

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, 2018

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	46-3516073
<b>(State or other jurisdiction of incorporation or organization)</b>	<b>(I.R.S. Employer Identification No.)</b>
800 Turnpike Street, Suite 300 North Andover, Massachusetts	01845
<b>(Address of principal executive offices)</b>	<b>(Zip Code)</b>

Registrant's telephone number, including area code: (978) 794-3366

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 Website, 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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth 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)		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the Registrant 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, \$.001 par value, outstanding as of January 31, 2019 was 120,486,061.

**PRINCETON CAPITAL CORPORATION**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1. Financial Statements	1
Statements of Assets and Liabilities as of September 30, 2018 (unaudited) and December 31, 2017	1
Statements of Operations (unaudited) for the three and nine months ended September 30, 2018 and September 30, 2017	2
Statements of Changes in Net Assets (unaudited) for the nine months ended September 30, 2018 and September 30, 2017	3
Statements of Cash Flows (unaudited) for the nine months ended September 30, 2018 and September 30, 2017	4
Schedule of Investments as of September 30, 2018 (unaudited)	5
Schedule of Investments as of December 31, 2017	8
Notes to Financial Statements (unaudited) as of September 30, 2018	11
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3. Quantitative and Qualitative Disclosures About Market Risk	47
Item 4. Controls and Procedures	47
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. Legal Proceedings	48
Item 1A. Risk Factors	48
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 3. Defaults Upon Senior Securities	48
Item 4. Mine Safety Disclosures	48
Item 5. Other Information	48
Item 6. Exhibits	48
<b><u>SIGNATURES</u></b>	<b>49</b>

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PRINCETON CAPITAL CORPORATION**

**STATEMENTS OF ASSETS AND LIABILITIES**

	<b>September 30, 2018 (unaudited)</b>	<b>December 31, 2017</b>
<b>ASSETS</b>		
Control investments at fair value (cost of \$26,498,029 and \$25,204,690, respectively)	\$ 18,350,676	\$ 17,273,360
Non-control/non-affiliate investments at fair value (cost of \$27,731,920 and \$27,652,557, respectively)	22,386,825	21,677,400
Investment in U.S. Treasury Bill (cost of \$33,993,686 and \$0, respectively)	33,994,220	-
Total investments at fair value (cost of \$88,223,635 and \$52,857,247, respectively)	74,731,721	38,950,760
Cash	715,689	2,084,262
Due from portfolio companies	330,326	275,829
Interest receivable	344,301	270,718
Taxes receivable	15,673	314,590
Prepaid expenses	28,799	52,221
<b>Total assets</b>	<b>76,166,509</b>	<b>41,948,380</b>
<b>LIABILITIES</b>		
Accrued management fees	223,908	94,282
Due to affiliates	67,500	13,602
Accounts payable (Note 2)	624,083	239,021
Insurance loan payable	-	26,806
Short term payable for securities purchased	33,647,373	-
Interest payable	7,459	-
Tax expense payable	3,750	36,141
Deferred fee income	39,002	23,002
Accrued expenses and other liabilities	102,280	107,987
<b>Total liabilities</b>	<b>34,715,355</b>	<b>540,841</b>
<b>Net assets</b>	<b>\$ 41,451,154</b>	<b>\$ 41,407,539</b>
<b>NET ASSETS</b>		
Common Stock, par value \$0.001 per share (250,000,000 shares authorized; 120,486,061 shares issued and outstanding at September 30, 2018 and December 31, 2017)	\$ 120,486	\$ 120,486
Paid-in capital	64,868,884	64,868,884
Accumulated undistributed net realized loss	(745,622)	(637,266)
Distributions in excess of net investment income	(9,300,680)	(9,038,078)
Accumulated unrealized loss on investments	(13,491,914)	(13,906,487)
<b>Total net assets</b>	<b>\$ 41,451,154</b>	<b>\$ 41,407,539</b>
<b>Net asset value per share</b>	<b>\$ 0.344</b>	<b>\$ 0.344</b>

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**  
**STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>INVESTMENT INCOME</b>				
Interest income from non-control/non-affiliate investments	\$ 434,271	\$ 347,149	\$ 1,165,076	\$ 1,009,732
Interest income from control investments	109,205	7,654	267,153	19,139
Other income from non-control/non-affiliate investments	10,872	14,188	34,000	19,009
Other income from affiliate investments	-	-	-	18,882
Other income from non-investment sources	665	1,669	2,209	1,819
<b>Total investment income</b>	<u>555,013</u>	<u>370,660</u>	<u>1,468,438</u>	<u>1,068,581</u>
<b>OPERATING EXPENSES</b>				
Management fees	100,462	110,740	321,453	323,131
Professional fees (Note 2)	189,081	93,078	568,740	330,820
Administration fees	105,000	92,283	309,000	260,893
Valuation fees	178,610	-	178,610	74,200
Directors' fees	38,625	52,125	129,375	124,500
Consulting fees	-	-	-	30,000
Insurance expense	33,716	34,209	87,755	85,032
Interest expense	24,840	12,477	40,195	62,124
Other general and administrative expenses	23,334	29,838	79,301	66,685
<b>Total operating expenses</b>	<u>693,668</u>	<u>424,750</u>	<u>1,714,429</u>	<u>1,357,385</u>
<b>Net investment loss before tax</b>	(138,655)	(54,090)	(245,991)	(288,804)
<b>Income tax expense</b>	1,250	7,684	16,611	25,798
<b>Net investment loss after taxes</b>	<u>(139,905)</u>	<u>(61,774)</u>	<u>(262,602)</u>	<u>(314,602)</u>
<b>Net realized gain (loss) on:</b>				
Non-control/non-affiliate investments	(108,356)	-	(108,356)	-
Affiliate investments	-	589,111	-	589,111
<b>Total net realized gain (loss)</b>	<u>(108,356)</u>	<u>589,111</u>	<u>(108,356)</u>	<u>589,111</u>
<b>Net change in unrealized gain (loss) on:</b>				
Non-control/non-affiliate investments	173,214	1,934,559	630,062	2,760,032
Affiliate investments	-	(589,110)	-	(1,079,929)
Control investments	(42,430)	(895,758)	(216,023)	(3,049,914)
U.S. Treasury Bills	(970)	-	534	(699)
<b>Total net change in unrealized gain (loss) on investments</b>	<u>129,814</u>	<u>449,691</u>	<u>414,573</u>	<u>(1,370,510)</u>
<b>Total net realized gain (loss) and change in unrealized gain (loss) on investments</b>	21,458	1,038,802	306,217	(781,399)
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (118,447)</u>	<u>\$ 977,028</u>	<u>\$ 43,615</u>	<u>\$ (1,096,001)</u>
<b>Net investment income (loss) per share</b>				
Basic	\$ (0.001)	\$ (0.001)	\$ (0.002)	\$ (0.003)
Diluted	\$ (0.001)	\$ (0.001)	\$ (0.002)	\$ (0.003)
<b>Net increase (decrease) in net assets resulting from operations per share</b>				
Basic	\$ (0.001)	\$ 0.008	\$ 0.000	\$ (0.009)
Diluted	\$ (0.001)	\$ 0.008	\$ 0.000	\$ (0.009)
<b>Weighted average shares of common stock outstanding</b>				
Basic	120,486,061	120,486,061	120,486,061	120,486,061
Diluted	120,486,061	120,486,061	120,486,061	120,486,061

