
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, 2015

OR

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

COMMISSION FILE NUMBER: 814-00710

PRINCETON CAPITAL CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or other Jurisdiction of
Incorporation or Organization)

46-3516073

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

4422 Route 27, Building C
Suite 1, Box 89
Kingston, NJ 08528
(Address of Principal Executive Offices) (Zip Code)

(609) 514-9200
(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(do not check if a smaller reporting company)

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

The number of shares of the issuer's Common Stock, \$0.001 par value, outstanding as of September 19, 2016 was 120,486,061.

PRINCETON CAPITAL CORPORATION
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PRINCETON CAPITAL CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

	September 30, 2015	December 31, 2014
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Control investments at fair value (cost of \$21,306,368 and \$0, respectively)	\$ 17,233,476	\$ -
Affiliate investments at fair value (cost of \$5,306,750 and \$0, respectively)	5,004,388	-
Non-control/non-affiliate investments at fair value (cost of \$28,576,730 and \$56,349, respectively)	26,059,219	470,273
Total investments at fair value (cost of \$55,189,848 and \$56,349, respectively)	<u>48,297,083</u>	<u>470,273</u>
Cash	188,808	22,999
Deposits	1,410,000	-
Due from portfolio companies	84,418	-
Due from affiliates	25,916	-
Interest receivable	314,882	-
Prepaid expenses	131,558	-
Total assets	<u><u>50,452,665</u></u>	<u><u>493,272</u></u>
LIABILITIES		
Accrued management fees	224,562	-
Accounts payable (Note 2)	495,619	12,150
Accounts payable – related party	-	18,500
Due to affiliates	12,349	-
Dividends payable	600	600
Insurance loan payable	19,500	-
Accrued expenses and other liabilities	137,262	-
Total liabilities	<u><u>889,892</u></u>	<u><u>31,250</u></u>
Commitments and contingencies (Note 8)	<u><u>-</u></u>	<u><u>-</u></u>
Net assets	<u><u>\$ 49,562,773</u></u>	<u><u>\$ 462,022</u></u>
NET ASSETS		
Preferred stock, no par value		
Series A – 50,000 shares authorized, none issued or outstanding	\$ -	\$ -
Series B – 500,000 shares authorized, 100,000 issued and outstanding at December 31, 2014	-	500
Common Stock, par value \$0.001 per share (250,000,000 authorized; 120,486,061 issued and outstanding at September 30, 2015 and 50,000,000 shares authorized, 3,633,067 shares issued and outstanding at December 31, 2014)	120,486	3,633
Paid-in capital	64,868,283	8,373,060
Accumulated undistributed net realized gain	235,507	-
Distributions in excess of net investment income	(8,768,738)	(8,329,095)
Accumulated unrealized gain (loss) on investments	(6,892,765)	413,924
Total net assets	<u><u>\$ 49,562,773</u></u>	<u><u>\$ 462,022</u></u>
Net asset value per share	<u><u>\$ 0.411</u></u>	<u><u>\$ 0.254</u></u>

See notes to financial statements.

PRINCETON CAPITAL CORPORATION
STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
INVESTMENT INCOME				
Interest income from non-control/non-affiliate investments	\$ 998,554	\$ -	\$ 2,062,712	\$ -
Interest income from control investments	219,160	-	290,349	-
Other income	10,001	-	18,908	-
Total investment income	<u>1,227,715</u>	<u>-</u>	<u>2,371,969</u>	<u>-</u>
OPERATING EXPENSES				
Management fees	224,562	-	461,893	-
Administration fees	150,786	-	319,713	-
Professional fees ⁽¹⁾ (Note 2)	385,253	25,282	1,466,699	64,730
Compliance fees	90,510	-	156,747	-
Directors' fees	27,264	-	70,293	-
Accounting fees – related party	-	24,025	-	52,225
Consulting fees	-	75,000	-	75,000
Bank fees	-	-	2,050	-
Insurance expense	24,375	-	53,730	-
Interest expense	1,312	-	4,277	250
Other general and administrative expenses	143,081	15,067	276,210	17,771
Total operating expenses	<u>1,047,143</u>	<u>139,374</u>	<u>2,811,612</u>	<u>209,976</u>
Net investment income (loss) before tax	180,572	(139,374)	(439,643)	(209,976)
Income tax benefit	-	-	-	981
Net investment income (loss) after taxes	180,572	(139,374)	(439,643)	(208,995)
Net realized gain (loss) on:				
Non-control/non-affiliate investments	142,348	152,708	246,388	349,657
Affiliate investments	-	-	-	-
Control investments	-	-	-	-
US Treasury Bills	-	-	(533)	-
Cash	-	-	(10,348)	-
Net realized gain (loss)	<u>142,348</u>	<u>152,708</u>	<u>235,507</u>	<u>349,657</u>
Net change in unrealized loss on investments	(5,617,533)	(779,687)	(7,306,689)	(318,022)
Net realized and unrealized gain (loss) on investments	<u>(5,475,185)</u>	<u>(626,979)</u>	<u>(7,071,182)</u>	<u>31,635</u>
Net decrease in net assets resulting from operations	<u>\$ (5,294,613)</u>	<u>\$ (766,353)</u>	<u>\$ (7,510,825)</u>	<u>\$ (177,360)</u>
Net investment income (loss) per share				
Basic	\$ 0.001	\$ (0.038)	\$ (0.005)	\$ (0.058)
Diluted ⁽²⁾	\$ 0.001	\$ (0.038)	\$ (0.005)	\$ (0.058)
Net increase (decrease) in net assets resulting from operations per share				
Basic	\$ (0.044)	\$ (0.211)	\$ (0.084)	\$ (0.049)
Diluted ⁽²⁾	\$ (0.044)	\$ (0.211)	\$ (0.084)	\$ (0.049)
Weighted average shares of common stock outstanding				
Basic ⁽³⁾	120,486,061	3,633,067	89,623,288	3,633,067
Diluted ⁽³⁾	120,486,061	13,633,067	90,923,654	13,633,067

(1) Includes \$935,161 of legal and accounting fees related to the transaction that occurred on March 13, 2015. See Note 1 of the Notes to Financial Statements.

(2) Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015 but is excluded from the diluted calculation for net increase (decrease) in net assets resulting from operations per share for the nine months ended September 30, 2015 and September 30, 2014 and the three months ended September 30, 2014 due to it being anti-dilutive. Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015 but is excluded from the diluted calculation for net investment income (loss) per share for the nine months ended September 30, 2015 and September 30, 2014 and for the three months ended September 30, 2014 due to it being anti-dilutive.

(3) Includes retroactive application of 2 for 1 stock split.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF CHANGES IN NET ASSETS (unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Increase (decrease) in net assets resulting from operations:		
Net investment loss	\$ (439,643)	\$ (208,995)
Net realized gain on investments	235,507	349,657
Net change in unrealized loss on investments	(7,306,689)	(318,022)
Net decrease in net assets resulting from operations	(7,510,825)	(177,360)
Capital share transactions:		
Purchase of investments for common stock	56,611,576	-
Net increase in net assets resulting from capital share transactions	56,611,576	-
Total increase (decrease) in net assets	49,100,751	(177,360)
Net assets at beginning of period	462,022	1,025,493
Net assets at end of period	\$ 49,562,773	\$ 848,132
Capital share activity:		
Common stock		
Reverse stock split	(1,816,534)	-
Conversion of Regal One Corporation common and preferred shares for Princeton Capital Corporation common shares	3,185,201	-
Issuance of common stock for investments ⁽¹⁾	115,484,327	-
Common stock outstanding at the beginning of period	3,633,067	3,633,067
Common stock outstanding at the end of period	120,486,061	3,633,067
Preferred stock - series B		
Conversion of Regal One Corporation common and preferred shares for Princeton Capital Corporation common shares	(100,000)	-
Preferred stock outstanding at the beginning of period	100,000	100,000
Preferred stock outstanding at the end of period	-	100,000

(1) The shares issued were based on a pre-valuation presumed fair value of \$60.9 million.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION
STATEMENTS OF CASH FLOWS (unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Net decrease in net assets resulting from operations	\$ (7,510,825)	\$ (177,360)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments in:		
Portfolio investments	(11,045,000)	-
U.S. Treasury Bill	(97,005,333)	-
Proceeds from sales, repayments, or maturity of investments in:		
Portfolio investments	274,615	368,136
U.S. Treasury Bill	97,004,800	-
Net change in unrealized loss on investments	7,306,689	318,022
Net realized gain on investments	(245,855)	(349,657)
Increase in investments due to PIK	(624,348)	-
Amortization of fixed income premium or discounts	14,817	-
Changes in other assets and liabilities:		
Deposits	(1,410,000)	-
Due from portfolio companies	(84,418)	-
Due from affiliates	(25,916)	-
Interest receivable	(314,882)	-
Prepaid expenses	(131,558)	-
Accrued management fees	224,562	-
Accounts payable	483,469	(12,841)
Accounts payable – related party	(18,500)	(94,160)
Due to affiliates	12,349	-
Accrued expenses and other liabilities	137,263	-
Net cash provided by (used in) operating activities	<u>(12,958,071)</u>	<u>52,140</u>
Cash flows from financing activities:		
Officer loans and interest payable	-	(13,000)
Insurance loan payable	19,500	-
Net cash received from common shares issued	<u>13,104,380</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>13,123,880</u>	<u>(13,000)</u>
Net increase in cash	165,809	39,140
Cash at beginning of period	22,999	22,771
Cash at end of period	<u>\$ 188,808</u>	<u>\$ 61,911</u>
Supplemental and non-cash financing activities:		
Common stock issued in exchange for investments	\$ 43,507,195	\$ -
Dividends declared, but not yet paid	\$ 600	\$ -
Interest expense paid	\$ 19,094	\$ 1,193
Transfer due to restructuring of investments in Rockfish Seafood Grill, Inc.	\$ 3,250,850	\$ -

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2015 (Unaudited)

