to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Overview

We are an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a BDC, and intends to elect to be treated for U.S. federal income tax purposes, as a RIC under the Internal Revenue Code of 1986, as amended (the "Code"). We are managed by the Adviser. The Adviser is an affiliate of Benefit Street Partners. Our Adviser is a Delaware limited liability company that is registered as an investment adviser under the Advisers Act. Our Adviser oversees the management of our activities and is responsible for making investment decisions with respect to our portfolio.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We intend to invest primarily in first and second lien senior secured loans, and to a lesser extent, mezzanine loans, unsecured loans and equity of predominantly private U.S. middle market companies. We define middle market companies as those with annual revenues up to $1 billion, although we may invest in larger or smaller companies. We also may purchase interests in loans or corporate bonds through secondary market transactions. We expect that each investment generally will range between approximately 0.5% and 3.0% of our total assets. As of September 30, 2021, 100.0% of our portfolio was invested in senior secured loans.

Senior secured loans generally are senior debt instruments that rank ahead of subordinated debt and equity in priority of payments and are generally secured by liens on the operating assets of a borrower which may include inventory, receivables, plant, property and equipment. Mezzanine debt is subordinated to senior loans and is generally unsecured.

On December 18, 2020, we completed our initial closing of capital commitments to purchase shares of our common stock to investors in a private placement in reliance on exemptions from the registration requirements of the Securities Act. As of September 30, 2021, investors had made aggregate capital commitments to purchase common stock of $599.8 million. At each closing of the private placement, each investor will make a capital commitment to purchase shares of common stock pursuant to a Subscription Agreement entered into with us. Investors will be required to fund drawdowns to purchase shares of common stock up to the amount of their respective capital commitments on an as-needed basis each time we deliver a notice to the investors. Closings of the private placement of our common stock are expected to occur, from time to time, during an initial closing period, which our board of directors has extended such that it currently will end on December 18, 2022. See "Recent Developments." After the initial closing period, we may permit one or more additional closings of the private placement of our common stock with the approval of our board of directors.

Financial and Operating Highlights

(Dollars in thousands, except per share amounts)

At September 30, 2021		
Investment Portfolio	$	281,506
Net assets		117,901
Debt (net of deferred financing costs)		185,702
Net asset value per share		15.43
Portfolio Activity for the Nine Months Ended September 30, 2021		
Purchases during the period		282,322
Sales, repayments, and other exits during the period		3,579
Number of portfolio companies at end of period		43
Operating Results for the Nine Months Ended September 30, 2021		
Net investment income per share		0.22
Net increase in net assets resulting from operations per share		0.86
Net investment income		850
Net realized and unrealized gain		2,523
Net increase in net assets resulting from operations		3,373

Portfolio and Investment Activity

During the nine months ended September 30, 2021, we made $282.3 million of investments in new portfolio companies and had $3.6 million in aggregate amount of sales and repayments, resulting in net investments of $278.7 million for the period. The total portfolio of debt investments at fair value consisted of 99.2% bearing variable interest rates and 0.8% bearing fixed interest rates.

Our portfolio composition, based on fair value at September 30, 2021 was as follows:

	September 30, 2021	
	Percentage of Total Portfolio	**Weighted Average Current Yield for Total Portfolio** [1]
Senior Secured First Lien Debt	89.0 %	6.9 %
Senior Secured Second Lien Debt	11.0	7.5
Equity/Other	0.0 [2]	—
Totals	100.0 %	7.0 %

[1] Includes the effect of the amortization or accretion of loan premiums or discounts.

[2] Percentage rounds to less than 0.1%

We commenced investment operations on January 7, 2021 and, as a result, did not have investments as of December 31, 2020.

Portfolio Asset Quality

Our Adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our Adviser grades the credit risk of all debt investments on a scale of 1 to 5 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio debt investment relative to the inherent risk at the time the original debt investment was made (i.e., at the time of acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors.

Loan Rating	Summary Description
1	Debt investment exceeding fundamental performance expectations and/or capital gain expected. Trends and risk factors since the time of investment are favorable.
2	Performing consistent with expectations and a full return of principal and interest expected. Trends and risk factors are neutral to favorable. All investments are initially rated a “2”.
3	Performing debt investment requiring closer monitoring. Trends and risk factors show some deterioration.
4	Underperforming debt investment. Some loss of interest or dividend expected, but still expecting a positive return on investment. Trends and risk factors are negative.
5	Underperforming debt investment with expected loss of interest and some principal.

The weighted average risk rating of our investments based on fair value was 2.00 as of September 30, 2021. As of September 30, 2021, the Company had no portfolio companies on non-accrual status. Refer to Note 2 - Summary of Significant Accounting Policies - for additional details regarding the Company’s non-accrual policy.

RESULTS OF OPERATIONS

Our operating results for the three and nine months ended September 30, 2021 were as follows (dollars in thousands):

	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
Total investment income	$ 4,042	$ 5,810
Expenses, net of incentive fee waiver	2,458	4,872
Income tax expense, including excise tax	11	88
Net investment income	$ 1,573	$ 850

Investment Income

Investment income for the three and nine months ended September 30, 2021 was driven by our deployment of capital since January 7, 2021 (commencement of operations) and an increasing invested balance.

Operating Expenses

The composition of our operating expenses for the three and nine months ended September 30, 2021 was as follows (dollars in thousands):

	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
Management fees	$ 330	$ 572
Incentive fee on income	218	218
Incentive fee on capital gains	151	378
Interest and debt fees	1,209	1,871
Professional fees	370	945
Other general and administrative	264	659
Amortization of offering costs	160	450
Administrative services	27	87
Directors' fees	98	288
Incentive fee waiver	(369)	(596)
Expenses, net of incentive fee waiver	$ 2,458	$ 4,872

Net Realized Gain (Loss) and Net Change in Unrealized Appreciation (Depreciation) on Investments

Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments for the three and nine months ended September 30, 2021 were as follows (dollars in thousands):

	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
Net realized gain		
Affiliate investments	$ 515	$ 566
Non-affiliate investments	5	8
Total net realized gain	520	574
Net change in unrealized appreciation (depreciation) on investments		
Affiliate investments	(552)	102
Non-affiliate investments	1,043	1,847
Total net change in unrealized appreciation on investments	491	1,949
Net realized and unrealized gain	$ 1,011	$ 2,523

Impact of COVID-19 Pandemic

The COVID-19 pandemic has resulted in governments around the world implementing a broad suite of measures to help control the spread of the virus, including quarantines, travel restrictions and business curtailments and others. The emergence of COVID-19 created economic and financial disruptions that may affect our business, financial condition, liquidity, and certain of our portfolio companies' results of operations and liquidity. The extent to which the COVID-19 pandemic will affect our business, financial condition, liquidity and certain of our portfolio companies’ results of operations and liquidity will depend on future developments, which are highly uncertain and cannot be predicted.

