Solar Capital Ltd.
Form 497
November 14, 2017
Table of Contents

Filed pursuant to Rule 497
Registration No. 333-194870

PROSPECTUS SUPPLEMENT

(to Prospectus dated May 2, 2017)

$75,000,000

Solar Capital Ltd.

4.50% Notes due 2023

We are offering $75,000,000 in aggregate principal amount of 4.50% notes due January 20, 2023 which we refer to as the Notes . The Notes will mature on January 20, 2023. We will pay interest on the Notes on January 20 and July 20 of each year, beginning on January 20, 2018. We may redeem the Notes in whole or in part at any time or from time to time at the redemption price discussed under the caption Description of Notes Optional Redemption in this prospectus supplement. In addition, holders of the Notes can require us to repurchase the Notes at 100% of their principal amount upon the occurrence of a Change of Control Repurchase Event (as defined herein). The Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The Notes will be our direct senior unsecured obligations and rank *pari passu* with all current and future unsecured unsubordinated indebtedness issued by Solar Capital Ltd.

We are an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged companies, including middle-market companies, in the form of senior secured loans, mezzanine loans and equity securities. Securities rated below investment grade, including the investments we target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade.

We are managed by Solar Capital Partners, LLC. Solar Capital Management, LLC provides the administrative services necessary for us to operate.

This prospectus supplement, and the accompanying prospectus, contains important information about us that a prospective investor should know before investing in the Notes. Please read this prospectus supplement, and the accompanying prospectus, before investing, and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission (the SEC). This information is available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarcapltd.com*. The SEC also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

An investment in the Notes is very risky and highly speculative. In addition, the companies in which we invest are subject to special risks. See Risk factors beginning on page S-17 of this prospectus supplement and page 16 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in the Notes.

	Per note	**Total**[(3)]
Public offering price[(1)]	99.211%	$ 74,408,250

Underwriting discount (sales load)	0.750%	$ 562,500
Proceeds to Solar Capital Ltd. (before expenses)(2)	98.461%	$ 73,845,750

(1) The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from November 22, 2017 and must be paid by the purchaser if the Notes are delivered after November 22, 2017

(2) Before deducting expenses payable by us related to this offering, estimated at $300,000.

(3) For additional underwriting compensation information, see Underwriting.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about November 22, 2017.

Joint Book-Running Managers

J.P. Morgan **Wells Fargo Securities**

Citigroup **Deutsche Bank Securities** **Goldman Sachs & Co. LLC** **Morgan Stanley**

Keefe, Bruyette & Woods, *A Stifel Company* **Compass Point** **ING** **Ladenburg Thalmann** **National Securities Corporation**

The date of this prospectus supplement is November 13, 2017.

Table of Contents

Table of contents

Prospectus supplement

Prospectus

Table of Contents

About this prospectus supplement

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any Notes by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of the Notes. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading Available Information before investing in the Notes.

Table of Contents

Cautionary statement regarding forward-looking statements

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Capital Ltd., our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identi forward-looking statements.

The forward-looking statements contained in this prospectus involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our breach of any of the covenants or other provisions in our debt agreements;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
- the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to

Table of Contents

originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Table of Contents

Prospectus supplement summary

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this prospectus supplement and the accompanying prospectus and the documents to which we have referred.

We were formed in February 2007 as Solar Capital LLC, a Maryland limited liability company, and commenced operations in March 2007, after conducting a private placement of units of membership interest (units), with initial capital of $1.2 billion of which 47.04% was funded by affiliated parties. On February 9, 2010, Solar Capital LLC was merged with and into Solar Capital Ltd., a Maryland corporation, which we refer to as the Solar Capital Merger, concurrent with the pricing of our initial public offering, leaving Solar Capital Ltd. as the surviving entity. Except where the context suggests otherwise, the terms we, us, our, the Company and Solar Capital refer to Solar Capital LLC prior to the Solar Capital Merger, and Solar Capital Ltd. after the Solar Capital Merger. In addition, the terms Solar Capital Partners or the Investment Adviser refer to Solar Capital Partners, LLC, and Solar Capital Management or the Administrator refers to Solar Capital Management, LLC.

In this prospectus supplement, we use the term leveraged to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term middle-market to refer to companies with annual revenues between $50 million and $1 billion.