Investments	Headquarters / Industry	Principal Amount/Shares/% Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Control investments					
Rockfish Seafood Grill, Inc.					
	Richardson, TX				
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 ^{(4), (7)}	Casual Dining	\$ 6,071,440	\$ 6,071,440	\$ 6,071,440	12.25%
Revolving Loan, 8% Cash, due 6/29/2016 ^{(7), (8)}		\$ 450,000	450,000	450,000	0.91%
Rockfish Holdings, LLC					
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2018 ^{(6), (7)}		10.00%	414,960	387,867	0.78%
Membership Interest – Class A ^{(6), (7)}		99.997%	3,734,636	3,490,695	7.05%
Total			<u>10,671,036</u>	<u>10,400,002</u>	<u>20.99%</u>
Integrated Medical Partners, LLC					
	Milwaukee, WI				
Unsecured Loan, 2.0% cash, due 3/1/2018 ^{(3), (7)}	Medical Business Svcs	\$ 276,922	276,922	276,922	0.56%
Preferred Membership, Class A units ^{(6), (7)}		800	4,196,937	2,317,031	4.67%
Preferred Membership, Class B units ^{(6), (7)}		760	29,586	19,366	0.04%
Common Stock ^{(6), (7)}		14,082	-	13	0.00%
Total			<u>4,503,445</u>	<u>2,613,332</u>	<u>5.27%</u>
Advantix Certified Staffing Solutions, Inc. ⁽²⁾					
	Austin, TX				
Second Lien Loan, 12.5% Cash, due 3/31/2018 ^{(3), (6), (7)}	Staffing	\$ 6,435,000	5,954,270	4,097,546	8.27%
Unsecured Loan, 5.0%, Cash due 3/31/2018 ^{(3), (6), (7)}		\$ 95,000	95,000	95,000	0.19%
Warrant for 250,000 Common Stock Shares, exercise price \$0.01 per share, expires 12/09/2017 ^{(6), (7)}		1	2,071	692	0.00%
Common Stock - Series A Shares ^{(6), (7)}		225,000	1,864	622	0.00%
Common Stock - Series B Shares ^{(6), (7)}		9,500,000	78,682	26,282	0.05%
Total			<u>6,131,887</u>	<u>4,220,142</u>	<u>8.51%</u>
Total control investments			<u>21,306,368</u>	<u>17,233,476</u>	<u>34.77%</u>
Affiliate investments					
Spencer Enterprises Holdings, LLC					
	City of Industry, CA				
	Home Furnishings Mfg				
Preferred Membership, Class AA units ^{(6), (7)}		500,000	2,391,001	2,241,970	4.52%
Preferred Membership, Class BB units ^{(6), (7)}		500,000	2,915,749	2,762,418	5.58%
Total			<u>5,306,750</u>	<u>5,004,388</u>	<u>10.10%</u>
Total affiliate investments			<u>5,306,750</u>	<u>5,004,388</u>	<u>10.10%</u>
Non-control/non-affiliate investments					
Performance Alloys, Inc.					
	Houston, TX				
	Nickel Pipe, Fittings & Flanges				
Second Lien Loan, 12.0% cash, 2.0% PIK, due 3/31/2017 ^{(4), (7)}		\$ 11,829,429	11,829,429	9,301,000	18.77%
Lone Star Brewery Development, Inc.					
	San Marcos, TX				
	Real Estate Development				
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 ^{(4), (7)}		\$ 8,076,135	8,076,135	8,076,000	16.29%
Great Value Storage, LLC					
	Austin, TX				
	Storage Company Property Management				
First Lien Loan, 12.0% cash, 2.0% PIK, due 12/31/2018 ^{(4), (7)}		\$ 5,997,766	6,094,485	6,110,000	12.34%
South Boots Hill, LLC					
	San Marcos, TX				
	Energy Services				
First Lien Loan, 12.0% cash, 2.0% PIK, due 3/31/2018 ^{(4), (7)}		\$ 2,525,481	2,525,481	2,525,000	5.09%
Neuralstem, Inc.					
	Germantown, MD				
	Biotechnology				
Warrant for 1,000,000 shares, exercise price \$5.00 per share, expires 8/30/2016 ^{(6), (7)}		1	50,000	46,019	0.09%

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2015 (Unaudited) (Continued)

Investments	Headquarters / Industry	Principal Amount/Shares/% Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Non-control/non-affiliate investments					
(continued)					
Rampart Detection Systems, Ltd.	British Columbia, Canada				
Common Stock Shares ^{(5), (6), (7)}	Security	600,000	1,200	1,200	0.00%
Total non-control/non-affiliate investments			<u>28,576,730</u>	<u>26,059,219</u>	<u>52.58%</u>
Total portfolio investments			<u>\$55,189,848</u>	<u>\$48,297,083</u>	<u>97.45%</u>

- (1) See Note 5 of the Notes to Financial Statements for a discussion of the methodologies used to value securities in the portfolio.
- (2) Formerly known as Advantis Healthcare Solutions, Inc.
- (3) Investment is on non-accrual status.
- (4) Represents a payment-in-kind security (“PIK”). At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the portfolio company.
- (5) The investment in Rampart Detection Systems, Ltd does not represent a “qualifying asset” under Section 55(a) of the 1940 Act as the principal place of business is in British Columbia, Canada. As of September 30, 2015, less than 1% of the total fair value of investments represents non-qualifying assets.
- (6) Investment is non-income producing as of September 30, 2015.
- (7) Represents an illiquid investment. At September 30, 2015, 100% of the total fair value of investments are illiquid.
- (8) On June 29, 2015 the Company entered into a revolving loan commitment with Rockfish Seafood Grill, Inc. for \$1,250,000. As of September 30, 2015, the \$800,000 remains unfunded.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2014 (Audited)

Investments ⁽⁶⁾	Headquarters / Industry	Principal Amount/Shares	Amortized Cost	Fair Value	% of Net Assets
Control investments					
Princeton Capital Corporation					
Common Stock Shares ⁽¹⁾		1,000	\$ -	\$ -	0.0%
Total control investments			<u>-</u>	<u>-</u>	<u>0.0%</u>
Non-control/non-affiliate investments					
Neuralstem, Inc.					
	Germantown, MD				
Common Stock ⁽²⁾	Biotechnology	115,000	4,936	312,800	67.7%
Warrant, exercise price \$5.00 per share, expires 8/30/2016 ^{(3), (5)}		1,000,000	50,000	156,060	33.8%
Total			<u>54,936</u>	<u>468,860</u>	<u>101.5%</u>
Rampart Detection Systems, Ltd. ⁽⁴⁾					
	British Columbia				
Common Stock Shares ⁽⁵⁾	Security	600,000	1,200	1,200	0.3%
	Money Market Fund		213	213	0.0%
Total non-control/non-affiliate investments			<u>56,349</u>	<u>470,273</u>	<u>101.8%</u>
Total investments			<u>\$ 56,349</u>	<u>\$ 470,273</u>	<u>101.8%</u>

(1) As of December 31, 2014, Princeton Capital Corporation had no assets or liabilities. This subsidiary was acquired in July 2014 in contemplation of the transaction completed on March 13, 2015.

(2) As of December 31, 2014 the shares in Neuralstem were reported on a fair value basis valued at the closing market price of \$2.72 per share. 95,000 shares were sold during 2014.

(3) This investment in Neuralstem, Inc. is a warrant to purchase 1,000,000 shares of common stock. As of December 31, 2014 using a Black-Scholes Option Pricing Model, a \$156,060 value was assigned to these warrants including a 10% discount assigned by management due to the low trading volumes of Neuralstem stock. There is currently no market for Neuralstem warrants carried as an investment.

(4) The investment in Rampart Detection Systems, Ltd does not represent a “qualifying asset” under Section 55(a) of the 1940 Act as the principal place of business is in British Columbia, Canada. As of December 31, 2014, 0.26% of the total fair value of investments represents non-qualifying assets.

(5) Represents an illiquid investment. At December 31, 2014, 33.44% of the total fair value of investments are illiquid.

(6) All investments are non-income producing as of December 31, 2014.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 (Unaudited)

NOTE 1 – NATURE OF OPERATIONS

References herein to “we”, “us” or “our” refer to Princeton Capital Corporation (the “Company” or “Princeton Capital”) unless the context specifically requires otherwise.

Princeton Capital Corporation, a Maryland corporation, was incorporated under the general laws of the State of Maryland on July 25, 2013, with its principal office located in Kingston, New Jersey. We are a non-diversified, closed-end investment company that has filed an election to be regulated as a Business Development Company (“BDC”), under the Investment Company Act of 1940, as amended (the “1940 Act”). As a BDC, we expect to annually qualify and elect to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). The Company does not believe it will meet the qualifications of a RIC for the 2015 tax year and expects to be taxed as a corporation under Subchapter C of the Code; however, the Company expects to qualify as a RIC for the 2016 tax year. We invest primarily in private small and lower middle-market companies through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments.

Prior to March 13, 2015, the Company operated under the name Regal One Corporation (“Regal One”). Regal One had been located in Scottsdale, Arizona, and was a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc. Since inception the Company had been involved in a number of industries. In 1998 the Electro-Mechanical Services Inc. changed its name to Regal One Corporation.

On March 7, 2005, the Company’s board of directors determined it was in the shareholders’ best interest to change the focus of the Company’s operations to providing financial consulting services through the Company’s network of advisors and professionals, and to be regulated as a BDC under the 1940 Act. On September 16, 2005, the Company filed a Form N54A (Notification of Election by Business Development Companies) with the Securities and Exchange Commission, which transformed the Company into a BDC in accordance with sections 55 through 65 of the 1940 Act. The Company has reported as an operating BDC since March 31, 2006.

On July 9, 2014, Regal One acquired Princeton Capital as a wholly owned subsidiary. On July 14, 2014, Regal One, Princeton Capital, Capital Point Partners, LP, a Delaware limited partnership (“CPP”), and Capital Point Partners II, LP, a Delaware limited partnership (“CPPII” and, together with CPP, the “Partnerships”), entered into an Asset Purchase Agreement (the “Purchase Agreement”). Pursuant to the Purchase Agreement, Regal One would acquire cash, equity and debt investments of the Partnerships in exchange for shares of common stock of Regal One. In addition to the customary conditions to closing the transactions contemplated by the Purchase Agreement, Regal One was required to (i) to effect a reverse stock split of Regal One’s outstanding common stock at a ratio of 1-for-2 (the “Reverse Stock Split”), (ii) reincorporate from Florida to Maryland by merging into Princeton Capital (the “Reincorporation”) and (iii) become an externally managed business development company by entering into an external investment advisory agreement with Princeton Investment Advisors, LLC, a Delaware limited liability company (“Princeton Advisors” or the “Investment Advisor”).

On March 13, 2015, following the Reverse Stock Split and the Reincorporation, we completed our previously announced acquisition in the approximate amounts of \$11.2 million in cash, \$43.5 million in equity & debt investments, and \$1.9 million in restricted cash escrow deposits of the Partnerships with an aggregate value of approximately \$56.6 million and issued approximately 115.5 million shares of our common stock to the Partnerships. The shares issued were based on a pre-valuation presumed fair value of \$60.9 million. We also entered into the investment advisory agreement with Princeton Advisors.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 (Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, (“U.S. GAAP”). In accordance with Regulation S-X under the Securities Act of 1933 and Securities Exchange Act of 1934, the Company does not consolidate portfolio company investments. The accounting records of the Company are maintained in U.S. dollars. As an investment company, as defined by the 1940 Act, the Company follows investment company accounting and reporting guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 – Financial Services - Investment Companies, which is U.S. GAAP.

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. Accordingly, they do not include all of the information and notes required by U.S. GAAP for annual financial statements.

The December 31, 2014 and September 30, 2014 financial statements were reclassified in order to be consistent with the new format used for the September 30, 2015 financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Changes in the economic environment, financial markets, creditworthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ.

In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of the financial statements for the period; are included herein. The current period’s results of operations will not necessarily be indicative of results that we may ultimately achieve for the fiscal year ending December 31, 2015.

Portfolio Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, “Control Investments” are defined as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation. Under the 1940 Act, “Affiliated Investments” are defined as those non-control investments in companies in which the Company owns between 5% and 25% of the voting securities. Under the 1940 Act, “Non-affiliated Investments” are defined as investments that are neither Control Investments nor Affiliated Investments. As of September 30, 2015, the Company had control investments in Rockfish Holdings, LLC, Integrated Medical Partners, LLC and Advantis Certified Staffing Solutions, Inc. and affiliated investments in Spencer Enterprises Holdings, LLC, as defined under the 1940 Act.