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**

**STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)**

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Decrease in net assets resulting from operations:</b>		
Net investment loss	\$ (262,602)	\$ (314,602)
Net realized gain (loss) on investments	(108,356)	589,111
Net change in unrealized gain (loss) on investments	414,573	(1,370,510)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>43,615</b>	<b>(1,096,001)</b>
Total increase (decrease) in net assets	43,615	(1,096,001)
Net assets at beginning of period	41,407,539	43,985,319
<b>Net assets at end of period</b>	<b>\$ 41,451,154</b>	<b>\$ 42,889,318</b>
<b>Capital share activity:</b>		
<b>Common stock</b>		
Issuance of common stock	-	-
Common stock outstanding at the beginning of period	120,486,061	120,486,061
<b>Common stock outstanding at the end of period</b>	<b>120,486,061</b>	<b>120,486,061</b>

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**  
**STATEMENTS OF CASH FLOWS (Unaudited)**

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in net assets resulting from operations	\$ 43,615	\$ (1,096,001)
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	(2,138,225)	(2,773,258)
Escrow payment on securities sold	(108,356)	
U.S. Treasury Bills	(118,972,831)	(45,998,007)
Proceeds from sales, repayments, or maturity of investments in:		
Portfolio investments	879,891	6,178,782
U.S. Treasury Bills	85,000,000	98,396,260
Net realized (gain) loss on investments	108,356	(589,111)
Net change in unrealized (gain) loss on investments	(414,573)	1,370,510
Increase in investments due to PIK	(136,595)	(33,717)
Amortization of fixed income premium or discounts	1,372	13,138
Changes in other assets and liabilities:		
Due from portfolio companies	(54,497)	(93,879)
Interest receivable	(73,583)	(16,933)
Prepaid expenses	23,422	(72,494)
Note receivable	-	500,000
Deferred tax asset	314,590	4,926
Taxes receivable	(15,673)	-
Accrued management fees	129,626	(109,421)
Accounts payable	385,062	(180,102)
Due to affiliates	53,898	(29,302)
Interest payable	7,459	-
Tax expense payable	(32,391)	(13,788)
Deferred fee income	16,000	8,263
Accrued expenses and other liabilities	(5,707)	(175,719)
Net cash provided by (used in) operating activities	<u>(34,989,140)</u>	<u>55,290,147</u>
<b>Cash flows from financing activities:</b>		
Insurance loan payable	(26,806)	52,717
Short term payable for securities purchased	33,647,373	(52,398,253)
Term loan – related party	-	(365,000)
Net cash provided by (used in) financing activities	<u>33,620,567</u>	<u>(52,710,536)</u>
Net increase (decrease) in cash and restricted cash	(1,368,573)	2,579,611
Cash and restricted cash at beginning of period	<u>2,084,262</u>	<u>533,949</u>
Cash and restricted cash at end of period	<u>\$ 715,689</u>	<u>\$ 3,113,560</u>
<b>Supplemental disclosure of cash flow financing activities:</b>		
Interest expense paid	\$ 47,654	\$ 57,637
Income tax paid	\$ 49,002	\$ 39,586

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2018 (Unaudited)