Given the unprecedented nature of the COVID-19 exigency and the fiscal and monetary response designed to mitigate strain to businesses and the economy, the operating environment of certain of our portfolio companies is evolving rapidly. We have been in frequent communication with management, as well as the private equity sponsors, of our portfolio companies in order to understand the impact of the COVID-19 pandemic on their particular businesses and assess their ability to meet their obligations. We closely monitor our investment portfolio in order to be positioned to respond appropriately.

Recent Developments

On August 10, 2021, Michael Frick was appointed to serve as Secretary of the Company effective upon the resignation of Leeor Avigdor from such position. Mr. Avigdor will remain an employee of BSP and his decision to step down was not due to any dispute or disagreement with the Company on any matter relating to the Company's operations, policies, practices or accounting matters.

On October 28, 2021, our board of directors declared a distribution of $0.30 per share, which is payable on November 15, 2021 to stockholders of record as of October 28, 2021.

On November 2, 2021, pursuant to a drawdown notice previously delivered to investors, we sold 1,904,135 shares of Common Stock for an aggregate offering price of approximately $29.0 million.

On November 9, 2021, in accordance with the terms of the subscription agreement entered into by investors in the Company (the "Subscription Agreements"), our board of directors approved a one year extension of the Initial Closing Period (as defined in the Subscription Agreements) for closings of the Company's private placement of its common stock, and, as a result, such closings can occur from time to time during the period ending on December 18, 2022, the second anniversary of our initial closing, provided, we may permit one or more additional closings of the private placement thereafter with the approval of our board of directors. The extension of the Initial Closing Period also extends the drawdown period under the Subscription Agreements, which is the period ending on the two-year anniversary of the end of the Initial Closing Period, during which investors are required to fund drawdown purchases up to the amount of their respective capital commitments in accordance with the terms of their respective Subscription Agreements, provided, that this drawdown period may be further extended by an additional one-year extension in the discretion of our board of directors.

On November 9, 2021, our board of directors confirmed Saahil Mahajan as a Qualified Replacement (as defined in the Subscription Agreements) for purposes of the Key Person Event provision in such Subscription Agreements. Mr. Mahajan was designated as a Qualified Replacement to reflect the fact that he currently serves on the investment committee of FBCC Adviser. He replaces David Manlowe for purposes of the Key Person Event provision in the subscription agreements. Mr. Manlowe remains with BSP and has transitioned to other responsibilities with the firm.

Liquidity and Capital Resources

We generate cash primarily from the net proceeds of the purchase of shares of our common stock from drawdowns on our investors' capital commitments, cash flows from interest and fees earned from our investments and principal repayments and proceeds from sales of our investments. We also fund a portion of our investments through borrowings from banks. Our primary use of cash will be investments in portfolio companies, payments of our expenses and payment of cash distributions to our stockholders.

As of September 30, 2021, we are party to the MS Credit Facility and MS Subscription Facility, each of which is defined in and described in more detail in Note 5 - Borrowings.

As of September 30, 2021, we had $2.7 million of cash. In addition, we had $62.0 million of availability under the MS Credit Facility (subject to borrowing base availability), $0.1 million of availability under the MS Subscription Facility and had approximately $484.8 million of uncalled capital commitments to purchase shares of our common stock. We expect to have sufficient liquidity for our investing activities and to conduct our operations in the near term.

Taxation as a RIC

We intend to elect to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not be subject to corporate-level U.S. federal income taxes on any income that we distribute as dividends for U.S. federal income tax purposes to our stockholders. To maintain our qualification as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. In addition, in order to maintain RIC tax treatment, we must distribute to our stockholders, for each tax year, an amount equal to at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gain over realized net long-term capital loss and determined without regard to any deduction for dividends paid, or the annual distribution requirement. Even if we qualify as a RIC, we generally will be subject to corporate-level U.S. federal income tax on our undistributed taxable income and could be subject to state, local, and foreign taxes.

Additionally, in order to avoid the imposition of a U.S. federal excise tax, we are required to distribute, in respect of each calendar year, dividends to our stockholders of an amount at least equal to the sum of 98% of our calendar year net ordinary income (taking into account certain deferrals and elections); 98.2% of our capital gain net income (adjusted for certain ordinary losses) for the one year period ending on December 31 of such calendar year; and any net ordinary income and capital gain net income for preceding calendar years that were not distributed during such calendar years and on which we previously did not incur any U.S. federal income tax. If we fail to qualify as a RIC for any reason and become subject to corporate 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 would have a material adverse effect on us and our stockholders. In addition, we could be required to recognize unrealized gains, incur substantial taxes and interest and make substantial distributions in order to re-qualify as a RIC. We cannot assure stockholders that they will receive any distributions.

Related Party Transactions and Agreements

Investment Advisory Agreement

We entered into an Investment Advisory Agreement, dated as of September 23, 2020, which was approved by our Board of Directors and our sole stockholder for a two year term, under which the Adviser, subject to the overall supervision of our Board of Directors manages the day-to-day operations of, and provides investment advisory services to us. Affiliates of the Adviser also provide investment advisory services to other funds that have investment mandates that are similar, in whole and in part, with ours, including Business Development Corporation of America, a business development company advised by an affiliate of the Adviser. Affiliates of the Adviser also serve as investment adviser or sub-adviser to private funds and registered open-end funds, and as an investment adviser to a public real estate investment trust. The Adviser has adopted policies designed to manage and mitigate the conflicts of interest associated with the allocation of investment opportunities. In addition, any affiliated fund currently formed or formed in the future and managed by the Adviser or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. However, in certain instances due to regulatory, tax, investment, or other restrictions, certain investment opportunities may not be appropriate for either us or other funds managed by the Adviser or its affiliates.

Administration Agreement

On September 23, 2020, we entered into the Administration Agreement with BSP, pursuant to which BSP provides us with office facilities and administrative services. The Administration Agreement may be terminated by either party without penalty upon not less than 60 days' written notice to the other. For the three and nine months ended September 30, 2021, the Company incurred $0.1 million and $0.5 million, respectively, in administrative service fees under the administrative agreement, which are included in the "Other general and administrative" on the consolidated statements of operations in the accompanying consolidated financial statements.

Co-Investment Relief

The 1940 Act generally prohibits BDCs from entering into negotiated co-investments with affiliates absent an order from the SEC. The SEC has granted exemptive relief to affiliates of the Adviser that allows us to enter into certain negotiated co-investment transactions alongside other funds managed by the Adviser or its affiliates ("Affiliated Funds") in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions (the "Order"). Pursuant to the Order, we are permitted to co-invest with our affiliates if a "required majority" (as defined in Section 57(o) of the 1940 Act) of our eligible directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect 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 objective and strategies.