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains or losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forgo the risks for gains and losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Investments in other non-security financial instruments, such as limited partnerships or private companies, are recorded on the basis of subscription date or redemption date, as applicable. Amounts for investments recognized or derecognized but not yet settled are reported as receivables for investments sold or payable for investments acquired, respectively, in the Statements of Assets and Liabilities.

Valuation Processes

The Company establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Company’s board of directors designates a Valuation Committee (the “Committee”) to oversee the entire valuation process of the Company’s Level 3 investments. The Committee is comprised of independent directors and reports to the Company’s board of directors. The Committee is responsible for developing the Company’s written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

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The Committee meets on a quarterly basis, or more frequently as needed, to determine the valuations of the Company's Level 3 investments. Valuations determined by the Committee are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices, or other methods that the Committee deems to be appropriate.

The Company will periodically test its valuations of Level 3 investments through performing back testing of the sales of such investments by comparing the amounts realized against the most recent fair values reported, and if necessary, uses the findings to recalibrate its valuation procedures. On a quarterly basis, the Company engages the services of a nationally recognized third-party valuation firm to perform an independent valuation of the Company's Level 3 investments.

Investment Valuation

We expect that most of our portfolio investments will take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable, and we will value these investments at fair value as determined in good faith by our board of directors, including reflecting significant events affecting the value of our investments. Most, if not all, of our investments (other than cash and cash equivalents) will be classified as Level 3 under Financial Accounting Standards Board Accounting Standards Codification "Fair Value Measurements and Disclosures", or ASC 820. This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these loans and securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities.

We will adjust the valuation of our portfolio quarterly to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation.

Debt Securities

The Company's portfolio consists primarily of first lien loans, second lien loans, and unsecured loans. Investments for which market quotations are readily available ("Level 2 Loans") are generally valued using market quotations, which are generally obtained from an independent pricing service or broker-dealers. For other debt investments ("Level 3 Loans"), market quotations are not available and other techniques are used to determine fair value. The Company considers its Level 3 Loans to be performing if the borrower is not in default, the borrower is remitting payments in a timely manner, the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 Loans, the Board considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions, success and prepayment fees, and other relevant factors, both qualitative and quantitative. In the event that a Level 3 Loan instrument is not performing, as defined above, the Board may evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 Loan instrument.

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Equity Investments

Our equity investments, including common stock, membership interests, and warrants, are generally valued using a market approach and income approach. The income approach utilizes primarily the discount rate to value the investment whereas the primary inputs for the market approach are the EBITDA multiple and revenue multiples. The Black-Scholes Option Pricing Model, a valuation technique that follows the income approach, is used to allocate the value of the equity to the investment. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, risk free rates, and interest rates.

Cash

The Company deposits its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insured limit; however, management does not believe it is exposed to any significant credit risk.

U.S. Treasury Bills

At the end of each fiscal quarter, we may take proactive steps to ensure we are in compliance with the RIC diversification requirements under Subchapter M of the Code, which are dependent upon the composition of our total assets at quarter end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions after quarter-end.

Revenue Recognition

Realized gains or losses on the sale of investments are calculated using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Origination, closing and/or commitment fees associated with senior and subordinated secured loans are accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a senior or subordinated secured loan, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as interest income. Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Dividend income is recorded on the ex-dividend date.

Structuring fees, excess deal deposits, prepayment fees and similar fees are recognized as income as earned, usually when paid. Other fee income, including annual fees and monitoring fees are included in Other Income. There was no income from such sources for the three or nine months ended September 30, 2015 and September 30, 2014.

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Payment-in-Kind Interest (“PIK”)

We have investments in our portfolio that contain a PIK interest provision. Any PIK interest is added to the principal balance of such investments and is recorded as income, if the portfolio company valuation indicates that such PIK interest is collectible. In order to maintain our status as a RIC, substantially all of this income must be paid out to stockholders in the form of dividends, even if we have not collected any cash. For the quarter ending September 30, 2015 and through the date of issuance of this report, no dividends have been paid out to stockholders.

Net Change in Unrealized Appreciation or Depreciation

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.

Legal Fees

The Company incurred legal fees related to the lawsuit captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.* as disclosed in Note 8. It is undeterminable at this time the ultimate responsibility for amounts invoiced to the Company by two of the law firms that provided services, as these invoices were for the entire law firm’s fees even though they represented multiple parties and the Company believes that some of these services rendered were provided for other represented parties. For the three and nine months ended September 30, 2015, the Company was invoiced legal fees by these two law firms related to this lawsuit in the amount of \$233,112, which are included in professional fees on the Statements of Operations. As of September 30, 2015 these fees are included in accounts payable on the Statements of Assets and Liabilities.

Federal and State Income Taxes

The Company will be taxed as a C corporation and subject to federal and state corporation income taxes for its 2015 taxable year. The Company recorded no current income tax expense or benefit during the year ended December 31, 2014 since it had a net operating loss. There were no capital loss carryforwards from the year ended December 31, 2014.

The Company recorded no deferred income tax expense or benefit for the year ended December 31, 2014 since it provided a full valuation allowance for deferred tax assets, which consisted primarily of net operating losses and temporary differences based on realized losses and unrealized depreciation of investments for financial statement purposes.

For federal and state purposes, a portion of the Company’s net operating loss carryforwards and basis differences may be subject to limitations on annual utilization in case of a change in ownership, as defined by federal and state law. The amount of such limitations, if any, has not been determined. Accordingly, the amount of such tax attributes available to offset future profits may be significantly less than the actual amounts of the tax attributes.

The Company has provided a full valuation allowance for its deferred tax assets due to uncertainty of generating sufficient capital gains or taxable income in future periods to realize these assets. Beginning with its 2016 taxable year, the Company may elect to be treated as a RIC if it is in the best interests of the Company and the Company is able to satisfy the requirements under subchapter M of the Internal Revenue Code. As a RIC, the RIC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends and claims dividends paid deductions to compute taxable income. Accordingly, the RIC would no longer provide deferred taxes nor associated valuation allowance. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company not elect to be taxed as a RIC for 2016 or subsequently fails to qualify as a RIC and become a C corporation in the future.

In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for the special treatment accorded to a RIC and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the later of (1) the fifteenth day of the ninth month following the close of that fiscal year or (2) the extended due date for filing the federal income tax return for that fiscal year.

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The Company did not have any material changes in unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal, Maryland, and New Jersey. The Company is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change significantly in the next 12 months.

Dividends and Distributions

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount, if any, to be paid as a dividend is approved by our board of directors each quarter and is generally based upon our management's estimate of our earnings for the quarter. Net realized capital gains, if any, are distributed at least annually.

Per Share Information

Basic and diluted earnings (loss) per common share is calculated using the weighted average number of common shares outstanding for the period presented.

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss per share by the weighted average number of shares outstanding, plus, any potentially dilutive shares outstanding during the period. At September 30, 2014, the Company had 100,000 Series B Preferred Shares convertible 100 for 1 outstanding. The weighted average of these shares was excluded from the calculation of diluted loss per share of common stock because their inclusion would have been antidilutive. Therefore, dilutive loss per share of common stock was equal to basic loss per share of common stock for the three and nine months ended September 30, 2015 and three and nine months ended September 30, 2014.

Transactional Expenses

A portion of the assets acquired on March 13, 2015 from the Partnerships were used for legal and accounting fees related to the acquisition transaction and were expensed as professional fees. The Company incurred \$935,161 of professional fees related to the transaction for the period ended September 30, 2015.

Capital Accounts

Certain capital accounts including undistributed net investment income, accumulated net realized gain or loss, accumulated net unrealized appreciation or depreciation, and paid-in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP.

Recent Accounting Pronouncements

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. The Company does not believe this standard will have an impact on its Financial Statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

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NOTE 4 – NET EARNINGS (LOSSES) PER COMMON SHARE

The following information sets forth the computation of basic and diluted earnings (losses) per common share for the three and nine months ended September 30, 2015 and 2014.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	<u>(Unaudited)</u>	<u>Unaudited</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Per Share Data ⁽¹⁾:				
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (5,294,613)	\$ (766,353)	\$ (7,510,825)	\$ (177,360)
Weighted average shares outstanding for period				
Basic ⁽²⁾	120,486,061	3,633,067	89,623,288	3,633,067
Diluted ⁽²⁾	120,486,061	13,633,067	90,923,654	13,633,067
Basic and diluted earnings (loss) per common share				
Basic	<u>\$ (0.044)</u>	<u>\$ (0.211)</u>	<u>\$ (0.084)</u>	<u>\$ (0.049)</u>
Diluted ⁽³⁾	<u>\$ (0.044)</u>	<u>\$ (0.211)</u>	<u>\$ (0.084)</u>	<u>\$ (0.049)</u>

(1) Per share data based on weighted average shares outstanding.

(2) Includes retroactive application of 2 for 1 stock split.

(3) Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015 but is excluded from the diluted calculation for net increase (decrease) in net assets resulting from operations per share for the nine months ended September 30, 2015 and the three and nine months ended September 30, 2014 due to it being anti-dilutive.

NOTE 5 – FAIR VALUE OF INVESTMENTS

In accordance with U.S. GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, our board of directors uses various valuation approaches. In accordance with U.S. GAAP, ASC 820 establishes a fair value hierarchy for inputs and is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the board of directors. Unobservable inputs reflect our board of director’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

During the nine months ended September 30, 2015, there were no transfers between Level, 1, Level 2 or Level 3.

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The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the board of directors in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The following table presents information about the Company's assets measured at fair value as of September 30, 2015 and December 31, 2014, respectively:

	As of September 30, 2015 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
First Lien Loans	\$ -	\$ -	\$ 15,156,440	\$ 15,156,440
Second Lien Loans	-	-	21,474,546	21,474,546
Unsecured Loans	-	-	371,922	371,922
Equity	-	-	11,294,175	11,294,175
Total Portfolio Investments	\$ -	\$ -	\$ 48,297,083	\$ 48,297,083

	As of December 31, 2014 (Audited)			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
Equity	\$ 313,013	\$ -	\$ 157,260	\$ 470,273
Total Portfolio Investments	\$ 313,013	\$ -	\$ 157,260	\$ 470,273

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 assets measured at fair value for the nine months ended September 30, 2015 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of period	\$ -	\$ -	\$ -	\$ 157,260	\$ 157,260
Common stock issued in exchange for investments	15,068,117	17,624,442	300,000	10,514,636	43,507,195
Amortization	(14,817)	-	-	-	(14,817)
Purchases of investments	2,950,000	8,000,000	95,000	-	11,045,000
Sales of investments	-	-	(23,078)	-	(23,078)
Payment-in-kind interest	388,955	235,392	-	-	624,347
Change in unrealized gain (loss) on investments	15,035	(4,385,288)	-	(2,628,571)	(6,998,824)
Transfers due to restructuring	(3,250,850)	-	-	3,250,850	-
Fair value at end of period	\$ 15,156,440	\$ 21,474,546	\$ 371,922	\$ 11,294,175	\$ 48,297,083
Change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2015	\$ 15,035	\$ (4,385,288)	\$ -	\$ (2,628,571)	\$ (6,998,824)

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Changes in Level 3 assets measured at fair value for the nine months ended September 30, 2014 are as follows:

	<u>First Lien Loans</u>	<u>Second Lien Loans</u>	<u>Unsecured Loans</u>	<u>Equity</u>	<u>Total</u>
Fair value at beginning of period	\$ -	\$ -	\$ -	\$ 513,000	\$ 513,000
Change in unrealized gain (loss) on investments	-	-	-	(88,200)	(88,200)
Fair value at end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,800</u>	<u>\$ 424,800</u>
Change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (88,200)</u>	<u>\$ (88,200)</u>

The following table provides quantitative information regarding Level 3 fair value measurements as of September 30, 2015:

<u>Description</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range (Average)</u>
First Lien Loans	\$ 8,635,000	Discounted Cash Flow	Discount Rate	14.00%-14.25% (14.125%)
	6,521,440	Discounted Cash Flow	Discount Rate	12.3%
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-1.0x (0.8x)
<i>Total</i>	<u>15,156,440</u>			
Second Lien Loans	8,076,000	Discounted Cash Flow	Discount Rate	14.25%
	4,097,546	Discounted Cash Flow	Discount Rate	15.10%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.3x -4.2x (2.25x)
	9,301,000	Discounted Cash Flow	Discount Rate	25.0%
		Market Approach	Distressed Debt as a Percentage of Par	70.0%
<i>Total</i>	<u>21,474,546</u>			
Unsecured Loans	371,922	Discounted Cash Flow	Discount Rate	10.8%-15.1% (12.95%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.3x - 11.7x (6.0x)
<i>Total</i>	<u>371,922</u>			
Equity	11,294,175	Black-Scholes Option Pricing Model	Volatility	30.7%-91.5% (61.1%)
			Discount for lack of marketability	0.0%-12.5% (6.25%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.3x - 11.7x (6.0x)
		Income Approach	Discount Rate	10.8% - 15.1% (12.95%)
<i>Total</i>	<u>11,294,175</u>			
Total Level 3 Investments	<u>\$ 48,297,083</u>			

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The primary significant unobservable input used in the fair value measurement of the Company's debt securities (first lien loans, second lien loans and unsecured loans), including income-producing investments in funds, is the discount rate. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. In determining the discount rate, for the income (discounted cash flow) or yield approach, the Company considers current market yields and multiples, portfolio company performance, leverage levels and credit quality, among other factors in its analysis. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate discount rate to use in the income approach.

The primary significant unobservable inputs used in the fair value measurement of the Company's equity investments are the EBITDA multiple and revenue multiple, which is used to determine the Enterprise Value. Significant increases (decreases) in the Enterprise Value in isolation would result in a significantly higher (lower) fair value measurement. To determine the Enterprise Value for the market approach, the Company considers current market trading and/or transaction multiples, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate multiple to use in the market approach.

The primary unobservable inputs used in the fair value measurement of the Company's equity investments, when using an option pricing model to allocate the equity value to the investment, are the discount rate for lack of marketability and volatility. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the volatility in isolation would result in a significantly higher (lower) fair value measurement. Changes in one or more factors can have a similar directional change on other factors in determining the appropriate discount rate or volatility to use in the valuation of equity using an option pricing model.

NOTE 6 – RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

Our board of directors, including a majority of our independent directors, approved the investment advisory agreement (the "Investment Advisory Agreement") at its meeting held on March 13, 2015. Subject to the overall supervision of our board of directors and in accordance with the 1940 Act, Princeton Advisors manages our day-to-day operations and provides investment advisory services to us. Under the terms of the Investment Advisory Agreement, Princeton Advisors:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make;
- executes, closes, services and monitors the investments we make;
- determines the securities and other assets that we purchase, retain or sell;
- performs due diligence on prospective portfolio companies; and
- provides us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our funds.

Pursuant to the Investment Advisory Agreement, the Company has agreed to pay Princeton Advisors a fee for investment advisory and management services consisting of two components — a base management fee and an incentive fee. The cost of both the base management fee and the incentive fee will ultimately be borne by our stockholders.

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Management Fee

The base management fee is calculated at an annual rate of 1.75% of our gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents, U.S. Treasury Bills, and deposits. For services rendered under the Investment Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of our gross assets, as adjusted, at the end of the finalized prior quarter and the estimated current quarter. The management fee shown on the statement of operations includes the estimated management fee for the current period as well as a true-up for the prior quarter. Base management fees for any partial month or quarter will be appropriately pro-rated.

Management fees for the three months ended September 30, 2015 were \$224,562 which included estimated management fees of \$243,395 and a true-up for the prior quarter management fees of \$18,833. Management fees for the nine months ended September 30, 2015 were \$461,893. As of September 30, 2015, management fees of \$224,562 were payable to Princeton Advisors. There were no management fees for the three and nine months ended September 30, 2014.

Incentive Fee

We will pay Princeton Advisors an incentive fee. The incentive fee consists of two components that are independent of each other, with the result that one component may be payable even if the other is not.

The first component, which is income-based, will be calculated and payable quarterly in arrears, commencing with the quarter beginning April 1, 2015, based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, distribution 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 we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to our investment advisor in any calendar quarter in which our pre-incentive fee net investment income does not exceed the Hurdle Rate of 2.00% (8.00% annualized);
- 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the Hurdle Rate but is less than 2.50% in any calendar quarter (10.00% annualized) is payable to our investment advisor. We refer to this portion of our pre-incentive fee net investment income (which exceeds the Hurdle Rate but is less than 2.50%) as the “catch-up.” The effect of the “catch-up” provision is that, if such pre-incentive fee net investment income exceeds 2.50% in any calendar quarter, our investment advisor will receive 20% of such pre-incentive fee net investment income as if the Hurdle Rate did not apply; and
- 20% of the amount of such pre-incentive fee net investment income, if any, that exceeds 2.50% in any calendar quarter (10.00% annualized) is payable to our investment advisor (once the Hurdle Rate is reached and the catch-up is achieved).

The portion of such incentive fee that is attributable to deferred interest (such as PIK interest or original issue discount) will be paid to our investment advisor, together with interest from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter.

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There is no accumulation of amounts on the Hurdle Rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if subsequent quarters are below the quarterly Hurdle Rate and there is no delay of payment if prior quarters are below the quarterly Hurdle Rate. Since the Hurdle Rate is fixed, as interest rates rise, it will be easier for our investment advisor to surpass the Hurdle Rate and receive an incentive fee based on pre-incentive fee net investment income.

Our net investment income used to calculate this component of the incentive fee is also included in the amount of our gross assets used to calculate the 1.75% base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

Percentage of Pre-Incentive Fee Net Investment Income allocated to first component of incentive fee

The second component, the capital gains component of the incentive fee, will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31, 2015, and will equal 20% of our cumulative aggregate realized capital gains from January 1st through the end of that calendar year, computed net of our aggregate cumulative realized capital losses and our aggregate cumulative unrealized capital depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees. If such amount is negative, then no capital gains incentive fee will be payable for such year. Additionally, if the Investment Advisory Agreement is terminated as of a date that is not a calendar year end, the termination date will be treated as though it were a calendar year end for purposes of calculating and paying the capital gains incentive fee. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the Hurdle Rate, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses.

There were no incentive fees earned by Princeton Advisors for the three and nine months ended September 30, 2015. There were no incentive fees for the three and nine months ended September 30, 2014.

Payment of Our Expenses

All investment professionals of Princeton Advisors, when and to the extent engaged in providing investment advisory services to us, and the compensation and routine overhead expenses of personnel allocable to these services to us, will be provided and paid for by Princeton Advisors and not by us. We will bear all other out-of-pocket costs and expenses of our operations and transactions, including, without limitation, those relating to:

- calculating our net asset value (including the cost and expenses of any third party independent valuation firm);
- fees and expenses payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;

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- offerings of our common stock and other securities;
- base management and incentive fees;
- administration fees and expenses, if any, payable under the administration agreement (including our allocable portion of Princeton Advisors' overhead in performing its obligations under the administration agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);
- transfer agent, dividend agent and custodial fees and expenses;
- U.S. federal and state registration fees;
- all costs of registration and listing our stock on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs and fees associated with any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or Princeton Advisors in connection with administering our business.

Duration and Termination

Unless terminated earlier as described below, the Investment Advisory Agreement will continue in effect for a period of two years from its effective date. It will remain in effect from year to year thereafter if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, if also approved by a majority of our directors who are not "interested persons." The Investment Advisory Agreement automatically terminates in the event of its assignment, as defined in the 1940 Act, by Princeton Advisors and may be terminated by either party without penalty upon 60 days' written notice to the other. The holders of a majority of our outstanding voting securities may also terminate the Investment Advisory Agreement without penalty upon 60 days' written notice. See Note 10 for further information.

Indemnification

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of the reckless disregard of their duties and obligations under the Investment Advisory Agreement, Princeton Advisors and its officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Princeton Advisors' services under the Investment Advisory Agreement or otherwise as our investment advisor.

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Administration Agreement

On March 13, 2015 the Company entered into an administration agreement (the “Administration Agreement”) with PCC Administrator, LLC (“PCC Administrator”), a wholly owned subsidiary of Princeton Advisors. The Administration Agreement provides that PCC Administrator furnishes us with office facilities and equipment and provide us with clerical, bookkeeping, recordkeeping and other administrative services at such facilities. Under the Administration Agreement, PCC Administrator performs, or oversees the performance of, our required administrative services, which include being responsible for the financial and other records that we are required to maintain and preparing reports to our stockholders and reports and other materials filed with the SEC. In addition, PCC Administrator assists us in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports and other materials to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Under the Administration Agreement, PCC Administrator will also provide managerial assistance on our behalf to those portfolio companies that have accepted our offer to provide such assistance.

Payments under the Administration Agreement will be equal to an amount based upon our allocable portion (subject to the review of our board of directors) of PCC Administrator’s overhead in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. In addition, if requested to provide significant managerial assistance to our portfolio companies, PCC Administrator will be paid an additional amount based on the services provided, which shall not exceed the amount we receive from such portfolio companies for providing this assistance. The Administration Agreement will have an initial term of two years and may be renewed with the approval of our board of directors. The Administration Agreement may be terminated by either party without penalty upon 60 days’ written notice to the other party. To the extent that PCC Administrator outsources any of its functions, we will pay the fees associated with such functions on a direct basis without any incremental profit to PCC Administrator. Stockholder approval is not required to amend the Administration Agreement.

Sub-Administration Agreement

The Administrator has engaged Conifer Asset Solutions LLC (the “Sub-Administrator”) to provide certain administrative services to us. In exchange for provided such services, the Administrator pays Conifer an asset-based fee with a \$200,000 annual minimum as adjusted for any reimbursement of expenses. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

Gross Assets	Fee
first \$150 million of gross assets	20 basis points (0.20%)
next \$150 million of gross assets	15 basis points (0.15%)
next \$200 million of gross assets	10 basis points (0.10%)
in excess of \$500 million of gross assets	5 basis points (0.05%)

Administration fees were \$100,786 and \$198,157 for the three and nine months ended September 30, 2015, respectively, and sub-administration fees were \$50,000 and \$121,556, respectively, as shown on the Statements of Operations under administration fees. There were no administration fees or sub-administration fees earned by the PCC Administrator or Sub-Administrator for the three and nine months ended September 30, 2014.