Solar Capital

Solar Capital Ltd., a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946. In addition, for tax purposes, we have elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

On February 9, 2010, we priced our initial public offering, selling 5.68 million shares of our common stock. Concurrent with our initial public offering, Michael S. Gross, our Chairman and Chief Executive Officer, and Bruce Spohler, our Chief Operating Officer, collectively purchased an additional 0.6 million shares of our common stock through a private placement transaction exempt from registration under the Securities Act (the Concurrent Private Placement).

We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged middle-market companies in the form of senior secured loans, unitranche loans, mezzanine loans and equity securities. From time to time, we may also invest in public companies. Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between $5 million and $100 million each, although we expect that this investment size will vary with the size of our capital base and/or strategic initiatives.

Table of Contents

In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. The securities that we invest in are typically rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. In addition, some of our debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity.

Our investment activities are managed by our Investment Adviser, Solar Capital Partners, LLC, and supervised by our board of directors (the Board), a majority of whom are non-interested, as such term is defined in the 1940 Act. Our Administrator, Solar Capital Management, LLC, provides the administrative services necessary for us to operate.

As of September 30, 2017, our investment portfolio totaled $1.4 billion and our net asset value was $921.2 million. Our portfolio was comprised of debt and equity investments in 88 portfolio companies with our portfolio of income producing investments, which is not our entire portfolio, having a weighted average annualized yield on a fair value and cost basis of approximately 10.2% and 10.6%, respectively. Portfolio yield does not represent an actual investment return to stockholders.

Recent developments

On October 24, 2017, the Company issued notice of its intent to redeem $25 million of the 6.75% senior unsecured notes due 2042 (the 2042 Unsecured Notes) on November 24, 2017.

On November 2, 2017, our Board declared a quarterly distribution of $0.40 per share payable on January 4, 2018 to holders of record as of December 21, 2017.

On November 2, 2017, our Board declared a quarterly distribution of $0.41 per share payable on April 3, 2018 to holders of record as of March 22, 2018.

On November 2, 2017, our Board amended the First Amended and Restated Investment Advisory and Management Agreement between Solar Capital Ltd. and Solar Capital Partners in order to lower the base management fee payable thereunder from 2.0% per annum to 1.75% per annum, to be effective as of January 1, 2018.

About Solar Capital Partners

Solar Capital Partners, our Investment Adviser, is controlled and led by Michael S. Gross, our Chairman and Chief Executive Officer, and Bruce Spohler, our Chief Operating Officer. They are supported by a team of dedicated investment professionals. Solar Capital Partners investment team has extensive experience in leveraged lending and private equity, as well as significant contacts with financial sponsors.

In addition, Solar Capital Partners serves as investment adviser to Solar Senior Capital Ltd., or Solar Senior, a publicly traded BDC that invests in the senior debt securities of leveraged middle-market companies similar to those we target for investment. Through September 30, 2017, the investment team led by Messrs. Gross and Spohler has invested approximately $6.6 billion in more than 310 different portfolio companies for Solar Capital and Solar Senior, collectively, which investments involved an aggregate of more than 185 different financial

Table of Contents

sponsors. Since Solar Capital s inception, these investment professionals have used their relationships in the middle-market financial sponsor and financial intermediary community to generate deal flow. As of November 10, 2017, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 5.7 % and 5.2%, respectively, of our outstanding common stock.

Mr. Gross has over 25 years of experience in the private equity, distressed debt and mezzanine lending businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine (i.e., actually or structurally subordinated) lending transactions. We also rely on the over 25 years of experience of Mr. Spohler, who has served as our Chief Operating Officer and a partner of Solar Capital Partners since its inception.

Solar Capital Partners senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of distressed and mezzanine (i.e., actually or structurally subordinated) debt as well as other investment types. The depth of their prior experience and credit market expertise has led them through various stages of the economic cycle as well as several market disruptions.

Market opportunity

Solar Capital invests primarily in senior secured loans, unitranche loans, mezzanine loans and equity securities of middle-market leveraged companies. We believe that the size of this market, coupled with leveraged companies need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity in the accompanying prospectus.