Investments	Headquarters / Industry	Principal Amount/ Shares/% Ownership	Amortized Cost	Fair Value <sup>(1)</sup>	% of Net Assets
<b>Portfolio Investments <sup>(6)</sup></b>					
<b>Control investments</b>					
<b>Advantis Certified Staffing Solutions, Inc.</b> Houston, TX					
Second Lien Loan, 6.0% Cash, due 11/30/2021 (2) (5)	Staffing	\$ 4,500,000	\$ 4,500,000	\$ 3,147,284	7.60%
Unsecured loan, 5%, due 12/31/2018		\$ 813,225	813,225	769,047	1.86%
Unsecured loan, 5%, due 12/31/2018		\$ 90,000	90,000	85,111	0.21%
Unsecured loan 8%, due 12/31/2018		\$ 150,000	150,000	142,911	0.34%
Unsecured loan 8%, due 12/31/2018		\$ 110,000	110,000	104,801	0.25%
Unsecured loan 10.75%, due 12/31/2018		\$ 175,000	175,000	167,862	0.40%
Common Stock – Series A <sup>(5)</sup>		225,000	10,150	1,191	0.00%
Common Stock – Series B <sup>(5)</sup>		9,500,000	428,571	50,294	0.12%
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	11,278	1,324	0.00%
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	-	3,706	0.01%
<b>Total</b>			<b>6,288,224</b>	<b>4,473,531</b>	<b>10.79%</b>
<b>Integrated Medical Partners, LLC</b> Milwaukee, WI					
Second Lien Term Loan, 12.0% Cash, 6% PIK due, 3/1/2019 <sup>(3)</sup> (8)	Medical Business Services	\$ 1,120,261	1,120,261	1,098,115	2.65%
Preferred Membership, Class A units <sup>(5)</sup>		800	4,196,937	1,562,422	3.77%
Preferred Membership, Class B units <sup>(5)</sup>		760	29,586	7,559	0.02%
Common Units <sup>(5)</sup>		14,082	-	14	0.00%
<b>Total</b>			<b>5,346,784</b>	<b>2,668,110</b>	<b>6.44%</b>
<b>PCC SBH Sub, Inc.</b> Karnes City, TX					
Unsecured loan, 12% Cash, due 2/15/2018	Energy Services	\$ 14,000	14,000	14,000	0.03%
Common stock <sup>(5)</sup>		100	2,525,481	2,004,387	4.84%
<b>Total</b>			<b>2,539,481</b>	<b>2,018,387</b>	<b>4.87%</b>
<b>Rockfish Seafood Grill, Inc.</b> Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 <sup>(2)</sup> , (3), (5)	Casual Dining	\$ 6,352,944	6,352,944	7,187,075	17.33%
Revolving Loan, 8% Cash, due 12/31/2018 <sup>(7)</sup>		\$ 1,821,000	1,821,000	1,927,444	4.65%
<b>Rockfish Holdings, LLC</b>					
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2028 <sup>(5)</sup>		10.00%	414,960	7,613	0.02%
Membership Interest – Class A <sup>(5)</sup>		99.997%	3,734,636	68,516	0.17%
<b>Total</b>			<b>12,323,540</b>	<b>9,190,648</b>	<b>22.17%</b>
<b>Total control investments</b>			<b>26,498,029</b>	<b>18,350,676</b>	<b>44.27%</b>
<b>Non-control/non-affiliate investments</b>					
<b>ECM Energy Services, Inc.</b> Waynesburg, PA					
Revolving Loan Participation, Second Lien, US Prime Rate + 1%, (5.25% floor) and 7.2% collateral management fee, overall floor of 12.0%, due 2/11/2019 <sup>(9)</sup>	Energy Services	\$ 1,000,000	1,000,000	1,000,000	2.41%
<b>Great Value Storage, LLC</b> Austin, TX					
First Lien Loan, 12.0% cash, 2.0% PIK, due 12/31/2018 <sup>(3)</sup>	Storage Company Property Management	\$ 6,766,005	6,773,495	6,702,541	16.17%
<b>Lone Star Brewery Development, Inc.</b> Houston, TX					
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 2/13/2020 <sup>(2)</sup> , (3), (5)	Real Estate Development	\$ 8,076,135	8,076,135	7,450,000	17.98%

See notes to financial statements (unaudited).



PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2018 (Unaudited) (Continued)

<u>Investments</u>	<u>Headquarters / Industry</u>	<u>Principal Amount/ Shares/% Ownership</u>	<u>Amortized Cost</u>	<u>Fair Value <sup>(1)</sup></u>	<u>% of Net Assets</u>
<b><u>Non-control/non-affiliate investments (continued)</u></b>					
<b>Performance Alloys, LLC</b>	Houston, TX				
Second Lien Loan, 6.0% cash, due 5/31/2020	Nickel Pipe,	\$ 6,750,000	\$ 6,750,000	\$ 6,369,371	15.37%
Membership Interest – Class B <sup>(5)</sup>	Fittings & Flanges	25.97%	5,131,090	863,713	2.08%
Total			<u>11,881,090</u>	<u>7,233,084</u>	<u>17.45%</u>
<b>Rampart Detection Systems, Ltd.</b>	British Columbia, Canada				
Common Stock Shares <sup>(4), (5)</sup>	Security	600,000	1,200	1,200	0.00%
<b>Total non-control/non-affiliate investments</b>			<u>27,731,920</u>	<u>22,386,825</u>	<u>54.01%</u>
<b>Total Portfolio Investments</b>			<u>54,229,949</u>	<u>40,737,501</u>	<u>98.28%</u>
<b>United States Treasury</b>					
U. S. Treasury Bill 0.0%, 7/5/2018		34,000,000	33,993,686	33,994,220	82.01
<b>Total Investments</b>			<u><u>\$ 88,223,635</u></u>	<u><u>\$ 74,731,721</u></u>	<u><u>180.29%</u></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) Investment is on non-accrual status as of September 30, 2018.

(3) Represents a security with a payment-in-kind component (“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.

(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 September 30, 2018, less than 1% of the total fair value of investments represents non-qualifying assets.

(5) Investment is non-income producing as of September 30, 2018.

(6) Represents an illiquid investment. At September 30, 2018, 100% of the total fair value of portfolio investments are illiquid.

(7) On June 29, 2015, the Company entered into a revolving loan commitment with Rockfish Seafood Grill, Inc. This revolving loan commitment was increased in January 2017 by \$140,000. As of September 30, 2018, the commitment was fully funded.

(8) Represents investment in Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC.

(9) Represents a participation in a revolving loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc. This participation revolving loan commitment is \$1,000,000 and as of September 30, 2018, the commitment was fully funded.

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**

**SCHEDULE OF INVESTMENTS as of September 30, 2018 (Unaudited) (Continued)**

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills, if any) by geography and industry as of September 30, 2018.

<b>Geography</b>	<b>September 30, 2018</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
United States	\$ 40,736,301	98.28%
Canada	1,200	0.00
<b>Total</b>	<b>\$ 40,737,501</b>	<b>98.28%</b>

<b>Industry</b>	<b>September 30, 2018</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Casual Dining	\$ 9,190,648	22.17%
Real Estate Development	7,450,000	17.98
Nickel Pipe, Fittings and Flanges	7,233,084	17.45
Storage Company Property Management	6,702,541	16.17
Staffing	4,473,531	10.79
Energy Services	3,018,387	7.28
Medical Business Services	2,668,110	6.44
Security	1,200	0.00
<b>Total</b>	<b>\$ 40,737,501</b>	<b>98.28%</b>