Indemnification

The Administration Agreement provides that, absent criminal conduct, willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, PCC Administrator, its affiliates and their respective directors, officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) arising from the rendering of PCC Administrator’s services under the Administration Agreement or otherwise as our administrator.

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License Agreement

We have entered into a license agreement with Princeton Advisors under which Princeton Advisors has agreed to grant us a non-exclusive, royalty-free license to use the name "Princeton." Under this agreement, we have a right to use the "Princeton" name for so long as Princeton Advisors or one of its affiliates remains our investment advisor. Other than with respect to this limited license, we have no legal right to the "Princeton" name. This license agreement will remain in effect for so long as the Investment Advisory Agreement with Princeton Advisors is in effect.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board of directors and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. As of September 30, 2015, none of the portfolio companies had accepted our offer for such services.

Other Related Party Transactions

Gregory J. Cannella served as the Chief Financial Officer of Rockfish Seafood Grill, Inc. ("RSG"), one of the Company's portfolio companies, until September 24, 2015. He had a stock option agreement with RSG, granted on January 28, 2013, with the right to earn up to 103,8961 shares or approximately 8% of RSG. This stock option agreement was canceled on May 12, 2015 with no consideration coming from RSG or the Company.

In May 2015, RSG created a wholly owned subsidiary, Southwest Hospitality Group, LLC ("SHG"), for the purpose of entering into franchise agreement with a new restaurant group. In July 2015, SHG was transferred to Sivco, Inc. and then signed a franchise agreement with this new restaurant group. Sivco, Inc. is majority owned and controlled by Alfred Jackson, a Director of the Company and minority-owned by Munish Sood, a Director and CEO of the Company.

On March 30, 2016, the Company, as Borrower, entered into a Term Loan in the amount of \$1,500,000 with Sema4, Inc. and Princeton Advisory Group, Inc., as Lenders in order to purchase certain assets to maintain its RIC status. Sema4, Inc. committed \$1,000,000 and Princeton Advisory Group, Inc. committed \$500,000. The loan was repaid in full with interest at a rate of 10.0% per annum on April 8, 2016. Sema4, Inc. is the general partner of Capital Point Partners, LP and Capital Point Partners II, LP, which own approximately 87% and 9% of our common stock, respectively. Princeton Advisory Group, Inc. is wholly owned by Munish Sood, a Director and CEO of the Company.

As disclosed in the Company's Form 8-K filed with the SEC on June 30, 2016, on June 28, 2016, the Company, as Borrower, entered into a Term Loan in the amount of \$390,000 with Munish Sood, as Lender, in order to purchase certain assets to maintain its RIC status. Mr. Sood is the Company's Chief Executive Officer and a director of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on July 11, 2016.

On September 12, 2016, the Company, as a Borrower, entered into a Term Loan in the amount of \$225,000 with Munish Sood, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. Mr. Sood is the Company's Chief Executive Officer and a director of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan will bear interest at a rate of 10.0% per annum and matures on December 12, 2016.

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NOTE 7 – FINANCIAL HIGHLIGHTS

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	(unaudited)	(unaudited)
Per Share Data ⁽¹⁾:		
Net asset value at beginning of period	\$ 0.254	\$ 0.282
Net investment income (loss)	(0.005)	(0.058)
Change in unrealized loss	(0.082)	(0.087)
Realized gain	0.003	0.096
Change in capital share transactions	0.241	-
Net asset value at end of period	<u>\$ 0.411</u>	<u>\$ 0.233</u>
Total return based on net asset value ⁽²⁾	(33.1)%	(18.9)%
Weighted average shares outstanding for period, basic	89,623,288	3,633,067
Ratio/Supplemental Data:		
Net assets at end of period	\$ 49,562,773	\$ 848,132
Average net assets	\$ 41,790,651	\$ 936,813
Annualized ratio of net operating expenses to average net assets ⁽³⁾	8.1%	27.3%
Annualized ratio of net investment income (loss) to average net assets ⁽³⁾	(0.5)%	(27.1)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets ⁽³⁾	6.6%	27.2%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets ⁽³⁾	(23.1)%	(22.6)%
Portfolio Turnover	0.74%	2.4%

- (1) Financial highlights are based on weighted average basic shares outstanding.
- (2) Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in the period. The total returns are not annualized.
- (3) Financial Highlights for periods of less than one year are annualized and the ratios of operating expenses to average net assets, net investment income (loss) to average net assets net increase (decrease) in net assets resulting from operations to average net assets are adjusted accordingly. Non-recurring expenses were not annualized. For the nine months ended September 30, 2015 the Company incurred \$935,161 of professional fees related to the March 13, 2015 transaction, which were deemed to be non-recurring. For the nine months ended September 30, 2014, the Company incurred \$75,000 of consulting fees related to the March 13, 2015 transaction, which were deemed to be non-recurring. For the nine months ended September 30, 2015 the Company incurred \$233,112 of legal fees that were deemed to be non-recurring.

	Year Ended December 31,			
	2014	2013	2012	2011
	(audited)	(audited)	(audited)	(audited)
Per Share Data ⁽¹⁾:				
Net asset value at beginning of period	\$ 0.564	\$ 0.174	\$ 0.204	\$ 0.827
Net investment loss	(0.144)	(0.062)	(0.068)	(0.071)
Change in unrealized appreciation (depreciation)	(0.358)	0.388	(0.004)	(0.572)
Realized Gain	0.192	0.064	0.042	0.020
Net asset value at end of period	<u>\$ 0.254</u>	<u>\$ 0.564</u>	<u>\$ 0.174</u>	<u>\$ 0.204</u>
Total return based on net asset value ⁽²⁾	(55.0)%	224.1%	(14.7)%	(75.3)%
Weighted average shares outstanding for period, basic	1,816,534	1,816,534	1,816,534	1,816,534
Ratio/Supplemental Data:				
Net assets at end of period	\$ 462,022	\$1,025,493	\$ 317,502	\$ 369,642
Average net assets	\$ 743,758	\$ 671,498	\$ 343,572	\$ 935,698
Annualized ratio of net operating expenses to average net assets	35.2%	16.6%	35.6%	13.7%
Annualized ratio of net investment loss to average net assets	35.2%	16.6%	35.6%	13.7%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets	35.2%	16.2%	34.6%	13.5%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets	(75.8)% ⁽³⁾	105.4% ⁽³⁾	(15.2)% ⁽³⁾	(120.9)% ⁽³⁾
Portfolio Turnover	31.2% ⁽³⁾	14.7% ⁽³⁾	17.9% ⁽³⁾	3.8% ⁽³⁾

- (1) Financial highlights are based on weighted average shares outstanding.
- (2) Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in the period. The total returns are not annualized.

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NOTE 8 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. The Company maintains sufficient assets to provide adequate cover to allow it to satisfy its unfunded commitment amount as of September 30, 2015. The unfunded commitment is accounted for under ASC 820. Below represents the unfunded loan commitment as of September 30, 2015.

Portfolio Company:	Investment Type	Unfunded Commitment
Rockfish Seafood Grill, Inc.	Revolving loan	\$ 800,000

On or around September 8, 2015 a lawsuit was filed captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.*, C.A. No. 11483-VCN in the Delaware Court of Chancery.

The following description of the Settlement Agreement is qualified in its entirety by reference to the full text of the Settlement Agreement, which is attached as Exhibit 99.1 to the 8-K filed on January 22, 2016:

On January 19, 2016, Princeton Capital Corporation (the “Company”), Princeton Advisory Group, Inc. (“Princeton Group”), Gregory J. Cannella (“Cannella”), Munish Sood (“Sood”), Thomas Jones, Jr. (“Jones Jr.”) and Trennis L. Jones (“Jones” and together with Jones Jr., the “Independent Directors” and the Independent Directors together with the Company, Princeton Group, Cannella and Sood, the “Settling Defendants”) on the one hand, entered into a settlement agreement (“Settlement Agreement”) with Capital Link Fund I, LLC (“Capital Link”), CT Horizon Legacy Fund, LP (“CT Horizon”), Capital Point Partners, LP (“CPP I”), and Sema4, Inc. (“Semaphore” and together with Capital Link, CT Horizon and CPP I, the “Plaintiffs” or the “Capital Point Parties”) on the other hand. CPP I is the Company’s largest stockholder.

Subject to the terms and conditions contained therein, the Settlement Agreement settles between the Plaintiffs and the Settling Defendants the disputes described in the lawsuit. No monies were paid or exchanged by any of the parties as a part of the settlement and none of the parties admitted any wrongdoing. For the avoidance of doubt, none of the following is a party to the Settlement Agreement: Alfred Jackson (“Jackson”), Martin Tuchman (“Tuchman”), Capital Point Management, LP (“CPM”), Capital Point Advisors, LP (“CPA”) or Princeton Investment Advisors, LLC (“PIA,” and, together with Jackson, Tuchman, CPM and CPA, collectively the “Non-Settling Defendants”).

On June 17, 2016, a Stipulation and Order of Dismissal of Claims (the “Dismissal Order”) against the Settling Defendants (which includes the Company) and Tuchman (collectively, the “Dismissed Defendants”) was entered in the Delaware Court of Chancery. The Dismissal Order, which was dated June 10, 2016, dismissed with prejudice the claims brought by the Plaintiffs against the Dismissed Defendants. The Dismissal Order did not dismiss the claims against Jackson, CPM, CPA or PIA.

There are no other legal proceedings against the Company or any of its officers or directors.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company’s rights under contracts with its portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Company does not expect that these proceeding will have a material effect upon its business, financial condition or results of operations.

NOTE 9 – UNCONSOLIDATED SIGNIFICANT SUBSIDIARIES

The Company’s investments are primarily in private small and lower middle-market companies. In accordance with Rules 3.09 and 4.08(g) of Regulation S-X, the Company must determine which of its unconsolidated controlled portfolio companies are considered “significant subsidiaries”, if any. In evaluating these investments, there are three tests utilized to determine if any of the Company’s control investments are considered significant subsidiaries; the investment test, the asset test, and the income test. Rule 3.09 of Regulation S-X, as interpreted by the SEC, requires the Company to include separate audited financial statements of any unconsolidated majority-owned subsidiary in an annual report if any of the three tests exceed 20% of the Company’s total investments at fair value, total assets or total income. Rule 4-08(g) of Regulation S-X requires summarized financial information of an unconsolidated subsidiary in an annual report if any of the three tests exceeds 10% of the Company’s total investments at fair value, total assets or total income and summarized financial information in a quarterly report if any of the three tests exceeds 20% of the Company’s total amounts.

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As of September 30, 2015, the Company had one single majority owned control investment that represented greater than 20% of its total investments. After performing the income test for the nine months ended September 30, 2015, the Company has determined that its income from one of its majority owned control investments generated more than 20% of its total income, primarily due to the unrealized appreciation (depreciation) that was recognized on the investments during the nine months ended September 30, 2015. As such, Rockfish Seafood Grill, Inc. and Advantis Certified Staffing Solutions, Inc. were considered significant subsidiaries at the 20% level as of September 30, 2015. Additionally, Integrated Medical Partners, LLC, an unconsolidated portfolio company that was a control investment, but which was not majority-owned by the Company, was also considered a significant subsidiary at the 10% level at September 30, 2015.