Borrowings

We are only allowed to borrow money such that our asset coverage, which, as defined in the 1940 Act, measures the ratio of total assets less total liabilities not represented by senior securities to total borrowings, equals at least 150% after such borrowing, with certain limited exceptions. We are continually exploring forms of debt financing which could include new or expanded credit facilities or the issuance of debt securities. We may use borrowed funds, known as "leverage," to make investments and to attempt to increase returns to our stockholders by reducing our overall cost of capital. We currently have credit facilities with Morgan Stanley.

MS Credit Facility

On March 15, 2021, the Company, FBCC Lending I, a wholly-owned, special purpose financial subsidiary of the Company ("FBCC Lending"), and the Adviser, as the servicer, entered into a loan and servicing agreement (together with the other documents executed in connection therewith, the "MS Credit Facility") with Morgan Stanley Asset Funding, Inc. as administrative agent, Morgan Stanley Bank, N.A., as the lender, and U.S. Bank National Association as collateral agent, account bank and collateral custodian, that provides for borrowings of up to $100.0 million on a committed basis. Obligations under the MS Credit Facility are secured by a first priority security interest in substantially all of the assets of FBCC Lending, including its portfolio of investments and the Company's equity interest in FBCC Lending. The obligations of FBCC Lending under the MS Credit Facility are nonrecourse to the Company. Any amounts borrowed under the MS Credit Facility will mature, and will be due and payable, on the maturity date, which is March 15, 2025. Borrowings under the MS Credit Facility bear interest at three-month LIBOR, with a LIBOR floor of zero, plus a spread of 2.25%. Interest is payable quarterly in arrears. FBCC Lending is subject to a non-usage fee of 0.50% on the difference between total commitments and the greater of the (i) drawn amounts and (ii) minimum utilization requirement, and, in addition, after the ramp-up period, FBCC Lending would pay interest on undrawn amounts up to the minimum utilization requirement under the MS Credit Facility, at three-month LIBOR floor of zero, plus spread of 1.125%, if drawn amounts are less than such minimum utilization requirement.

On July 1, 2021, FBCC Lending, amended the MS Credit Facility to, among other things, increase the maximum permissible borrowings under the MS Credit Facility from $100.0 million to $200.0 million on a committed basis.

MS Subscription Facility

On April 22, 2021, the Company entered into the MS Subscription Facility with Morgan Stanley Asset Funding, Inc., as administrative agent and sole lead arranger, and Morgan Stanley Bank, N.A., as the letter of credit issuer and lender. The MS Subscription Facility allows the Company to borrow up to $50.0 million, subject to certain restrictions, including availability under the borrowing base, which is based on unused capital commitments. The amount of permissible borrowings under the MS Subscription Facility may be increased up to an aggregate of $150.0 million with the consent of the lenders. The MS Subscription Facility has a maturity date of April 22, 2022, which may be extended for an additional two terms of not more than 12 months each with the consent of the administrative agent and lenders.

The MS Subscription Facility bears interest at a rate of: (i) with respect LIBOR Rate Loans, Adjusted LIBOR (as defined in the MS Subscription Facility) for the applicable interest period plus 2.00% per annum and (ii) with respect to Base Rate Loans, the greatest of (a) the Prime Rate in effect on such day plus 1.00% per annum, (b) the Federal Funds Rate in effect on such day plus 0.50%, plus 1.00% per annum and (c) except during any period of time during which LIBOR is unavailable, one-month Adjusted LIBOR plus, without duplication, 100 basis points per annum. The Company paid an upfront fee and incurred other customary costs and expenses in connection with the MS Subscription Facility. In addition, the Company will be subject to an unused commitment fee of 0.30%.

Contractual Obligations

The following table shows our payment obligations for repayment of debt and other contractual obligations as of September 30, 2021 (dollars in thousands):

		Payment Due by Period			
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
MS Credit Facility [(1)]	$ 138,000	$ —	$ —	$ 138,000	$ —
MS Subscription Facility [(2)]	49,900	49,900	—	—	—
Total	$ 187,900	$ 49,900	$ —	$ 138,000	$ —

[(1)] As of September 30, 2021, we had $62.0 million in unused borrowing capacity under the MS Credit Facility, subject to borrowing base limits.
[(2)] As of September 30, 2021, we had $0.1 million in unused borrowing capacity under the MS Subscription Facility, subject to borrowing base limits.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Commitments

In the ordinary course of business, we may enter into future funding commitments. As of September 30, 2021, we had unfunded commitments on delayed draw term loans of $28.3 million and unfunded commitments on revolver term loans of $17.4 million. We maintain sufficient cash on hand, unfunded commitments to purchase our common stock, and available borrowings to fund such unfunded commitments. Please refer to Note 6 - Commitments and Contingencies in the notes to our consolidated financial statements for further detail of these unfunded commitments.

Significant Accounting Estimates and Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. 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. On an on-going basis, we will evaluate our estimates, including those related to the matters described below. Actual results could differ from those estimates.

While our significant accounting policies are also described in Note 2 of notes to our financial statements appearing elsewhere in this report, we believe the following accounting policies require the most significant judgment in the preparation of our financial statements.

Valuation of Portfolio Investments

Portfolio investments are reported on the statements of assets and liabilities at fair value. On a quarterly basis we perform an analysis of each investment to determine fair value as follows:

Securities for which market quotations are readily available on an exchange are valued at the reported closing price on the valuation date. We may also obtain quotes with respect to certain of our investments from pricing services or brokers or dealers in order to value assets. When doing so, we determine whether the quote obtained is readily available according to U.S. GAAP to determine the fair value of the security. If determined readily available, we use the quote obtained.

Investments without a readily determined market value are primarily valued using a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process.

For an investment in an investment fund that does not have a readily determinable fair value, we measure the fair value of the investment predominately based on the net asset value per share of the investment fund if the net asset value of the investment fund is calculated in a manner consistent with the measurement principles of ASC 946, as of our measurement date.

As part of our quarterly valuation process the Adviser may be assisted by one or more independent valuation firms engaged by us. The Board of Directors determines the fair value of each investment, in good faith, based on the input of the Adviser and the independent valuation firm(s) (to the extent applicable).

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

- Each portfolio company or investment will be valued by the Adviser, potentially with assistance from one or more independent valuation firms engaged by our Board of Directors;
- The independent valuation firm(s) conduct independent appraisals and make an independent assessment of the value of each investment; and
- The Board of Directors determines the fair value of each investment, in good faith, based on the input of the Adviser and independent valuation firm (to the extent applicable) and the audit committee of the Board of Directors.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our Board of Directors, as described herein. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

Revenue Recognition

Interest Income

Investment transactions are accounted for on the trade date. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Discount and premium on investments purchased are accreted/amortized over the expected life of the respective investment using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discount and amortization of premium on investments.