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2017

Investments	Headquarters / Industry	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value <sup>(1)</sup>	% of Net Assets
<b>Portfolio Investments <sup>(6)</sup></b>					
<b>Control investments</b>					
<b>Advantis Certified Staffing Solutions, Inc.</b> Houston, TX					
Second Lien Loan, 6.0% Cash, due 11/30/2021 <sup>(2)</sup> <sup>(5)</sup>	Staffing	\$ 4,500,000	\$ 4,500,000	\$ 3,826,477	9.24%
Unsecured loan, 5%, due 10/31/2017		\$ 89,225	89,225	76,839	0.19%
Unsecured loan, 5%, due 12/31/2017		\$ 69,000	69,000	59,422	0.14%
Unsecured loan, 5%, due 12/31/2017		\$ 125,000	125,000	107,648	0.26%
Unsecured loan, 5%, due 12/31/2017		\$ 30,000	30,000	25,836	0.06%
Unsecured loan, 5%, due 12/31/2017		\$ 105,000	105,000	90,425	0.22%
Unsecured loan, 5%, due 12/31/2017		\$ 200,000	200,000	172,237	0.42%
Unsecured loan, 5%, due 12/31/2017		\$ 150,000	150,000	129,178	0.31%
Unsecured loan, 5%, due 12/31/2017		\$ 45,000	45,000	38,753	0.09%
Common Stock – Series A <sup>(5)</sup>		\$ 225,000	10,150	3,713	0.01%
Common Stock – Series B <sup>(5)</sup>		\$ 9,500,000	428,571	156,757	0.38%
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	11,278	4,125	0.01%
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	-	11,551	0.03%
Total			5,763,224	4,702,961	11.36%
<b>Integrated Medical Partners, LLC</b> Milwaukee, WI					
Unsecured Loan, 6.0% Cash, due 9/30/2019 <sup>(8)</sup>	Medical Business	\$ 451,922	451,922	437,085	1.06%
Unsecured Loan, 6.0% Cash, due 5/20/2018 <sup>(8)</sup>	Services	\$ 100,000	100,000	81,389	0.19%
Preferred Membership, Class A units <sup>(5)</sup>		800	4,196,937	1,844,856	4.46%
Preferred Membership, Class B units <sup>(5)</sup>		760	29,586	34,514	0.08%
Common Units <sup>(5)</sup>		14,082	-	307	0.00%
Total			4,778,445	2,398,151	5.79%
<b>PCC SBH Sub, Inc.</b> Karnes City, TX					
Unsecured loan, 12% Cash, due 2/15/2018	Energy Services	\$ 14,000	14,000	14,000	0.03%
Common stock <sup>(5)</sup>		100	2,525,481	1,570,755	3.79%
Total			2,539,481	1,584,755	3.82%
<b>Rockfish Seafood Grill, Inc.</b> Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 <sup>(2)</sup> , <sup>(3)</sup> , <sup>(5)</sup>	Casual Dining	\$ 6,352,944	6,352,944	6,637,883	16.03%
Revolving Loan, 8% Cash, due 6/29/2017 <sup>(2)</sup> , <sup>(5)</sup> , <sup>(7)</sup>		\$ 1,621,000	1,621,000	1,663,335	4.02%
<b>Rockfish Holdings, LLC</b>					
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2018 <sup>(5)</sup>		10.000%	414,960	257,647	0.62%
Membership Interest – Class A <sup>(5)</sup>		89.400%	3,734,636	28,628	0.07%
Total			12,123,540	8,587,493	20.74%
<b>Total control investments</b>			25,204,690	17,273,360	41.71%
<b>Non-control/non-affiliate investments</b>					
<b>ECM Energy Services, Inc.</b> Waynesburg, PA					
Revolving Loan, US Prime Rate + 1%, (5.25% floor) and 7.2% collateral management fee, overall floor of 12.0%, due 2/11/2019 <sup>(9)</sup>	Energy Services	\$ 1,000,000	1,000,000	1,000,000	2.42%
<b>Great Value Storage, LLC</b> Austin, TX					
First Lien Loan, 12.0% cash, 2.0% PIK, due 12/31/2018 <sup>(3)</sup>	Storage Company Property Management	\$ 6,664,416	6,694,132	6,664,000	16.09%

See notes to financial statements (unaudited).



PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of as of December 31, 2017 (Continued)

Investments	Headquarters / Industry	Principal Amount/Shares/% Ownership	Amortized Cost	Fair Value (1)	% of Net Assets
<b>Non-control/non-affiliate investments (continued)</b>					
<b>Lone Star Brewery Development, Inc.</b>	Houston, TX				
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 (2), (3), (5)	Real Estate Development	\$ 8,076,135	\$ 8,076,135	\$ 7,500,000	18.11%
<b>Performance Alloys, LLC</b>	Houston, TX				
Second Lien Loan, 6.0% cash, due 5/31/2020	Nickel Pipe,	\$ 6,750,000	6,750,000	6,339,459	15.31%
Membership Interest – Class B (5)	Fittings & Flanges	25.97%	5,131,090	172,741	0.42%
Total			<u>11,881,090</u>	<u>6,512,200</u>	<u>15.73%</u>
<b>Rampart Detection Systems, Ltd.</b>	British Columbia, Canada				
Common Stock Shares (4), (5)	Security	600,000	1,200	1,200	0.00%
<b>Total non-control/non-affiliate investments</b>			<u>27,652,557</u>	<u>21,677,400</u>	<u>52.35%</u>
<b>Total Portfolio Investments</b>			<u>52,857,247</u>	<u>38,950,760</u>	<u>94.06%</u>
<b>Total Investments</b>			<u>\$ 52,857,247</u>	<u>\$ 38,950,760</u>	<u>94.06%</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) Investment is on non-accrual status as of December 31, 2017.

(3) Represents a security with a payment-in-kind component (“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.

(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, 2017, less than 1% of the total fair value of investments represents non-qualifying assets.

(5) Investment is non-income producing as of December 31, 2017.

(6) Represents an illiquid investment. At December 31, 2017, 100% of the total fair value of portfolio investments are illiquid.

(7) On June 29, 2015, the Company entered into a revolving loan commitment with Rockfish Seafood Grill, Inc. This revolving loan commitment was increased in January 2017 by \$140,000. As of December 31, 2017, the commitment was fully funded.

(8) Represents investment in Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC.

(9) Represents a participation in a revolving loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc. This participation revolving loan commitment is \$1,000,000 and as of December 31, 2017, the commitment was fully funded.

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**

**SCHEDULE OF INVESTMENTS as of December 31, 2017 (Continued)**

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills) by geography and industry as of December 31, 2017.