The following tables shows the summarized financial information for Rockfish Seafood Grill, Inc., Advantis Certified Staffing Solutions, Inc. and Integrated Medical Partners, LLC (numbers in thousands):

	<u>Rockfish Seafood Grill, Inc.</u>	<u>Advantis Certified Staffing Solutions, Inc.</u>	<u>Integrated Medical Partners, LLC</u>
	As of September 30, 2015 (unaudited)	As of September 30, 2015 (unaudited)	As of September 30, 2015 (unaudited)
Balance Sheet			
Current Assets	\$ 58	\$ 3,364	\$ 2,018
Noncurrent Assets	4,227	3,487	7,833
Current Liabilities	2,054	10,351	3,042
Noncurrent Liabilities	6,572	11,362	432

	<u>Rockfish Seafood Grill, Inc.</u>	<u>Advantis Certified Staffing Solutions, Inc.</u>	<u>Integrated Medical Partners, LLC</u>
	Nine Months Ended September 30, 2015 (unaudited)	Nine Months Ended September 30, 2015 (unaudited)	Nine Months Ended September 30, 2015 (unaudited)
Income Statement			
Net Revenue	\$ 17,160	\$ 14,950	\$ 8,752
Gross Profit	11,672	3,652	3,859
Net Income (Loss)	(877)	(1,248)	(385)

NOTE 10 – SUBSEQUENT EVENTS

Portfolio Activity

- On October 13, 2015, the Company funded \$208,000 on the Rockfish Seafood Grill, Inc. revolving loan.
- On November 4, 2015, the Company funded \$185,000 on the Rockfish Seafood Grill, Inc. revolving loan.
- On November 19, 2015, the Company funded \$208,000 on the Rockfish Seafood Grill, Inc. revolving loan.
- Performance Alloys, LLC has been in payment default on its senior subordinated note to the Company since January 1, 2016.
- South Boots Hill, LLC has been in payment default on its senior note to the Company since January 1, 2016.
- February 17, 2016, the Company invested an additional \$195,000 in Advantis Certified Staffing Solutions, Inc. as unsecured debt at 5.0% interest.
- In February 2016, the Company entered into a modification agreement of the Senior Secured Note Purchase Agreement with Lone Star Brewery Development, Inc. to defer the interest payment due on December 31, 2015 to March 31, 2016. The company earned a \$25,000 modification fee for the modification. Lone Star Brewery Development, Inc. defaulted on the payments due on March 31, 2016.

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- On May 19, 2016, the Company amended the Note Purchase Agreement with Great Value Storage, LLC to defer interest payments until June 30, 2016 and extend the maturity of the note until December 31, 2018. The Company earned a \$50,000 modification fee for this amendment. Great Value Storage, LLC resumed interest payment on June 30, 2016.
- On May 24, 2016, the Company invested an additional \$85,000 in Advantis Certified Staffing Solutions, Inc. as unsecured debt at 5.0% interest.
- On June 30, 2016, Rockfish Seafood Grill, Inc. made a partial interest payment on the first lien loan with an indication for the remaining amount to come by the end of the month. Since that time, Rockfish Seafood Grill, Inc. has notified the Company that it will not be able to make the remaining interest payment due for the second quarter 2016 and will not be able to make future interest payments at the present time.
- On August 16, 2016, the Company entered into a Note Purchase and Sale Agreement with NCC Financial, LLC (“NCC”), to sell its Senior Secured Promissory Note from Lone Star Brewery Development, Inc. by September 30, 2017 for an amount equal to \$6,000,000. NCC has an option to extend the purchase by date to December 31, 2017 for an extension fee in the amount of \$50,000.
- On August 30, 2016, the Company re-structured its investment in Performance Alloys, LLC to provide much needed liquidity. The Company amended its Subordinated Note effective as of July 1, 2016 by reducing the outstanding principal balance to \$6,750,000, reducing the interest rate to 6% and extending the maturity date to March 31, 2018. The principal amount that was reduced under the Subordinated Note was exchanged for one Class B Membership unit in Performance Alloys, LLC, which entitles the Company to 25.97%, not to exceed \$4,698,500, of the first \$18,092,001 of proceeds and 8.46% of all remaining proceeds under a liquidity event. Performance Alloys, LLC also received an option to extend the Subordinated Note at their election for a period of one year from March 31, 2018. If Performance Alloys, LLC elects to exercise that option, the interest rate on the Subordinated Note will increase to 9% for the extended period. At closing, Performance Alloys, LLC cured all defaults with the Company along with its first lienholder and received its July and August interest making this a performing note again for the Company. The company also received an amendment fee in the amount of \$33,750.
- On September 12, 2016, the Company amended the revolving loan with Rockfish Seafood Grill, Inc. which extended the maturity date to June 29, 2017 and increased the maximum principal amount to \$1,276,000.
- On September 12, 2016, the Company funded \$75,000 on the Rockfish Seafood Grill, Inc. revolving loan.

Investment Advisory Agreement

As reported on the Company’s Form 8-K filed on January 22, 2016, on January 18, 2016 the Board of Directors of the Company conditionally approved the New Investment Advisory Agreement between the Company and Princeton Advisory Group, Inc., a New Jersey corporation (“Princeton Group”) (the “New Investment Advisory Agreement”), subject to the approval of the Company’s stockholders at the 2016 Annual Meeting of Stockholders. On June 9, 2016, the Company’s stockholders approved the New Investment Advisory Agreement. The effective date of the New Investment Advisory Agreement was June 9, 2016. The Board of Directors of the Company previously approved the termination of the Investment Advisory Agreement between the Company and Princeton Investment Advisors, LLC (the “Terminated Investment Advisory Agreement”), such termination becoming effective on June 9, 2016, the date the New Investment Advisory Agreement was approved and adopted by the stockholders of the Company.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 (Unaudited)

Schedule 12-14

The table below represents the fair value of control and affiliate investments at December 31, 2014 and any amortization, purchases, sales, and realized and change in unrealized gain (loss) made to such investments, as well as the ending fair value as of September 30, 2015.

Portfolio Company/Type of Investment	Principal Amount/Shares/Ownership % at September 30, 2015	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2014	Purchases⁽²⁾	Change in Unrealized Gains/Losses	Transfer from Restructuring	Fair Value at September 30, 2015
Control Investments							
Rockfish Seafood Grill, Inc.							
First Lien Loan	\$ 6,071,440	\$ 288,091	\$ -	\$ 9,322,290	\$ (3,250,850)	\$ -	\$ 6,071,440
Revolving Loan	\$ 450,000	-	-	450,000	-	-	450,000
Rockfish Holdings, LLC							
Warrant ⁽¹⁾	10%	-	-	-	(27,093)	414,960	387,867
Membership Interest ⁽¹⁾	99.997%	-	-	898,746	3,006,909	(414,960)	3,490,695
Integrated Medical Partners, LLC							
Unsecured Loan	\$ 276,922	2,258	-	276,922	-	-	276,922
Preferred Membership – Class A ⁽¹⁾	800	-	-	4,196,937	(1,879,906)	-	2,317,031
Preferred Membership – Class B ⁽¹⁾	760	-	-	29,586	(10,220)	-	19,366
Common Stock ⁽¹⁾	14,082	-	-	-	13	-	13
Advantis Certified Staffing Solutions, Inc.							
Second Lien Loan ⁽¹⁾	\$ 6,435,000	-	-	5,954,270	(1,856,724)	-	4,097,546
Unsecured Loan ⁽¹⁾	\$ 95,000	-	-	95,000	-	-	95,000
Warrant ⁽¹⁾	1	-	-	2,025	(1,333)	-	692
Common Stock – Series A ⁽¹⁾	225,000	-	-	1,822	(1,200)	-	622
Common Stock – Series B ⁽¹⁾	9,500,000	-	-	78,770	(52,488)	-	26,282
Total Control Investments		290,349	-	21,306,368	(4,072,892)	-	17,233,476
Affiliate Investments							
Spencer Enterprises Holdings, LLC							
Preferred Membership, Class AA units ⁽¹⁾	500,000	-	-	2,391,001	(149,031)	-	2,241,970
Preferred Membership, Class BB units ⁽¹⁾	500,000	-	-	2,915,749	(153,331)	-	2,762,418
Total Affiliate Investments		\$ -	\$ -	\$ 5,306,750	\$ (302,362)	\$ -	\$ 5,004,388

(1) Non-income producing security.

(2) Includes PIK interest and common stock issued in exchange for investments.

End of notes to financial statements.

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

References herein to “we”, “us” or “our” refer to Princeton Capital Corporation (the “Company” or “Princeton Capital”) unless the context specifically requires otherwise.

Forward-Looking Statements

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

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with Princeton Investment Advisors LLC (“Princeton Advisors” or “the Advisor”);
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Princeton Advisors to locate suitable investments for us and to monitor and administer our investments;
- the ability of Princeton Advisors to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a RIC and as a BDC; and
- the effect of future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or RICs.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words “may,” “might,” “will,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “estimate,” “anticipate,” “predict,” “potential,” “plan” or similar words.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law or SEC rule or regulation. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The following analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto contained elsewhere in this quarterly report on Form 10-Q.

Overview

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). We originate and invest primarily in private small and lower middle-market companies (typically those with less than \$20.0 million of EBITDA) through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in private small and lower middle-market companies. We are managed by Princeton Advisors and PCC Administrator LLC (the “Administrator”) provides the administrative services necessary for us to operate.

As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” Under the relevant SEC rules, the term “eligible portfolio company” includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized in the United States.

Corporate History

In order to expedite the ramp-up of our investment activities and further our ability to meet our investment objectives on March 13, 2015, we (i) acquired the equity and debt investments of Capital Point Partners, L.P. and Capital Point Partners II, L.P. (the “Partnerships”), (ii) issued approximately 115.5 million shares of our common stock based on a pre-valuation presumed fair value of \$60.9 million and on a price of approximately \$0.53 per share. We will now seek to invest primarily in private small and lower middle market companies in various industries.

On an annual basis, we intend to elect to be treated for tax purposes as a RIC under Subchapter M of the Internal Revenue Code of 1986 (the “Code”). To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. As a RIC, we generally will not have to pay corporate-level taxes on any income we distribute to our stockholders. Management does not believe it will meet the qualifications of a RIC for the 2015 tax year and expects to be taxed as a corporation under Subchapter C of the Code.

Portfolio Composition and Investment Activity

Portfolio Composition

We originate and invest primarily in private small and lower middle-market companies through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, and corresponding equity investments.

At September 30, 2015, the Company had investments in 10 portfolio companies. The total cost and fair value of the positions were approximately \$55.2 million and \$48.3 million, respectively. The Company did not hold any U.S. Treasury Bills at September 30, 2015. The composition of our investments by asset class as of September 30, 2015 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
First Lien Loans	\$ 15,141,406	\$ 15,156,440	31.4%
Second Lien Loans	25,859,834	21,474,546	44.4
Unsecured Loans	371,922	371,922	0.8
Equity	13,816,686	11,294,175	23.4
Total Portfolio Investments	\$ 55,189,848	\$ 48,297,083	100.0%

At December 31, 2014, the Company had investments in 3 portfolio companies. The total cost and fair value of the 3 positions were \$56,136 and \$470,273, respectively. The composition of our investments by asset class as of December 31, 2014 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
Equity	\$ 56,136	\$ 470,273	100.0%
Total Investments	\$ 56,136	\$ 470,273	100.0%

At September 30, 2015, our weighted average yield based upon cost of our portfolio investments was approximately 13.92% of which approximately 11.26% is current cash interest, all bearing a fixed rate of interest. As of December 31, 2014 we did not have any income bearing investments.