Other Income

Fee income, such as structuring fees, origination, closing, amendment fees, commitment and other upfront fees are generally non-recurring and are recognized as revenue when earned, either upfront or amortized into income. Upon the payment of a loan or debt security, any prepayment penalties and unamortized loan origination, structuring, closing, commitment and other upfront fees are recorded as income.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

Gains or losses on the sale of investments are calculated using the specific identification method. We measure 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. Net change in unrealized appreciation or depreciation will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

Organization and Offering Expenses

We will bear the organization and offering expenses incurred in connection with the formation of the Company and the offering of shares of our Common Stock, including the out-of-pocket expenses of the Adviser and its agents and affiliates. In addition, we will reimburse the Adviser for the organizational and offering costs it incurs on our behalf. If actual organization and offering costs incurred exceed the greater of $1 million or 0.10% of the Company's total capital commitments, the Adviser or its affiliate will bear the excess costs. To the extent the Company's capital commitments later increase, the Adviser or its affiliates may be reimbursed for past payments of excess organization and offering costs made on the Company's behalf provided that the total organization and offering costs borne by the Company do not exceed 0.10% of total capital commitments and provided further that the Adviser or its affiliates may not be reimbursed for payment of excess organization and offering expenses that were incurred more than three years prior to the proposed reimbursement. In general, we may not deduct organizational expenses, and instead amortize organizational expenses over at least a 180-month period for tax purposes. Offering costs are capitalized as a deferred charge and amortized to expense on a straight-line basis over 12 months from the commencement of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk associated with financial instruments and derivative financial instruments is the risk of loss from adverse changes in market prices or interest rates. We expect our market risk will arise primarily from interest rate risk relating to interest rate fluctuations. Many factors including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control contribute to interest rate risk. To meet our short and long-term liquidity requirements, we may borrow funds at a combination of fixed and variable rates. Our interest rate risk management objectives are to limit the impact of interest rate changes in earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as swaps, collars and treasury lock agreements, subject to the requirements of the 1940 Act, in order to mitigate our interest rate risk with respect to various debt instruments. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates. During the periods covered by this report, we did not engage in interest rate hedging activities. We would not hold or issue these derivative contracts for trading or speculative purposes.

As of September 30, 2021, our debt included variable-rate debt, bearing a weighted average interest rate of LIBOR plus 2.18% with a total carrying value (net of deferred financing costs) of $185.7 million. The following table quantifies the potential changes in interest income net of interest expense should base interest rates increase or decrease by the amounts below assuming that our current consolidated statement of assets and liabilities was to remain constant and no actions were taken to alter our existing interest rate sensitivity. Interest rate floors, if applicable, are not reflected in the sensitivity analysis below.

Change in Base Interest Rates	Estimated Change in Interest Income net of Interest Expense (in thousands)	
(-) 13 Basis Points	$	(367)
(+) 50 Basis Points	$	1,410
(+) 100 Basis Points	$	2,820
(+) 200 Basis Points	$	5,640

Because we may borrow money to make investments, our net investment income may be dependent on the difference between the rate at which we borrow funds and the rate at which we invest these funds. In periods of increasing interest rates, our cost of funds would increase, which may reduce our net investment income. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. 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.

Change in Internal Control Over Financial Reporting

No change occurred in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the period ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of September 30, 2021, we were not defendants in any material pending legal proceeding, and no such material proceedings are known to be contemplated. However, from time to time, we may be party to certain legal proceedings incidental to the normal course of our business including the enforcement of our rights under the contracts with our portfolio companies. Third parties may also seek to impose liability on us in connection with the activities of our portfolio companies.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed below and in Part I., "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the period ended December 31, 2020, which could materially affect our business, financial condition, and/or operating results. The risks described below and in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results.

Because we expect to borrow money, the potential for gain or loss on amounts invested in us will be magnified and may increase the risk of investing in us.

The use of borrowings, also known as leverage, increases the volatility of investments by magnifying the potential for gain or loss on invested equity capital. Because we intend to use leverage to partially finance our investments, through borrowing from banks and other lenders, investors will experience increased risks of investing in our common stock. If the value of our assets increases, leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause our net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make common stock distribution payments. Leverage is generally considered a speculative investment technique.

The following table illustrates the effects of leverage on returns from an investment in shares of Common Stock, assuming various hypothetical annual returns, net of expenses. The calculations are hypothetical and actual returns may be higher or lower than those appearing below. The calculation assumes (i) $346.3 million in total assets, (ii) a weighted average cost of funds of 2.36%, (iii) $250.0 million in debt outstanding (i.e., assumes that the full amount is available to us under our MS Credit Facility and MS Subscription Facility as of September 30, 2021), and (iv) $117.9 million in stockholders' equity, and (v) no incentive fees payable by the Company to the Adviser. 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 by the assumed debt outstanding, and the product is subtracted from the assumed return to us in order to determine the return 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 the Company's Portfolio (net of expenses)	**(10)%**	**(5)%**	**—%**	**5%**	**10%**
Corresponding return to stockholders [1]	(34.38)%	(19.69)%	(5.00)%	9.68%	24.37%

[1] In order for us to cover our hypothetical annual interest payments on indebtedness, we would need to achieve annual returns on our September 30, 2021 total assets of at least 1.70%.

As of September 30, 2021, the Morgan Stanley Credit Facility provided for borrowings in an aggregate principal amount of up to $200.0 million on a committed basis, due March 15, 2025 and the Morgan Stanley Subscription Facility provided for borrowings in an aggregate principal amount of up to $50.0 million on a committee basis, due April 22, 2022.

Risks Related to our Preferred Stock

The issuance of shares of our Series A Convertible Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock") dilutes the relative voting power and ownership of holders of our common stock.

The Series A Preferred Stock is convertible at the option of either the holder of Series A Preferred Stock or the Company at any time commencing six months following the closing date of a liquidity event. The holders of Series A Preferred Stock are entitled to vote, on an as-converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock, except for the election of our preferred directors. Therefore, the issuance of the Series A Preferred Stock effectively reduces the relative voting power of the holders of our common stock because the conversion of the Series A Preferred Stock into common stock would dilute the ownership interest of existing holders of our common stock.

The Series A Preferred Stock may be unrated securities.

The Company intends to achieve an investment grade rating for the Series A Preferred Stock from a nationally recognized statistical ratings organization ("NRSRO") and to seek a second rating from another NRSRO within two years of the initial closing of the private placement of the Series A Preferred Stock. However, there is no assurance that the Company will receive a rating, or the desired rating, from a NRSRO and may remain unrated.

Our Series A Preferred Stock is subordinate to our existing and future indebtedness.

While preferred stockholders, including holders of the Series A Preferred Stock, will have equal liquidation and distribution rights to any other series of preferred stock, they are subordinated to our existing and future indebtedness. Therefore, dividends, distributions and other payments to preferred stockholders in liquidation or otherwise may be subject to prior payments due to the holders of senior indebtedness.

Holders of our preferred stock bear dividend risk.