<b>Geography</b>	<b>December 31, 2017</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Canada	\$ 38,949,560	94.06%
United States	1,200	0.00
<b>Total</b>	<b>\$ 38,950,760</b>	<b>94.06%</b>

<b>Industry</b>	<b>December 31, 2017</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Casual Dining	\$ 8,587,493	20.74%
Real Estate Development	7,500,000	18.11
Storage Company Property Management	6,664,000	16.09
Nickel Pipe, Fittings & Flanges	6,512,200	15.73
Staffing	4,702,961	11.36
Energy Services	2,584,755	6.24
Medical Business Services	2,398,151	5.79
Security	1,200	0.00
<b>Total</b>	<b>\$ 38,950,760</b>	<b>94.06%</b>

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (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 Princeton, 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, our goal is 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, however, did not meet the requirements to qualify as a RIC for the 2016 or 2017 tax years and expects to be taxed as a corporation under Subchapter C of the Code for those years. 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, Princeton Capital’s predecessor 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, Regal One had been involved in several industries. In 1998, Electro-Mechanical Services Inc. changed its name to Regal One Corporation.

On March 7, 2005, Regal One’s board of directors determined it was in the shareholders’ best interest to change the focus of its operations to providing financial consulting services through its network of advisors and professionals, and to be regulated as a BDC under the 1940 Act. On September 16, 2005, Regal One filed a Form N54A (Notification of Election by Business Development Companies) with the Securities and Exchange Commission (“SEC”), which transformed Regal One into a BDC in accordance with sections 55 through 65 of the 1940 Act. Regal One reported as an operating BDC from March 31, 2006 until March 13, 2015 and since March 13, 2015 (following the Reincorporation described below) Princeton Capital has reported as an operating BDC.

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 BDC by entering into an external investment advisory agreement with Princeton Investment Advisors, LLC, (“Princeton Investment Advisors”) a Delaware limited liability company.

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 an investment advisory agreement with Princeton Investment Advisors, which subsequently was terminated by the Company’s Board of Directors on January 18, 2016, effective as of June 9, 2016.

On January 18, 2016, the Board of Directors of the Company conditionally approved the investment advisory agreement with Princeton Advisory Group, Inc., a New Jersey corporation (“Princeton Advisory Group”) (the “PAG Investment Advisory Agreement”), subject to the approval of the Company’s stockholders at the 2016 Annual Meeting of Stockholders. At the 2016 Annual Meeting of Stockholders held on June 9, 2016, the Company’s stockholders approved the PAG Investment Advisory Agreement, effective June 9, 2016. From June 9, 2016 through December 31, 2017, Princeton Advisory Group acted as the Company’s investment advisor pursuant to the terms of the PAG Investment Advisory Agreement.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

On December 27, 2017, the Board determined that it would be in the best interests of the Company and its stockholders to terminate the PAG Investment Advisory Agreement and sent a formal Notice of Termination to Princeton Advisory Group notifying Princeton Advisory Group of its termination as the Company's investment advisor, effective as of December 31, 2017 at 11:59 p.m. Eastern Time. Also on December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act) and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "Interim Investment Advisory Agreement"), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

On April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the "House Hanover Investment Advisory Agreement") subject to the approval of the Company's stockholders at the 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

Since January 1, 2018, House Hanover has acted as our investment advisor under the Interim Investment Advisory Agreement (from January 1, 2018 until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018).

**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.

**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. It is likely that changes in these estimates will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ materially from such estimates.

The reported amounts for the three and nine months ended September 30, 2018 may not be indicative of the results ultimately achieved for the year ended December 31, 2018 which will be presented in the Company's annual report on form 10-K.

**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, 2018, the Company had control investments in Advantis Certified Staffing Solutions, Inc., PCC SBH Sub, Inc., Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC and Integrated Medical Partners, LLC as defined under the 1940 Act. As of December 31, 2017, the Company had control investments in Advantis Certified Staffing Solutions, Inc., PCC SBH Sub, Inc., Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC and Integrated Medical Partners, LLC as defined under the 1940 Act.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

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 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.

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 an independent valuation firm, except for those investments where market quotations are readily available;
- Preliminary valuation conclusions are then documented and discussed with our senior management and our investment advisor (our investment advisor, as disclosed in various public filings, in Note 1, and elsewhere in this Form 10-Q, changed on January 1, 2018 from Princeton Advisory Group to House Hanover);
- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;
- 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 our investment advisor (our investment advisor, as disclosed in various public filings, in Note 1, and elsewhere in this Form 10-Q, changed on January 1, 2018 from Princeton Advisory Group to House Hanover), the independent valuation firm and the valuation committee.

U.S. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are 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.

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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

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.

**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.

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 gain or loss.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

*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.

*Equity Investments*

The Company's 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 earnings before interest, taxes, depreciation and amortization ("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.

**Valuation of Other Financial Instruments**

The carrying amounts of the Company's other, non-investment, financial instruments, consisting of cash, receivables, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

**Cash and Restricted Cash**

The Company deposits its cash and restricted 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.

As of September 30, 2018 and December 31, 2017, there was no restricted cash.

**U.S. Treasury Bills**

At the end of each fiscal quarter, we may take proactive steps to be 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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

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 from investment sources, includes annual fees and monitoring fees from our portfolio investments and are included in other income from non-control/non-affiliate investments and other income from affiliate investments. Income from such sources for the three and nine months ended September 30, 2018 was \$10,872 and \$34,000, respectively. Income from such sources for the three and nine months ended September 30, 2017 was \$14,188 and \$37,891 respectively.

Other income from non-investment sources is generally comprised of interest income earned on cash in the Company's bank account. Income from such sources for the three and nine months ended September 30, 2018 was \$665 and \$2,209, respectively. Income from such sources for the three and nine months ended September 30, 2017 was \$1,669 and \$1,819, respectively.

**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. For the three and nine months ended September 30, 2018 PIK interest was \$51,325 and \$136,595, respectively. PIK interest for the three and nine months ended September 30, 2017 PIK interest was \$33,717 and \$99,555, respectively. In order to qualify 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 three and nine months ended September 30, 2018 and 2017 and through the date of issuance of this report, no dividends have been paid out to stockholders.