At September 30, 2015 and December 31, 2014, we did not hold any United States Treasury securities. The United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

Investment Activity

On March 13, 2015, we acquired the equity and debt investments of the Partnerships for shares of our common stock based on a price of \$0.53 per share. This portfolio was comprised of equity investments and loans to middle-market companies that were originated over the previous 8 years by certain members of the investment team of Princeton Advisors during their time with the Investment Advisor to the Partnerships and are similar to the type of investments we originate. These middle-market loans had an internal risk rating of 2 or better (e.g., investments that were performing at or above expectations and whose risks were neutral or favorable compared to the expected risk at the time of the original investment).

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital to middle market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

During the nine months ended September 30, 2015, we made \$10.5 million of investments in 2 new portfolio companies. The primary portfolio investment activities for the nine months ended September 30, 2015 are as follows:

- On March 31, 2015, the Company invested \$2.5 million in South Boots Hill, LLC. This investment will bear interest at 14% (2% PIK) and will mature on March 31, 2018.
- On April 10, 2015, the Company invested \$7.6 million in Lone Star Brewery Development Inc. and an additional \$0.4 million on May 22, 2015. This investment will bear interest at 14% (2% PIK) and will mature on April 10, 2018.
- On April 14, 2015, the Company invested an additional \$95,000 in Advantis Certified Staffing Solutions, Inc. as unsecured debt at 5.0% interest.
- On June 1, 2015, the Company restructured the first lien loan to Rockfish Seafood Grill, Inc. by reducing the outstanding principal balance on the note to \$5,950,000 and amending the interest rate to 14% (6% PIK).
- On June 2, 2015, the Company entered into a Lease Guaranty Agreement to guaranty a portion of a lease that Rockfish Seafood Grill, Inc. entered into. The Company's guaranty is limited to the total tenant improvement allowance and the total amount of commissions that the landlord provided in connection with the lease. The total guaranteed amount by the Company is approximately \$292,701 and reduces proportionally after each of the first sixty months of the lease, which commenced in November 2015, so long as no uncured event of default exists. Through the date of filing, the guaranteed amount has reduced to approximately \$253,674.
- On June 29, 2015, the Company extended to Rockfish Seafood Grill, Inc. a revolving loan in the amount of \$1,250,000, with an 8% interest rate paid monthly, and a maturity date of June 29, 2016. This revolver will share a first lien position with the other loan investment by the Company.
- On July 14, 2015, the Company sold 51,000 shares of common stock of Neuralstem, Inc. for a net amount of \$87,443.
- On July 20, 2015, the Company sold 34,000 shares of common stock of Neuralstem, Inc. for a net amount of \$58,554.
- On July 28, 2015, the Company funded \$200,000 on the Rockfish Seafood Grill, Inc. revolving loan
- On August 27, 2015, the Company funded \$250,000 on the Rockfish Seafood Grill, Inc. revolving loan.

Asset Quality

In addition to various risk management and monitoring tools, Princeton Advisors uses an investment rating system to characterize and monitor the quality of our debt investment portfolio. Equity securities and Treasury Bills are not graded. This debt investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

- Investment Rating 1 is used for investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
- Investment Rating 2 is used for investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans are initially rated 2.
- Investment Rating 3 is used for investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
- Investment Rating 4 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 are those for which some loss of return but no loss of principal is expected.
- Investment Rating 5 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

The following table shows the investment rankings of our debt investments at fair value as of September 30, 2015 and December 31, 2014:

Investment Rating	As of September 30, 2015			As of December 31, 2014		
	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	\$ —	—	—	\$ —	—	—
2	26,423,440	54.6%	4	—	—	—
3	6,110,000	12.7%	1	—	—	—
4	4,469,468	9.3%	2	—	—	—
5	—	—	—	—	—	—
	<u>\$ 37,002,908</u>	<u>76.6%</u>	<u>7</u>	<u>\$ —</u>	<u>—</u>	<u>—</u>

Loans and Debt Securities on Non-Accrual Status

We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. As of September 30, 2015 we had 3 loans on non-accrual status and as of December 31, 2014, we had no loans on non-accrual status.

Results of Operations

An important measure of our financial performance is net increase (decrease) in net assets resulting from operations, which includes net investment income (loss), net realized gain (loss) and net unrealized appreciation (depreciation). Net investment income (loss) is the difference between our income from interest, dividends, fees and other investment income and our operating expenses including interest on borrowed funds. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net unrealized appreciation (depreciation) on investments is the net change in the fair value of our investment portfolio.

Revenues

We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we may acquire in portfolio companies. Our debt investments typically have a term of five to seven years and bear interest at a fixed or floating rate. Interest on our debt securities is generally payable quarterly. Payments of principal on our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments may pay interest in-kind, or PIK. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. We expect that the dollar amount of interest and any dividend income that we earn to increase as the size of our investment portfolio increases. In addition, we may generate revenue in the form of prepayment fees, commitment, loan origination, structuring or due diligence fees, fees for providing managerial assistance and possibly consulting fees. These fees will be reorganized as they are earned.

Expenses

Our primary operating expenses include the payment of fees to Princeton Advisors under the Investment Advisory Agreement, our allocable portion of overhead expenses under the Administration Agreement and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- the cost of calculating our net asset value, including the cost of any third-party valuation services; the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- transfer agent and custodial fees;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws; and
- other expenses incurred by Princeton Capital or us in connection with administering our business, including payments under the Administration Agreement that are based upon our allocable portion of overhead (subject to the review of our board of directors).

Comparison of the Three Months Ended September 30, 2015 and September 30, 2014

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Total	Per Share ⁽¹⁾	Total	Per Share ⁽¹⁾
Investment Income				
Interest Income ⁽²⁾	\$ 1,217,714	\$ 0.010	\$ -	\$ -
Other Income	10,001	0.000	-	-
Total Investment Income	1,227,715	0.010	-	-
Operating Expenses				
Management Fees	224,562	0.003	-	-
Administration Fees	150,786	0.001	-	-
Professional Fees	385,253	0.003	25,282	0.007
Compliance Fees	90,510	0.001	-	-
Directors' Fees	27,264	0.000	-	-
Accounting Fees – Related Party	-	-	24,025	0.007
Consulting Fees	-	-	75,000	0.021
Insurance Expense	24,375	0.000	-	-
Interest Expense	1,312	0.000	-	-
Other General and Administrative Expenses	143,081	0.001	15,067	0.003
Net Operating Expenses	1,047,143	0.009	139,374	0.038
Net Investment Gain (Loss) Before Tax	180,572	0.001	(139,374)	(0.038)
Income Tax Benefit	-	-	-	-
Net Investment Loss After Tax	180,572	0.001	(139,374)	(0.038)
Net Change in Unrealized Loss	(5,617,533)	(0.047)	(779,687)	(0.215)
Net Realized Gain	142,348	0.001	152,708	0.042

(1) The basic per share figures noted above are based on a weighted average of 120,486,061 and 3,633,067 shares outstanding for the three months ended September 30, 2015 and September 30, 2014, respectively, except where such amounts need to be adjusted to be consistent with what is disclosed in the financial highlights of our Financial Statements.

(2) Interest income includes PIK interest of \$428,421 and \$0 for the three months ended September 30, 2015 and September 30, 2014, respectively.

Operating Expenses

Operating expenses increased from \$139,374 for the three months ended September 30, 2014 to \$1,047,143 for the three months ended September 30, 2015. The increase is primarily due to the Company paying management fees to the Investment Adviser and administration fees to the Administrator. This is also due to the legal fees incurred related to the lawsuit captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.* as disclosed in Note 8 to the Financial Statements.

Operating expenses per share decreased from \$0.038 per share for the three months ended September 30, 2014 to \$0.009 for the three months ended September 30, 2015.

Net Investment Income (Loss)

Net investment gain (loss) increased from a loss of \$139,374 for the three months ended September 30, 2014 to a gain of \$180,572 for the three months ended September 30, 2015. This increase was primarily due to an increase in interest income from our portfolio companies due our expanding investment portfolio which was offset by our increased operating expenses. During the three months ended September 30, 2014, no investment income was generated.

Net investment income (loss) per share increased from a loss of \$0.038 per share for the three months ended September 30, 2014 to a gain of \$0.001 per share for the three months ended September 30, 2015.

Net Realized Gains and Losses

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, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

For the three months ended September 30, 2015, we recognized \$142,348 of realized gains primarily in connection with a gain on the sale of common stock in Neuralstem, Inc.

For the three months ended September 30, 2014, we recognized \$152,708 of realized gain primarily in connection with a gain on the sale of common stock in Neuralstem, Inc.

Net Change in Unrealized Gains (Losses)

Net change in unrealized gains (losses) primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

Net change in unrealized loss on investments totaled \$5,617,533 for the three months ended September 30, 2015 primarily in connection with a loss of \$2,528,647 on the second lien loan to Performance Alloys, Inc., a loss of \$1,550,285 on the second lien loan to Advantis Certified Staffed Solutions, Inc. and a loss of \$1,611,543 on the membership interest – Class A units in Integrated Medical Partners, LLC.

Net change in unrealized loss on investments totaled \$779,687 for the three months ended September 30, 2014 primarily in connection with the sale of Neuralstem, Inc. common stock and a decrease in valuation of the Neuralstem, Inc. warrant.

Comparison of the Nine Months Ended September 30, 2015 and September 30, 2014

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
	Total	Per Share ⁽¹⁾	Total	Per Share ⁽¹⁾
Investment Income				
Interest Income ⁽²⁾	\$ 2,353,061	\$ 0.026	\$ -	\$ -
Other Income	18,908	0.000	-	-
Total Investment Income	2,371,969	0.026	-	-
Operating Expenses				
Management Fees	461,893	0.005	-	-
Administration Fees	319,713	0.004	-	-
Professional Fees	1,466,699	0.016	64,730	0.018
Compliance Fees	156,747	0.002	-	-
Directors' Fees	70,293	0.001	-	-
Accounting Fees – Related Party	-	-	52,225	0.014
Consulting Fees	-	-	75,000	0.021
Bank Fees	2,050	-	-	-
Insurance Expense	53,730	0.001	-	-
Interest Expense	4,277	0.000	250	0.000
Other General and Administrative Expenses	276,210	0.002	17,771	0.005
Net Operating Expenses	2,811,612	0.031	209,976	0.058
Net Investment Gain (Loss) Before Tax	(439,643)	(0.005)	(209,976)	(0.058)
Income Tax Benefit	-	-	981	0.000
Net Investment Gain (Loss) After Tax	(439,643)	(0.005)	(208,995)	(0.058)
Net Change in Unrealized Gain (Loss)	(7,306,689)	(0.082)	(318,022)	(0.087)
Net Realized Gain (Loss)	235,507	0.003	349,657	0.096

(1) The basic per share figures noted above are based on a weighted average of 89,623,288 and 3,633,067 shares outstanding for the nine months ended September 30, 2015 and September 30, 2014, respectively, except where such amounts need to be adjusted to be consistent with what is disclosed in the financial highlights of our Financial Statements.