We may be unable to pay dividends on our preferred stock under some circumstances. The terms of any future indebtedness we may incur could preclude the payment of dividends in respect of equity securities, including our preferred stock, under certain conditions.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Previously disclosed on Form 8-K filings.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the nine months ended September 30, 2021 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
3.1	Form of Certificate of Incorporation (previously filed as Exhibit 3.1 to the Company's Registration Statement on Form 10 (File No. 000-56205) filed on September 23, 2020 and incorporated herein by reference).
3.2	Certificate of Designation of Series A Convertible Preferred Stock (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 814-01360) filed on August 25, 2021 and incorporated herein by reference).
3.3	Amended and Restated Bylaws (previously filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K (File No. 814-01360) filed on March 29, 2021 and incorporated herein by reference).
10.1	First Amendment to Loan and Servicing Agreement, dated as of July 1, 2021, by and among FBCC Lending I, LLC, the Company, Morgan Stanley Bank, N.A. and Morgan Stanley Asset Funding, Inc (filed herewith).
10.2	Form of Subscription Agreement for Series A Preferred Stock (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 814-01360) filed on August 25, 2021 and incorporated herein by reference).
31.1	Certification of the Principal Executive Officer of the Company pursuant to Securities Exchange Act Rule 13a-14 (a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Principal Financial Officer of the Company pursuant to Securities Exchange Act Rule 13a-14 (a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Written statement of the Principal Executive Officer and Principal Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Richard J. Byrne Richard J. Byrne	Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)	November 12, 2021
/s/ Nina Kang Baryski Nina Kang Baryski	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	November 12, 2021

Exhibit 10.1
EXECUTION VERSION

FIRST AMENDMENT TO LOAN AND SERVICING AGREEMENT (this "Amendment"), dated as of July 1, 2021 (the "Amendment Date"), among FBCC Lending I, LLC, a Delaware limited liability company (together with its successors and assigns in such capacity, the "Borrower"), Franklin BSP Capital Adviser L.L.C., as servicer (the "Servicer"), Morgan Stanley Bank, N.A., as lender (the "Required Lender"), and Morgan Stanley Asset 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 Required Lender, the Administrative Agent, and the Servicer are party to that certain Loan and Servicing Agreement, dated as of March 15, 2021 (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, Franklin BSP Capital Corporation, as the transferor, each of the lenders from time to time party thereto (the "Lenders"), the Administrative Agent and U.S. 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 Lenders to the Borrower; and

WHEREAS, the Borrower, the Required Lender, the Administrative Agent, and the Servicer 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:

ARTICLE I

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.

ARTICLE II

Amendments to Loan and Servicing Agreement

SECTION 2.1. As of the Amendment Date, the Loan and Servicing 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 and Servicing Agreement attached as Appendix A hereto.

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower and the Servicer hereby represent and warrant to the Administrative Agent and the Lenders 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 date as though made on and as of such date (other than any representation and warranty that is made as of a specific date, which representation and warranty was true in all material respects as of such date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Amendment shall become effective as of the date first written above upon the satisfaction of the following conditions:

(a) its execution and delivery by each party hereto;

(b) the Administrative Agent's receipt of a legal opinion of counsel for the Borrower, in form and substance reasonably satisfactory to the Administrative Agent covering such matters as the Administrative Agent may reasonably request;

(c) the Administrative Agent's receipt of a good standing certificate for the Borrower issued by the applicable office body of its jurisdiction of organization and a certified copy of the resolutions of the Borrower approving this Amendment and the transactions contemplated hereby, certified by its secretary or assistant secretary or other authorized officer; and

(d) the payment by the Borrower in immediately available funds of all fees (including reasonable and documented fees, disbursements and other charges of outside counsel to the Administrative Agent) to be received on the Amendment Date.

ARTICLE V

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 WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

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 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 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 email transmission shall be effective as delivery of a manually executed counterpart hereof.

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.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the Amendment Date.

BORROWER:

FBCC LENDING I, LLC

By: /s/ Nina Baryski

Name: Nina Baryski
Title: Authorized Signatory

<u>SERVICER</u>:

FRANKLIN BSP CAPITAL ADVISER L.L.C.

By: <u>/s/ Nina Baryski</u>

Name: Nina Baryski
Title: Authorized Signatory

ADMINISTRATIVE AGENT:

MORGAN STANLEY ASSET FUNDING, INC.

By: /s/ Matthieu Milgrom

Name: Matthieu Milgrom
Title: Authorized Signatory

REQUIRED LENDER:

MORGAN STANLEY BANK, N.A.

By: /s/ Nii Dodoo

Name: Nii Dodoo
Title: Authorized Signer

Appendix A

Conformed Loan and Servicing Agreement

[see attached]

EXECUTION VERSION
Conformed through First Amendment dated July 1, 2021

Up to U.S. $~~100,000,000~~200,000,000

LOAN AND SERVICING AGREEMENT

Dated as of March 15, 2021 among

FBCC LENDING I, LLC,
as the Borrower

FRANKLIN BSP CAPITAL CORPORATION,
as the Transferor

FRANKLIN BSP CAPITAL ADVISER L.L.C.,
as the Servicer

MORGAN STANLEY ASSET FUNDING, INC.,
as the Administrative Agent

EACH OF THE LENDERS FROM TIME TO TIME PARTY HERETO,

as the Lenders and

U.S. BANK NATIONAL ASSOCIATION,
as the Collateral Agent, Account Bank and Collateral Custodian

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LIST OF SCHEDULES, EXHIBITS AND ANNEXES

SCHEDULES

ANNEXES

This **LOAN AND SERVICING AGREEMENT** is made as of March 15, 2021,

among:

(1) **FBCC LENDING I, LLC**, a Delaware limited liability company, as the Borrower (as defined below);

(2) **FRANKLIN BSP CAPITAL CORPORATION**, a Delaware corporation, as the Transferor (as defined below);

(3) **FRANKLIN BSP CAPITAL ADVISER L.L.C.**, a Delaware limited liability company, as the Servicer (as defined below);

(4) **EACH OF THE LENDERS FROM TIME TO TIME PARTY HERETO**, as a Lender (as defined below);

(5) **MORGAN STANLEY ASSET FUNDING, INC.**, as the Administrative Agent (as defined below); and

(6) **U.S. BANK NATIONAL ASSOCIATION**, as the Collateral Agent (as defined below), the Account Bank (as defined below) and the Collateral Custodian (as defined below).