**Net Change in Unrealized Gain or Loss**

Net change in unrealized gain or loss 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. Up until the agreements to settle in December 2017, it was undeterminable as to the ultimate responsibility for amounts invoiced to the Company by two law firms that provided services, as these invoices were for all of such law firm's fees even though they represented multiple parties and the Company believed that some of these services rendered were provided solely or primarily for the benefit of other represented parties. For the three and nine months ended September 30, 2018 and 2017, the Company was not invoiced any legal fees by these two law firms related to this lawsuit. As of December 31, 2017, the Company reached an agreement with the two law firms and paid them \$330,000 to settle all outstanding invoices. In addition, as of December 31, 2017, the Company reduced accounts payable by \$1,060,039 as a result of the settlements. Other legal fees invoiced to the Company for the three and nine months ended September 30, 2018 and 2017, were incurred in the normal operating course of business and are included in professional fees on the Statement of Operations.

**Federal and State Income Taxes**

The Company was taxed as a regular corporation (a "C corporation") under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2017 taxable year. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company did not meet the qualifications of RIC for the 2017 tax year and will be taxed as a corporation under Subchapter C of the Code. The failure to qualify as a RIC, however, did not impact the 2017 tax year as the Company incurred tax losses. As a result of the losses incurred for the year ended December 31, 2017, the Company intends to carry forward the net operating losses to future periods in which the Company generates taxable income to reduce its tax liability.

The Company does not expect to meet the qualifications of a RIC for the 2018 tax year and will be taxed as a corporation under Subchapter C of the Code. However, in the event that the Company does meet the qualifications of a RIC for the 2018 tax year, it may not be in the best interests of the Company's stockholders to elect to be taxed as a RIC for the 2018 tax year due to the net operating losses and capital loss carryforwards the Company currently has. Management will make a determination that is in the best interests of the Company and its stockholders.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year. So long as the Company achieves its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company's investors and will not be reflected in the financial statements of the Company.

The Company evaluates tax positions taken or expected to be taken while preparing its financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the "more-likely-than-not" threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof.

#### **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. For the three and nine months ended September 30, 2018 and 2017 and through the date of issuance of this report, no dividends have been declared or distributed to stockholders.

#### **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. For the three and nine months ended September 30, 2018 and 2017, basic and diluted earnings (loss) per share were the same, since there were no potentially dilutive securities outstanding.

#### **Capital Accounts**

Certain capital accounts including undistributed net investment income, accumulated net realized gain or loss, accumulated net unrealized gain or loss, 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 November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"). ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those years. The Company early adopted ASU 2016-18 as shown on the Statement of Cash Flows.

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities," to generally require equity investments be measured at fair value with changes in fair value recognized in net income, simplify the impairment assessment of equity investments without readily-determinable fair value, and change disclosure and presentation requirements regarding financial instruments and other comprehensive income, and clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. In February 2018, the FASB issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10). The amendments in ASU 2018-03 make technical corrections to certain aspects of ASU 2016-01 on recognition of financial assets and financial liabilities. For public entities, the guidance in ASU 2016-01 and amendments in ASU 2018-03 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Adoption of ASU 2016-01 and ASU 2018-03 did not have a material impact on the Company's financial statements.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

In March 2018, the FASB issued ASU 2018-05, “Income Taxes (Topic 740); Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118”. This ASU provides accounting and disclosure guidance relating to the Tax Cuts and Jobs Act pursuant to the issuance of SEC Staff Accounting Bulletin No. 118. The guidance allows a company to report provisional amounts when reasonable estimates are determinable for certain income tax effects relating to the Act. These provisional amounts may give rise to new current or deferred taxes based on certain provisions within the Act, as well as adjustments to existing current or deferred taxes that existed prior to the Act’s enactment date. Adoption of ASU 2018-05 did not have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-13 (“ASU 2018-13”), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in ASU 2018-13 on this update eliminate, add and modify certain disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The amendments are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted upon issuance of this update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this update and delay adoption of the additional disclosures until their effective date. Management is evaluating the new guidance, but does not expect the adoption of this guidance to have a material impact on the Company's financial statements.

The SEC recently completed a project to streamline disclosure requirements in regulations S-X and S-K, as part of release 33-10532. The SEC adopted amendments to certain of its disclosure requirements that have become redundant, duplicative, overlapping, outdated, or superseded, in light of other SEC disclosure requirements and U.S. GAAP. Management is evaluating the new guidance, but does not expect the adoption of this guidance to have a material impact on the Company's 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.

**NOTE 4 – NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE**

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets resulting from operations per common share for the three months ended September 30, 2018 and September 30, 2017 and the nine months ended September 30, 2018 and September 30, 2017.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>Per Share Data <sup>(1)</sup>:</b>				
Net increase (decrease) in net assets resulting from operations	\$ (118,447)	\$ 977,028	\$ 43,615	\$ (1,096,001)
Weighted average shares outstanding for period				
Basic	120,486,061	120,486,061	120,486,061	120,486,061
Diluted	120,486,061	120,486,061	120,486,061	120,486,061
Basic and diluted net increase (decrease) in net assets resulting from operations per common share				
Basic	\$ (0.001)	\$ 0.008	\$ 0.000	\$ (0.009)
Diluted	\$ (0.001)	\$ 0.008	\$ 0.000	\$ (0.009)

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

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

**NOTE 5 – FAIR VALUE OF INVESTMENTS**

The Company's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC Topic 820 – Fair Value Measurements and Disclosures (“ASC 820”). See Note 2 for a discussion of the Company's policies.

The following table presents information about the Company's assets measured at fair value as of September 30, 2018 and December 31, 2017, respectively:

	<b>As of September 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Portfolio Investments</b>				
First Lien Loans	\$ -	\$ -	\$ 15,817,060	\$ 15,817,060
Second Lien Loans	-	-	19,064,770	19,064,770
Unsecured Loans	-	-	1,283,732	1,283,732
Equity	-	-	4,571,939	4,571,939
<b>Total Portfolio Investments</b>	<b>-</b>	<b>-</b>	<b>40,737,501</b>	<b>40,737,501</b>
<b>U.S. Treasury Bill</b>	<b>33,994,220</b>	<b>-</b>	<b>-</b>	<b>33,994,220</b>
<b>Total Investments</b>	<b>\$ 33,994,220</b>	<b>\$ -</b>	<b>\$ 40,737,501</b>	<b>\$ 74,731,721</b>

  

	<b>As of December 31, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Portfolio Investments</b>				
First Lien Loans	\$ -	\$ -	\$ 14,965,218	\$ 14,965,218
Second Lien Loans	-	-	18,665,936	18,665,936
Unsecured Loans	-	-	1,232,812	1,232,812
Equity	-	-	4,086,794	4,086,794
<b>Total Portfolio Investments</b>	<b>-</b>	<b>-</b>	<b>38,950,760</b>	<b>38,950,760</b>
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,950,760</b>	<b>\$ 38,950,760</b>

During the nine months ended September 30, 2018 and the year ended December 31, 2017, there were no transfers between Level, 1, Level 2 or Level 3.