(2) Interest income includes PIK interest of \$624,348 and \$0 for the nine months ended September 30, 2015 and September 30, 2014, respectively.

Operating Expenses

Operating expenses increased from \$209,976 for the nine months ended September 30, 2014 to \$2,811,612 for the nine months ended September 30, 2015. The increase is primarily due to legal and accounting fees for \$935,161 related to the acquisition transaction which is included in professional fees. Additionally, the Company pays management fees to the Investment Adviser and administration fees to the Administrator. This increase is also due to the legal fees incurred related to the lawsuit captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.* as disclosed in Note 8 to the Financial Statements.

Operating expenses per share increased from \$0.058 per share for the nine months ended September 30, 2014 to \$0.031 for the nine months ended September 30, 2015.

Net Investment Income (Loss)

Net investment income (loss) increased from a loss of \$208,995 for the nine months ended September 30, 2014 to a loss of \$439,643 for the nine months ended September 30, 2015. This increase was primarily due to legal and accounting fees for \$935,161 related to the acquisition transaction which is included in professional fees. This was offset by an increase in interest income from our portfolio companies due our expanding investment portfolio.

Net investment income (loss) per share increased from a loss of \$0.058 per share for the nine months ended September 30, 2014 to a loss of \$0.005 per share for the nine months ended September 30, 2015.

Net Realized Gains and Losses

For the nine months ended September 30, 2015, we recognized \$235,507 of realized gain primarily in connection with a gain of \$246,388 on the sale of the common stock in Neuralstem, Inc.

For the nine months ended September 30, 2014, we recognized \$349,657 of realized gain primarily in connection with the sale of Neuralstem, Inc. common stock.

Net Change in Unrealized Gains (Losses)

Net change in unrealized loss on investments totaled \$7,306,689 for the nine months ended September 30, 2015 primarily in connection with a loss of \$5,528,429 on the second lien loan to Performance Alloys, Inc., a loss of \$1,856,724 on the second lien loan to Advantis Certified Staffed Solutions, Inc. and a loss of \$1,879,906 on the membership interest – Class A units in Integrated Medical Partners, LLC.

Net change in unrealized gain (loss) on investments totaled a loss of \$318,022 for the nine months ended September 30, 2014 primarily in connection with the sale of Neuralstem, Inc. common stock and a decrease in valuation of the Neuralstem, Inc. warrant.

Financial Condition, Liquidity and Capital Resources

We intend to continue to generate cash from future offerings of securities and cash flows from operations, including earnings on investments in our portfolio and future investments, as well as interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. We may, if permitted by regulation, seek various forms of leverage and borrow funds to make investments.

As of September 30, 2015, we had \$188,808 in cash, and our net assets totaled \$49,562,773. We believe that our current cash on hand, and our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next 12 months.

Contractual obligations

We have entered into two contracts under which we have material future commitments, the Investment Advisory Agreement, pursuant to which the Princeton Advisors serve as our investment adviser, and the Administration Agreement, pursuant to which our Administrator agrees to furnish us with certain administrative services necessary to conduct our day-to-day operations. Payments under the Investment Advisory Agreement in future periods will be equal to: (1) a percentage of the value of our gross assets; and (2) an incentive fee based on our performance. Payments under the Administration Agreement will occur on an ongoing basis as expenses are incurred on our behalf by our Administrator.

The Investment Advisory Agreement and the Administration Agreement are each terminable by either party without penalty upon 60 days' written notice to the other. If either of these agreements is terminated, the costs we incur under new agreements may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under both our Investment Advisory Agreement and our Administration Agreement. Any new Investment Advisory Agreement would also be subject to approval by our stockholders.

Distributions

In order to qualify as a RIC and to avoid U.S. federal corporate level income tax on the income we distribute to our stockholders, we are required to distribute at least 90% of our net ordinary income and our net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute an amount at least equal to the sum of 98% of our net ordinary income (during the calendar year) plus 98.2% of our net capital gain income (during each 12-month period ending on October 31) plus any net ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax to avoid a U.S. federal excise tax. To the extent that we have income available, we intend to make quarterly distributions to our stockholders. Our stockholder distributions, if any, will be determined by our board of directors on a quarterly basis. Any distribution to our stockholders will be declared out of assets legally available for distribution. As of the date of this filing, we believe that the Company has met the requirements to qualify as a RIC for the 2016 tax year.

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

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying any stockholder distribution carefully and should not assume that the source of any distribution is our ordinary income or capital gains.

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

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.

Recent Accounting Pronouncements

See Note 2 to the consolidated financial statements for a description of recent accounting pronouncements, if any, including the expected dates of adoption and the anticipated impact on the financial statements.

Critical Accounting Policies

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, our significant accounting policies are further described in the notes to the financial statements.

Valuation of Portfolio Investments

As a business development company, we generally invest in illiquid loans and securities including debt and equity securities of middle-market companies. Under procedures established by our board of directors, we value investments for which market quotations are readily available at such market quotations. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by our board of directors. Such determination of fair values may involve subjective judgments and estimates, although we engage independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation at least twice annually. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximate fair value. With respect to unquoted securities, our board of directors, together with our independent valuation advisors, values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, our board of directors uses the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because there is not a readily available market for substantially all of the investments in our portfolio, we value most of our portfolio investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. 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 differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

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

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of Princeton Advisors responsible for the portfolio investment;
- Preliminary valuation conclusions are then documented and discussed with our senior management and Princeton Advisors;
- The valuation committee of our board of directors then reviews these preliminary valuations;
- At least twice annually, the valuation for each portfolio investment is reviewed by an independent valuation firm; and
- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of Princeton Advisors, the independent valuation firm and the valuation committee.

Revenue Recognition

We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, which represents contractual interest accrued and added to the loan balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that such PIK interest is not collectible. We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount and market discount or premium are capitalized, and we then accrete or amortize such amounts using the effective interest method as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination is recorded as interest income. We record prepayment premiums on loans and debt securities as interest income. Dividend income, if any, will be recognized on the ex-dividend date. Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Item 3. Qualitative and Quantitative Disclosure about Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and cash and cash equivalents. Our investment income will not be affected by changes in variable interest rates, including LIBOR as all of our outstanding loan portfolio bore interest as fixed rates as of September 30, 2015.

While management believes that our investment income will not be affected by changes in variable interest rates, it could be affected by the changes in the credit quality, size and composition of our portfolio, and other business developments that could affect the net increase or decrease in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the results under this analysis.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of various members of management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CFO have concluded that except for the late filing of the Form 10-Q due to delays experienced in finalizing the accounting for the transaction on March 13, 2015, the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On or around September 8, 2015 a lawsuit was filed captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.*, C.A. No. 11483-VCN in the Delaware Court of Chancery.

The following description of the Settlement Agreement is qualified in its entirety by reference to the full text of the Settlement Agreement, which is attached as Exhibit 99.1 to the 8-K filed on January 22, 2016:

On January 19, 2016, Princeton Capital Corporation (the “Company”), Princeton Advisory Group, Inc. (“Princeton Group”), Gregory J. Cannella (“Cannella”), Munish Sood (“Sood”), Thomas Jones, Jr. (“Jones Jr.”) and Trennis L. Jones (“Jones” and together with Jones Jr., the “Independent Directors” and the Independent Directors together with the Company, Princeton Group, Cannella and Sood, the “Settling Defendants”) on the one hand, entered into a settlement agreement (“Settlement Agreement”) with Capital Link Fund I, LLC (“Capital Link”), CT Horizon Legacy Fund, LP (“CT Horizon”), Capital Point Partners, LP (“CPP I”), and Sema4, Inc. (“Semaphore” and together with Capital Link, CT Horizon and CPP I, the “Plaintiffs” or the “Capital Point Parties”) on the other hand. CPP I is the Company’s largest stockholder.

Subject to the terms and conditions contained therein, the Settlement Agreement settles between the Plaintiffs and the Settling Defendants the disputes described in the lawsuit. No monies were paid or exchanged by any of the parties as a part of the settlement and none of the parties admitted any wrongdoing. For the avoidance of doubt, none of the following is a party to the Settlement Agreement: Alfred Jackson (“Jackson”), Martin Tuchman (“Tuchman”), Capital Point Management, LP (“CPM”), Capital Point Advisors, LP (“CPA”) or Princeton Investment Advisors, LLC (“PIA,” and, together with Jackson, Tuchman, CPM and CPA, collectively the “Non-Settling Defendants”).

On June 17, 2016, a Stipulation and Order of Dismissal of Claims (the “Dismissal Order”) against the Settling Defendants (which includes the Company) and Tuchman (collectively, the “Dismissed Defendants”) was entered in the Delaware Court of Chancery. The Dismissal Order, which was dated June 10, 2016, dismissed with prejudice the claims brought by the Plaintiffs against the Dismissed Defendants. The Dismissal Order did not dismiss the claims against Jackson, CPM, CPA or PIA.

There are no other legal proceedings against the Company or any of its officers or directors.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company’s rights under contracts with its portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Company does not expect that these proceeding will have a material effect upon its business, financial condition or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties are 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. There have been no material changes from the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2014.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

Exhibit Number	Description
3.1	Articles of Amendment and Restatement (Incorporated by reference from Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.2	Bylaws (Incorporated by reference from Exhibit 3.3 of the Registrant's Current Report on Form 8-K, filed on March 23, 2015).
4.1	Form of Stock Certificate (Incorporated by reference from Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on March 23, 2015).
10.1	Form of Investment Advisory Agreement between Registrant and Princeton Investment Advisors, LLC (Incorporated by reference from Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed on March 23, 2015).
10.2	Custody Agreement between Registrant and U.S. Bank, N.A. (Incorporated by reference from Exhibit 10.2 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.3	Administration Agreement between Registrant and PCC Administrator, LLC (Incorporated by reference from Exhibit 10.3 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.4	Dividend Reinvestment Plan (Incorporated by reference from Exhibit 10.4 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.5	License Agreement between the Registrant and Princeton Investment Advisors, LLC (Incorporated by reference from Exhibit 10.5 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.6	Form of Indemnification Agreement between the Registrant and the executive officers and directors (Incorporated by reference from Exhibit 10.6 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
32*	Certification of Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRINCETON CAPITAL CORPORATION

Date: September 19, 2016

/s/ Munish Sood

Munish Sood
Chief Executive Officer
(Principal Executive Officer)

Date: September 19, 2016

/s/ Gregory J. Cannella

Gregory J. Cannella
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Munish Sood, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Princeton Capital Corporation (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: September 19, 2016

/s/ Munish Sood
Munish Sood
Chief Executive Office
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Gregory J. Cannella, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Princeton Capital Corporation (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: September 19, 2016

/s/ Gregory J. Cannella

Gregory J. Cannella

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, who are the Chief Executive Officer and Chief Financial Officer of Princeton Capital Corporation (the "Company"), each hereby certify that to the best of his knowledge (1) this Quarterly Report on Form 10-Q for the period ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition of the Company as of September 30, 2015 and December 31, 2014 and its results of operations for the period ended September 30, 2015.

Date: September 19, 2016

/s/ Munish Sood

Munish Sood
Chief Executive Office
(Principal Executive Officer)

Date: September 19, 2016

/s/ Gregory J. Cannella

Gregory J. Cannella
Chief Financial Office
(Principal Financial and Accounting Officer)