Middle-market companies have faced increasing difficulty in accessing the capital markets. While many well-established middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have either lost that source of funding or it has been reduced significantly. Moreover, consolidation of lenders and market participants and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional capital to support their investments. We believe there is more than $500 billion of uninvested private equity capital seeking debt financing to support acquisitions. Included are many middle-market private equity firms that we expect will continue to seek financing support for their investments with secured debt sources such as Solar Capital.

The significant amount of debt maturing through 2018 should provide additional demand for capital. A high volume of financings were completed between the years 2004 and 2007, which are expected to mature over the next few years. We believe that this supply of prospective lending opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors. Risk-adjusted return compares returns against the amount of risk incurred. The term risk-adjusted return does not imply that an investment is no risk or low risk.

Investing in private middle-market debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes.

Therefore, we believe that there is an attractive opportunity to invest in senior secured loans, mezzanine loans and equity securities of leveraged companies, and that we are well positioned to serve this market.

Table of Contents

Competitive advantages and strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy in the accompanying prospectus.

Management expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our Chief Operating Officer and a partner of Solar Capital Partners, has over 25 years of experience in evaluating and executing leverage finance transactions.

Investment capacity

The proceeds from our initial public offering and the Concurrent Private Placement, the borrowing capacity under the senior secured credit facility led by Citibank, N.A. (the Credit Facility), $100 million of 2042 Unsecured Notes, our $150 million of unsecured senior notes due 2022 (the 2022 Unsecured Notes and, together with the 2042 Unsecured Notes, the Unsecured Notes) and the expected repayments of existing investments provide us with a substantial amount of capital available for deployment into new investment opportunities. We believe we are well positioned for the current marketplace.

Solar Capital s Limited Leverage

As of September 30, 2017, we had total outstanding borrowings of approximately $475 million. Under the provisions of the 1940 Act, we are permitted to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. As of September 30, 2017, our asset coverage ratio was 293.9%. We believe our relatively low level of leverage provides us with a competitive advantage, allowing us to anticipate providing a consistent distribution to our investors, as proceeds from our investments are available for reinvestment as opposed to being consumed by debt repayment. We may increase our relative level of debt in the future. However, we do not currently anticipate operating with a substantial amount of debt relative to our total assets.

Proprietary sourcing and origination

We believe that Solar Capital Partners senior investment professionals longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of proprietary origination opportunities. We expect to continue leveraging the relationships Mr. Gross established while sourcing and originating investments at Apollo Investment Corporation as well as the financial sponsor relationships Mr. Spohler developed while he was a co-head of CIBC World Markets U.S. Leveraged Finance Group.

Since its inception, Solar Capital Partners has sourced investments in more than 310 different portfolio companies for both Solar Capital and Solar Senior, collectively, which investments involved an aggregate of more than 185 different financial sponsors, through September 30, 2017.

Versatile transaction structuring and flexibility of capital

We believe Solar Capital Partners senior investment team s broad expertise and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully across all levels of a

Table of Contents

company s capital structure and to manage potential risk and return at all stages of the economic cycle. The attempt to manage risk does not imply low risk or no risk. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest.

Emphasis on achieving strong risk-adjusted returns

Solar Capital Partners uses a structured investment and risk management process that emphasizes research and analysis. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term. We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process.

Deep industry focus with substantial information flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners other senior investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer investment horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles provides us with the opportunity to generate favorable returns relative to the risks of our invested capital and enables us to be a better long-term partner for our portfolio companies.

Summary risk factors

The value of our assets, as well as the market price of the Notes, if any, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Capital involves other risks, including the following:

- The Notes will be unsecured and therefore will be effectively subordinated to the secured indebtedness we currently have outstanding or may incur in the future to the extent of the value of the collateral thereof;

- The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries;

- The indenture governing the Notes will contain limited protection for holders of the Notes;

Table of Contents

The optional redemption provision may materially adversely affect your expected return on the Notes;

We may be subject to certain corporate-level taxes which could adversely affect our cash flow and consequently adversely affect availability to make payments on the Notes;

An active trading market for the Notes may not develop, which could limit the market price of the Notes or your ability to sell them;

We operate in a highly competitive market for investment opportunities;

Our investments are very risky and highly speculative;

The lack of liquidity in our investments may make it difficult for us to dispose of our investments at favorable prices, which may adversely affect our ability to meet our investment objectives;