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, 2018 are as follows:

	<b>First Lien Loans</b>	<b>Second Lien Loans</b>	<b>Unsecured Loans</b>	<b>Equity</b>	<b>Total</b>
Fair value at beginning of period	\$ 14,965,218	\$ 18,665,936	\$ 1,232,812	\$ 4,086,794	\$ 38,950,760
Amortization	(22,227)	-	-	-	(22,227)
Purchases of investments	200,000	600,000	1,338,225	-	2,138,225
Sales of investments	-	-	(879,891)	-	(879,891)
Payment-in-kind interest	101,590	35,005	-	-	136,595
Change in unrealized gain (loss) on investments	572,479	(721,427)	77,842	485,145	414,039
Transfer due to restructuring	-	485,256	(485,256)	-	-
Fair value at end of period	<u>\$ 15,817,060</u>	<u>\$ 19,064,770</u>	<u>\$ 1,283,732</u>	<u>\$ 4,571,939</u>	<u>\$ 40,737,501</u>
Change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2018	<u>\$ 572,479</u>	<u>\$ (721,427)</u>	<u>\$ (68,493)</u>	<u>\$ 485,145</u>	<u>\$ 267,704</u>

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

Changes in Level 3 assets measured at fair value for the year ended December 31, 2017 are as follows:

	<b>First Lien Loans</b>	<b>Second Lien Loans</b>	<b>Unsecured Loans</b>	<b>Equity</b>	<b>Total</b>
Fair value at beginning of year	\$ 16,301,261	\$ 17,250,000	\$ 276,922	\$ 11,778,757	\$ 45,606,940
Amortization	(20,628)	-	-	-	(20,628)
Purchases of investments	267,000	1,000,000	1,385,147	450,001	3,102,148
Sales of investments	-	-	(282,922)	(5,895,860)	(6,178,782)
Payment-in-kind interest	33,717	-	-	-	33,717
Realized gain	-	-	-	589,111	589,111
Change in unrealized gain (loss) on investments	909,349	415,936	(146,335)	(5,360,696)	(4,181,746)
Transfer due to restructuring	(2,525,481)	-	-	2,525,481	-
Fair value at end of year	<u>\$ 14,965,218</u>	<u>\$ 18,665,936</u>	<u>\$ 1,232,812</u>	<u>\$ 4,086,794</u>	<u>\$ 38,950,760</u>
Change in unrealized gain (loss) on Level 3 investments still held as of December 31, 2017	<u>\$ 123,865</u>	<u>\$ 415,936</u>	<u>\$ (146,335)</u>	<u>\$ (4,280,765)</u>	<u>\$ (3,887,299)</u>

The following table provides quantitative information regarding Level 3 fair value measurements as of September 30, 2018:

<b>Description</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Average)</b>
<b>First Lien Loans</b>	\$ 15,817,060	Discounted Cash Flow	Discount Rate	19.4%-29.6% (24.7%)
<i>Total</i>	<u>15,817,060</u>			
<b>Second Lien Loans</b>	11,614,770	Discounted Cash Flow	Discount Rate	9.2%-25.4% (18.0%)
	7,450,000	Market Approach	Real Estate Appraisal Values	N/A
<i>Total</i>	<u>19,064,770</u>			
<b>Unsecured Loans</b>	1,269,732	Discounted Cash Flow	Discount Rate	31.2%
	14,000	Market Approach	Real Estate Appraisal Values	N/A
<i>Total</i>	<u>1,283,732</u>			
<b>Equity</b>	2,566,352	Discounted Cash Flow	Discount Rate	10.2%-15.3% (11.7%)
		Market Approach	Enterprise Value/Revenue Multiples	0.2x-1.1x (0.7x)
		Market Approach	Enterprise Value/EBITDA Multiples	7.4x-10.0x (8.6x)
		Market Approach	Enterprise Value/EBITDA Multiples	15.0x
		Black-Scholes Option Pricing Model	Volatility	24.3%-28.4% (24.7%)
			Discount for lack of marketability	5.0%-30.0% (13.4%)
	2,004,387	Market Approach	Real Estate Appraisal Values	N/A
<i>Total</i>	<u>4,570,739</u>			
<b>Total Level 3 Investments</b>	<u>\$ 40,736,301</u>			

The Company's remaining Level 3 investments aggregating approximately \$1,200 have been valued using unadjusted third party transactions. As a result, there were no unobservable inputs that have been internally developed by the Company in determining the fair values of these investments as of September 30, 2018.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2017:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average)	
<b>First Lien Loans</b>	\$ 6,664,000	Discounted Cash Flow	Discount Rate	11.80%-13.80% (12.80%)	
	8,301,218	Discounted Cash Flow	Discount Rate	12.20%	
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-0.9x (0.75x)	
		Market Approach	Real Estate Appraisal Values	N/A	
<i>Total</i>	<u>14,965,218</u>				
<b>Second Lien Loans</b>	7,500,000	Market Approach	Real Estate Appraisal Values	N/A	
	1,000,000	Discounted Cash Flow	Discount Rate	11.80%	
	3,826,477	Discounted Cash Flow	Discount Rate	14.90%	
			Enterprise Value / Revenue & EBITDA		
			Multiples	0.2X	
	6,339,459	Discounted Cash Flow	Discount Rate	10.10%	
			Market Approach	Enterprise Value/Revenue Multiple	8.5X
<i>Total</i>	<u>18,665,936</u>				
<b>Unsecured Loans</b>	1,218,812	Discounted Cash Flow	Discount Rate	11.60-14.90%(13.25%)	
			Enterprise Value / Revenue & EBITDA		
		Market Approach	Multiples	0.20x– 19.10x (9.65x)	
	14,000	Market Approach	Real Estate Appraisal Values	N/A	
<i>Total</i>	<u>1,232,812</u>				
<b>Equity</b>	2,516,039	Black-Scholes Option Pricing Model	Volatility	22.40%-32.80% (27.60%)	
			Discount for lack of marketability	5.00%-30.00% (17.50%)	
			Enterprise Value / Revenue & EBITDA		
			Market Approach	Multiples	0.20x – 19.10x (9.65x)
			Income Approach	Discount Rate	10.10% - 14.9% (12.50%)
	1,570,755	Market Approach	Real Estate Appraisal Values	N/A	
<i>Total</i>	<u>4,086,794</u>				
<b>Total Level 3 Investments</b>	<u>\$ 38,950,760</u>				