RECITALS

WHEREAS, the Borrower has requested that the Lenders make available to the Borrower a revolving loan facility in the maximum principal amount of up to the Facility Amount (as defined below), the proceeds of which shall be used by the Borrower to fund the purchase of certain Eligible Loan Assets (as defined below);

WHEREAS, the Borrower is willing to grant to the Collateral Agent, for the benefit of the Secured Parties (as defined below), a lien on and security interest in the Collateral (as defined below) to secure the payment in full of the Obligations (as defined below);

WHEREAS, the Lenders are willing to extend financing to the Borrower on the terms and conditions set forth herein;

WHEREAS, the Borrower also desires to retain the Servicer to perform certain servicing functions related to the Collateral on the terms and conditions set forth herein; and

WHEREAS, the Servicer desires to perform certain servicing functions related to the Collateral on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

(c) not more than 5.0% of the Concentration Denominator may consist of Eligible Loan Assets that are Delayed Draw Loan Assets or Revolving Loans, in the aggregate;

(d) not more than 15.0% of the Concentration Denominator may consist of Eligible Loan Assets that are Second Lien Loans or FLLO Loans, in the aggregate;

(e) not more than 10.0% of the Concentration Denominator may consist of Eligible Loan Assets that are Second Lien Loans;

(f) not more than 5.0% of the Concentration Denominator may consist of Eligible Loan Assets that are fixed rate Loan Assets;

(g) not more than 30.0% of the Concentration Denominator may consist of Eligible Loan Assets with a Total Leverage Ratio of greater than 6.50:1.00 as of the date of determination;

(h) not more than 5.0% of the Concentration Denominator may consist of Eligible Loan Assets that are PIK Loan Assets;

(i) not more than 10.0% of the Concentration Denominator may consist of Eligible Loan Assets that are Cov-Lite Loan Assets;

(j) not more than 10.0% of the Concentration Denominator may consist of Eligible Loan Assets that are issued by an Obligor that has an EBITDA of less than$15,000,000; and

(k) not more than ~~15.0~~25.0% of the Concentration Denominator may consist of Eligible Loan Assets that are Broadly Syndicated Loans.

"Constituent Documents" means in respect of any Person, the certificate or articles of formation, incorporation or organization, the limited liability company agreement, operating agreement, partnership agreement, joint venture agreement or other applicable agreement of formation or organization (or equivalent or comparable constituent documents), articles of association and other organizational documents and by-laws and any certificate of incorporation, certificate of formation, certificate of limited partnership and other agreement, similar instrument filed or made in connection with its formation or organization, in each case, as the same may be amended, modified, supplemented, restated or replaced from time to time in accordance with the terms thereof. For the avoidance of doubt, the "Constituent Documents" of the Borrower include, the Borrower Consent, the Borrower Certificate of Formation and the Borrower LLC Agreement.

"Control Agreement" means that certain Control Agreement, dated as of the Closing Date, among the Borrower, the Servicer, the Account Bank, the Administrative Agent and the Collateral Agent, which agreement relates to the Controlled Accounts, as such agreement may be amended, modified, supplemented, restated or replaced from time to time in accordance with the terms thereof.

relevant Person, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with that Person, or (c) solely for purposes of Section 302 of ERISA and Section 412 of the Code, a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as, or that otherwise is aggregated under Section 414(o) of the Code with, that Person, any corporation described in clause (a) above or any trade or business described in clause (b) above.

"ERISA Event" means (a) with respect to a Pension Plan, any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, other than events for which the thirty (30) day notice period has been waived; (b) a withdrawal by the Borrower or any of its ERISA Affiliates from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as a termination under Section 4062(e) of ERISA; (c) the failure to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA), whether or not waived, with respect to a Pension Plan; (d) the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to a complete or partial withdrawal by the Borrower or any of its ERISA Affiliates from a Multiemployer Plan, written notification of the Borrower or any of its ERISA Affiliates concerning the imposition of any withdrawal liability, as such term is defined in Part I of Subtitle E of Title IV of ERISA, as a result of a complete or partial withdrawal from a Multiemployer Plan or written notification that a Multiemployer Plan is insolvent within the meaning of Title IV of ERISA or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (g) the filing under Section 4041(c) of ERISA of a notice of intent to terminate a Pension Plan, the treatment of a Pension Plan or Multiemployer Plan amendment as a termination under Section 4041 or Section 4041A of ERISA, or the receipt by the Borrower or any of its ERISA Affiliates from the PBGC of any notice relating to the intention to terminate a Pension Plan or Multiemployer Plan; (h) the imposition of any liability under Title IV of ERISA with respect to the termination of any Pension Plan or Multiemployer Plan, other than for the payment of plan contributions or PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any of its ERISA Affiliates; or (i) the occurrence of a non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) which could result in liability to the Borrower or any of its ERISA Affiliates.

"Erroneous Payment" has the meaning assigned to that term in Section 9.01(j)(i)

"Erroneous Payment Notice" has the meaning assigned to that term in Section 9.01(j)(ii).

"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.

"Event of Default" has the meaning assigned to that term in Section 7.01.

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 2.11(g), and (d) any withholding Taxes imposed under FATCA.

"Facility Amount" means the aggregate Commitments as then in effect, which on the Closing Date shall be $~~100,000,000,~~200,000,000, as such amount may be reduced pursuant to Section 2.16(b).

"Facility Maturity Date" means the earliest of (a) the Business Day designated by the Borrower to the Lender pursuant to Section 2.16(b) to terminate this Agreement, (b) the Stated Maturity or (c) the date on which the Facility Maturity Date is declared (or is deemed to have occurred automatically) pursuant to Section 7.01.

"FATCA" means Sections 1471 through 1474 of the Code (or any amended or successor versions of Sections 1471 through 1474 of the Code that are substantively comparable and not materially more onerous to comply with), as of the date of this Agreement, and any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code (or any amended or successor version described above), and any fiscal regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Reserve Bank of New York's Website" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source.

"Fees" means (a) the Unused Fee, (b) the Administrative Agent Fee and (c) the fees payable to each Lender pursuant to the terms of any Lender Fee Letter.

"Financial Asset" has the meaning specified in Section 8-102(a)(9) of the UCC.

"Financial Covenant Test" means a test that will be satisfied on any date of determination if the Transferor maintains (i) Unrestricted Cash *plus* (ii) Unpledged Capital Commitments *plus* (iii) Retained Principal Distributions *plus* (iv) undrawn commitments under credit facilities, in an aggregate amount in excess of 5% of the total indebtedness of the Transferor and its Subsidiaries.

"First Amendment Closing Date" means July 1, 2021.

"First Lien Loan" means any Loan Asset (a) that is secured by a valid and perfected first priority Lien on substantially all of the Obligor's assets constituting Related Collateral, subject to any Permitted Working Capital Liens and any expressly permitted Liens under the Underlying Instrument for such Loan Asset or such comparable definition if "permitted liens" is not defined therein, (b) that provides that the payment obligation of the Obligor on such Loan Asset is either senior to, or *pari passu* with, and is not (and cannot by its terms become) subordinate in right of payment to all other Indebtedness of such Obligor, (c) for which Liens on the Related Collateral securing any other outstanding Indebtedness of the Obligor (excluding Permitted Working Capital Liens and expressly permitted Liens described in

Interest Collections and any other amounts that have been designated as Principal Collections pursuant to the terms of this Agreement.