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risks, such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

A disruption in the global and U.S. capital markets and the credit markets could impair our ability to raise money and negatively affect our business and harm our operating results;

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income;

We are dependent upon Solar Capital Partners key personnel for our future success;

Our financial condition and results of operations will depend on our ability to manage future growth effectively;

Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

We have and will continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us;

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline;

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value;

There are significant potential conflicts of interest, including Solar Capital Partners management of Solar Senior, which could impact our investment returns, and an investment in Solar Capital is not an investment in Solar Senior;

We may become subject to corporate-level U.S. federal income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code; and

Table of Contents

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

See Risk factors beginning on page S-17 of this prospectus supplement and page 16 of the accompanying prospectus and the other information included in the accompanying prospectus for additional discussion of factors you should carefully consider before deciding to invest in the Notes.

Operating and regulatory structure

Immediately prior to the pricing of our initial public offering, Solar Capital LLC was merged with and into Solar Capital Ltd., a Maryland corporation that is an externally managed, non-diversified closed-end management investment company which has elected to be treated as a BDC under the 1940 Act. As a BDC, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in qualifying assets. Qualifying assets generally include, among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See Regulation as a Business Development Company in the accompanying prospectus. We may also borrow funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to continue to qualify annually, as a RIC under Subchapter M of the Code. See Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.

Our investment activities are managed by Solar Capital Partners and supervised by our Board. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended. Under our investment advisory and management agreement (the Advisory Agreement), we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Recent developments and Investment Advisory and Management Agreement in the accompanying prospectus. We have also entered into an administration agreement (the Administration Agreement), under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement in the accompanying prospectus.

Our corporate information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

Table of Contents

Specific terms of the notes and the offering

This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes under the heading Description of Notes in this prospectus supplement and in the accompanying prospectus under the heading Description of Our Debt Securities before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Solar Capital Ltd.
Title of the securities	4.50% Notes due 2023
Initial aggregate principal amount being offered	$75,000,000
Initial public offering price	99.211% of the principal amount of each Note
Type of note	Fixed rate note
Interest rate	4.50%
Day count basis	360-day year of twelve 30-day months
Original issue date	November 22, 2017
Stated maturity date	January 20, 2023
Date interest starts accruing	November 22, 2017
Interest payment dates	January 20 and July 20, commencing January 20, 2018. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including November 22, 2017, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

Regular record dates for interest	January 5 and July 5
Specified currency	U.S. Dollars
Place of payment	New York City

Table of Contents

Ranking of notes	The Notes will be our general, unsecured obligations and will be:

- equal in right of payment with all of our existing and future senior, unsecured indebtedness (including our $250 million aggregate principal amount of the Unsecured Notes);
- senior in right of payment to any of our future unsecured indebtedness that expressly provides it is subordinated, or junior, to the Notes;
- effectively subordinated, or junior, to our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant security), including without limitation, approximately $225 million aggregate principal amount of our indebtedness outstanding as of September 30, 2017 under our $445 million Credit Facility (comprised of a $395 million revolving credit facility and a $50 million term loan), to the extent of the value of the assets securing the Credit Facility or such other secured indebtedness; and
- structurally subordinated, or junior, to all existing and future indebtedness and other obligations of any of our subsidiaries or financing vehicles, if any.

As of September 30, 2017, we had $475 million of indebtedness outstanding, $225 million of which was secured indebtedness and $250 million of which was unsecured indebtedness.

Denominations — We will issue the Notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Business day — Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.

Optional redemption — We may redeem some or all of the Notes at any time, or from time to time. If we choose to redeem any Notes prior to maturity, we will pay a redemption price per Note equal to the greater of the following amounts:

- 100% of the principal amount of each Note to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on each Note to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30- day months) using the applicable Treasury Rate plus 40 basis points.

plus, in each case, accrued and unpaid interest to, but excluding, the redemption date; *provided*, however, that if we redeem any Notes on or after December 20, 2022 (the date falling one month prior to the maturity date of the Notes), the redemption price for each such Note will be equal to 100% of the principal amount of each Note to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Table of Contents

Sinking fund	The Notes will not be subject to any sinking fund. A sinking fund is a reserve fund accumulated over a period of time for the retirement of debt.