"Pro Rata Share" means, with respect to each Lender, the percentage obtained by dividing the Commitment of such Lender (or, following the termination thereof, the outstanding principal amount of all Advances of such Lender), by the aggregate Commitments of all the Lenders (or, following the termination thereof, the aggregate Advances Outstanding).

"Proceeds" means, with respect to any property included in the Collateral, all property that is receivable or received when such property is collected, sold, liquidated, foreclosed, exchanged, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes all rights to payment with respect to such Collateral including any insurance relating thereto.

"Purchase and Sale Agreement" means that certain Purchase and Sale Agreement, dated as of the Closing Date, between the Transferor, as the seller, and the Borrower, as the purchaser, as amended, modified, supplemented, restated or replaced from time to time in accordance with the terms thereof.

"Purchase Price" means, with respect to any Loan Asset, an amount (expressed as a percentage of par) equal to the greater of (a) zero and (b) the actual price paid by the Borrower for such Loan Asset; provided that if the actual price paid by the Borrower for such Loan Asset exceeds 100% of par, the Purchase Price shall be deemed to be 100%.

"Ramp-Up Period" means the period beginning on the First Amendment Closing Date and ending on the nine (9) month anniversary thereof.

"Recipient" means the Administrative Agent and any Lender, as applicable

. "Records" means all documents relating to the Loan Assets, including books, records and other information executed in connection with the origination or acquisition of the Loan Assets or maintained with respect to the Loan Assets and the related Obligors that the Borrower, the Transferor or the Servicer have generated, in which the Borrower has acquired an interest pursuant to the Purchase and Sale Agreement or in which the Borrower or the Transferor have otherwise obtained an interest.

"Recoveries" means, with respect to any Defaulted Loan, the proceeds from the sale of the Related Collateral, the proceeds of any related Insurance Policy, any other recoveries with respect to such Loan Asset (without duplication) or the Related Collateral, and amounts representing late fees and penalties, net of any amounts received that are required under such Loan Asset, as applicable, to be refunded to the related Obligor.

"Recurring Revenue Loan" means any Loan Asset that is structured based on a multiple of the related Obligor's Revenue.

"Redetermination Request" means a written request of the Borrower (or the Servicer on its behalf) to the Administrative Agent for the Administrative Agent to reset the Cut-Off Date in respect of a Loan Asset (and all relevant Eligible Loan Asset information set

"Synthetic Security" means a security or swap transaction that has payments associated with either payments of interest and/or principal on a reference obligation or the credit performance of a reference obligation.

"Target Portfolio Amount" means $~~154,000,000.~~308,000,000.

"Tax Expense Cap" means, for any Payment Date, a *per annum* amount equal to $50,000.

"Taxes" means any present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), charges, assessments or fees of any nature (including interest, penalties, and additions thereto) that are imposed by any Governmental Authority.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination/Reduction Notice" means each notice required to be delivered by the Borrower in respect of any termination of this Agreement or any permanent reduction of the Facility Amount, in the form of Exhibit F.

"Total Borrower Capitalization" means, on any date of determination, the sum of (a) the Aggregate Adjusted Borrowing Value *plus* (b) the aggregate amount on deposit in the Principal Collection Subaccount.

"Total Leverage Ratio" means, with respect to any Loan Asset for any period, the meaning of "Total Leverage Ratio" or any comparable definition in the Underlying Instruments for each Loan Asset, and in any case that "Total Leverage Ratio" or such comparable definition is not defined in such Underlying Instruments, the ratio of (a) Indebtedness *less* Unrestricted Cash, in each case, as of the period of four (4) consecutive fiscal quarters most recently ended (or, if financial statements for any such quarter have not yet been delivered, for the period of four (4) consecutive fiscal quarters for which financial statements have been delivered) on or prior to such date, or if the Obligor of such Loan Asset was organized or formed within the previous year, another applicable test period as determined by the Administrative Agent in its sole discretion, to (b) EBITDA, for the period of four (4) consecutive fiscal quarters most recently ended (or, if financial statements for any such quarter have not yet been delivered, for the period of four (4) consecutive fiscal quarters for which financial statements have been delivered) on or prior to such date, or if the Obligor of such Loan Asset was organized or formed within the previous year, another applicable test period as determined by the Administrative Agent in its sole discretion, as calculated by the Servicer in accordance with the Servicing Standard using information from and calculations consistent with the relevant compliance statements and financial reporting packages provided by the relevant Obligor as per the requirements of the related Underlying Instruments.

"Transaction Documents" means this Agreement, any Assignment and Acceptance, the Purchase and Sale Agreement, the Control Agreement, the Administrative

(o) with respect to calculating the Debt-to-Recurring-Revenue Ratio for any Recurring Revenue Loan, a failure to provide the information necessary to calculate the Debt-to-Recurring Revenue Ratio for any Recurring Revenue Loan.

"Volcker Rule" means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

"Warranty Breach Event" means, as to any Loan Asset, (a) the discovery that, as of the related Cut-Off Date, such Loan Asset did not satisfy the definition of "Eligible Loan Asset" or there otherwise existed a breach of any representation or warranty relating to such Loan Asset (other than any representation and warranty that was waived by the Administrative Agent in its sole discretion in writing prior to the Cut-Off Date) or (b) the Borrower fails to satisfy Section 3.02(a)(ii) or Section 3.04(b), as applicable, with respect to such Loan Asset, in each case, if the failure of the Borrower to cure such breach, or cause the same to be cured, continues for ten (10) Business Days after the earlier to occur of the Borrower's receipt of notice thereof from the Administrative Agent or a Responsible Officer of the Borrower becoming aware thereof.

"Warranty Breach Loan Asset" means any Loan Asset with respect to which a Warranty Breach Event has occurred.

"Weighted Average Advance Rate" means, as of any date of determination with respect to all Eligible Loan Assets included in the Aggregate Adjusted Borrowing Value, the number obtained by (a) summing the products obtained by *multiplying* (i) the Advance Rate of each Eligible Loan Asset by (ii) such Eligible Loan Asset's contribution to the Aggregate Adjusted Borrowing Value and *dividing* (b) such sum by the Aggregate Adjusted Borrowing Value.

"Weighted Average Life" means, as of any date of determination, the number obtained by (a) for each Eligible Loan Asset (other than a Defaulted Loan), *multiplying* the amount of each scheduled distribution of principal to be paid after such determination date *by* the number of years (rounded to the nearest hundredth) from such determination date until such scheduled distribution of principal is due; (b) *summing* all of the products calculated pursuant to clause (a) above; and (c) *dividing* the sum calculated pursuant to clause (b) above *by* the sum of all scheduled distributions of principal due on all the Eligible Loan Assets (other than Defaulted Loans) as of such determination date.

"Weighted Average Life Test" means a test that will be satisfied on any date of determination if the Weighted Average Life of all Eligible Loan Assets as of such date is less than or equal to ~~6.0~~7.0 years.

"Weighted Average Spread" means, as of any date of determination, a fraction (expressed as a percentage) obtained by (a) multiplying the Outstanding Balance of each Eligible Loan Asset (and, in the case of any Delayed Draw Loan Asset or Revolving Loan, the unfunded portion of the commitment thereunder) (other than a Defaulted Loan) included in the Collateral as of such date by its Effective Spread, (b) summing the amounts determined pursuant to clause and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

(i) Payments by the Administrative Agent. Unless specifically allocated to a specific Lender pursuant to the terms of this Agreement, all amounts received by the Administrative Agent on behalf of the Lenders shall be paid by the Administrative Agent to the Lenders in accordance with their respective Pro Rata Shares in the applicable Advances Outstanding, or if there are no Advances Outstanding in accordance with their related Lender's most recent Commitments, on the Business Day received by the Administrative Agent, unless such amounts are received after 12:00 noon on such Business Day, in which case the Administrative Agent shall use its reasonable efforts to pay such amounts to each Lender on such Business Day, but, in any event, shall pay such amounts to such Lender not later than the following Business Day.

(j) Erroneous Payments.

(i) Each LenderSecuredParty hereby agrees that (x) if the Collateral Agent or the Administrative Agent notifies such ~~Lender~~Secured Party that the Collateral Agent or the Administrative Agent, as applicable, has determined that any funds received by any such ~~Lender~~Secured Party from the Collateral Agent or the Administrative Agent, as applicable, or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such ~~Lender~~Secured Party (whether or not known to such ~~Lender~~Secured Party) (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such ~~Lender~~Secured Party shall promptly, but in no event later than one (1) Business Day thereafter, return to the Collateral Agent or the Administrative Agent, as applicable, the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds in Dollars, and if such ~~Lender~~Secured Party fails to return the amount of any such Erroneous Payment (or portion thereof) to the Collateral Agent or the Administrative Agent, as applicable, by such Business Day, such ~~Lender~~Secured Party shall also pay the Collateral Agent or the Administrative Agent, as applicable, interest thereon in respect of each day after such Business Day to the date such amount is repaid to the Collateral Agent or the Administrative Agent, as applicable, in same day funds at a rate determined by the Collateral Agent or the Administrative Agent, as applicable, in accordance with banking industry rules on interbank compensation from time to time in effect and (y) to the extent permitted by applicable law, such ~~Lender~~Secured Party shall not assert any right or claim to the Erroneous Payment, and hereby waives, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Collateral Agent or the Administrative Agent, as applicable, for the return of any Erroneous Payments received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine. A notice of the Collateral Agent or the Administrative Agent, as applicable, to any ~~Lender~~Secured Party under this clause (i) shall be conclusive, absent manifest error.

(ii) Without limiting the immediately preceding clause (i), each ~~Lender~~Secured Party hereby further agrees that if it receives an Erroneous Payment from the Collateral Agent or the Administrative Agent (or any of their respective Affiliates) (x) that is in a different amount than, or on a different date from, that which is required to be paid to such ~~Lender~~Secured Party pursuant to the terms hereof or that which is specified in a notice of payment sent by the Collateral Agent or the Administrative Agent (or any of their respective Affiliates) with respect to such Erroneous Payment (a "Erroneous Payment Notice"), (y) that was not preceded or accompanied by an Erroneous Payment Notice, or (z) that such ~~Lender~~Secured Party otherwise becomes aware was transmitted, or received, in error or mistake (in whole or in part), in each case, an error has been made with respect to such Erroneous Payment, and to the extent permitted by applicable law, such ~~Lender~~Secured Party shall not assert any right or claim to the Erroneous Payment, and hereby waives, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Collateral Agent or the Administrative Agent, as applicable, for the return of any Erroneous Payments received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine. Each ~~Lender~~Secured Party agrees that, in each such case, it shall promptly (and, in all events, within one (1) Business Day of its actual knowledge of such error) notify the Collateral Agent or the Administrative Agent, as applicable, of such occurrence and, upon demand from the Collateral Agent or the Administrative Agent, as applicable, it shall promptly, but in all events no later than one (1) Business Day thereafter, return to the Collateral Agent or the Administrative Agent, as applicable, the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds in Dollars, and if such ~~Lender~~Secured Party fails to return the amount of any such Erroneous Payment (or portion thereof) to the Collateral Agent or the Administrative Agent, as applicable, by such Business Day, such ~~Lender~~Secured Party shall also pay the Collateral Agent or the Administrative Agent, as applicable, interest thereon in respect of each day after such Business Day to the date such amount is repaid to the Collateral Agent or the Administrative Agent, as applicable, in same day funds at a rate determined by the Collateral Agent or the Administrative Agent, as applicable, in accordance with banking industry rules on interbank compensation from time to time in effect. Each ~~Lender~~Secured Party further authorizes and agrees that in the event an Erroneous Payment (or portion thereof) is not recovered from such ~~Lender~~Secured Party that has received such Erroneous Payment (or portion thereof) and the Collateral Agent or the Administrative Agent, as applicable, has received amounts that are due and owing to such ~~Lender~~Secured Party which the Collateral Agent or the Administrative Agent, as applicable, is required to remit to such ~~Lender~~Secured Party, the Collateral Agent or the Administrative Agent, as applicable, may offset such amounts by the equivalent amount of Erroneous Payments received by such ~~Lender~~Secured Party and, as applicable, return such amounts to the applicable payor.

(iii) The Borrower hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any ~~Lender~~Secured Party that has received such Erroneous Payment (or portion thereof) for any reason, the Collateral Agent or the Administrative Agent, as applicable, shall be subrogated to all the rights of such ~~Lender~~Secured Party with respect to such amount, and (y) an Erroneous Payment shall

<u>ANNEX A</u>

Lender	Commitment
Morgan Stanley Bank, N.A.	$~~100,000,000~~200,000,000

Exhibit 31.1

I, Richard J. Byrne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 of Franklin BSP Capital Corporation;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2021

/s/ Richard J. Byrne

Richard J. Byrne

Chief Executive Officer, President, and
Chairman of the Board of Directors
(Principal Executive Officer)

Exhibit 31.2

I, Nina Kang Baryski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 of Franklin BSP Capital Corporation;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2021

/s/ Nina Kang Baryski

Nina Kang Baryski
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32

SECTION 1350 CERTIFICATIONS

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of Section 18 of the Securities Act of 1934, as amended.

The undersigned, who are the Principal Executive Officer and Principal Financial Officer of Franklin BSP Capital Corporation (the “Company”), each hereby certify as follows:

To the best of their knowledge, the Quarterly Report on Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 12th day of November 2021

/s/ Richard J Byrne

Richard J. Byrne
Chief Executive Officer, President, and Chairman of the Board of Directors
(Principal Executive Officer)

/s/ Nina Kang Baryski

Nina Kang Baryski
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)