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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**Transition of Investment Advisory Agreements**

Our board of directors, including a majority of our independent directors, conditionally approved the PAG Investment Advisory Agreement between the Company and Princeton Advisory Group at its meeting held on January 18, 2016, 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 PAG Investment Advisory Agreement. The effective date of the PAG Investment Advisory Agreement was June 9, 2016. At a Special Meeting of the Board held on June 27, 2017, the Board, including a majority of the independent directors of the Board, voted to renew the PAG Investment Advisory Agreement for another one year term, pursuant to the requirements of Section 9(c) of the PAG Investment Advisory Agreement and Section 15(c) of the 1940 Act. Subject to the overall supervision of our board of directors and in accordance with the 1940 Act, Princeton Advisory Group managed our day-to-day operations and provided investment advisory services to us until the PAG Investment Advisory Agreement was terminated effective December 31, 2017.

As disclosed elsewhere in this 10-Q (including Note 1), House Hanover has served as the Company's investment advisor since January 1, 2018 pursuant to the Interim Investment Advisory Agreement and the House Hanover Investment Advisory Agreement.

Since the transition of investment advisors occurred during the periods covered under the financial statements included in this Form 10-Q, we have disclosed the material terms of both the PAG Investment Advisory Agreement and the House Hanover Investment Advisory Agreement below, beginning with the PAG Investment Advisory Agreement.

**PAG Investment Advisory Agreement**

Under the PAG Investment Advisory Agreement, the administrative services of the Company were provided by Princeton Advisory Group, Inc. and subject to reimbursement of administrative related expenses under the PAG Investment Advisory Agreement.

*Advisory Services*

Princeton Advisory Group is registered as an investment adviser under the 1940 Act, and from June 9, 2016 until December 31, 2017, served as the Company's investment advisor pursuant to the PAG Investment Advisory Agreement in accordance with the 1940 Act. Princeton Advisory Group is owned by and an affiliate of Mr. Munish Sood, the Company's former President, Director and Chief Executive Officer.

Subject to supervision by the Company's Board of Directors, Princeton Advisory Group oversees the Company's day-to-day operations and provides the Company with investment advisory services. Under the terms of the PAG Investment Advisory Agreement, Princeton Advisory Group, among other things: (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, monitors and services the Company's investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, will assist in the execution and closing of the sale of the Company's assets or a sale of the equity of the Company in one or more transactions. Princeton Advisory Group's services under the PAG Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired.

*Management Fee*

Pursuant to the PAG Investment Advisory Agreement, the Company pays Princeton Advisory Group a base management fee for investment advisory and management services. The cost of the base management fee will ultimately be borne by the Company's stockholders. The PAG Investment Advisory Agreement does not include an incentive fee to Princeton Advisory Group.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters prior to the quarter for which such fees are being calculated. The Board of Directors may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or Princeton Advisory Group receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to Princeton Advisory Group or Princeton Advisory Group will be obligated to refund the decreased amount, as applicable.

Management fees under the PAG Investment Advisory Agreement for the three and nine months ended September 30, 2017 were \$110,740 and \$323,131. As of September 30, 2018 and December 31, 2017, management fees of \$19,282 and \$94,282 were payable to Princeton Advisory Group.

***Incentive Fee***

The Company is not obligated to pay Princeton Advisory Group an incentive fee.

***Payment of Expenses***

Princeton Advisory Group will bear all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bear the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of Princeton Advisory Group. However, Princeton Advisory Group, subject to approval by the Board of Directors of the Company, will be entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the PAG Investment Advisory Agreement, Princeton Advisory Group will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the PAG Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company will reimburse Princeton Advisory Group all direct and indirect costs and expenses incurred by it during the term of the PAG Investment Advisory Agreement for: (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by Princeton Advisory Group in excess of \$50,000 in the aggregate in any calendar quarter will require advance approval by the Board of Directors of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by Princeton Advisory Group that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not Princeton Advisory Group);

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

- all costs of registration and listing the Company's shares 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 of the Company (but not Princeton Advisory Group) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company regarding administering the Company's business.

***Duration and Termination***

Unless terminated earlier as described below, the PAG Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company's Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of the of Company's directors who are neither parties to the PAG Investment Advisory Agreement nor "interested persons" (as defined under the 1940 Act) of any such party. The PAG Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company's directors, or (ii) upon 60 days' written notice, by Princeton Group. The PAG Investment Advisory Agreement automatically terminates in the event of its "assignment," as defined in the 1940 Act. As disclosed elsewhere in this Form 10-Q (including Note 1), the PAG Investment Advisory Agreement was terminated as of December 31, 2017.

***Indemnification***

The PAG Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the PAG Investment Advisory Agreement (and to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services), Princeton Advisory Group and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Princeton Advisory Group's services under the PAG Investment Advisory Agreement or otherwise as the Company's investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

At all times during the term of the PAG Investment Advisory Agreement and for one year thereafter, Princeton Advisory Group is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of Directors of the Company.

***Administration Services and Sub-Administration Agreement***

Princeton Advisory Group is entitled to reimbursement of expenses under the PAG Investment Advisory for administrative services performed for the Company.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

Princeton Advisory Group engaged Conifer Asset Solutions LLC (the “Sub-Administrator”) to provide certain administrative services to us. As of December 15, 2016, Conifer Asset Solutions LLC’s parent company, Conifer Financial Services, LLC, was acquired by SS&C Technologies Holdings, Inc. In exchange for provided services, the Administrator pays the Sub-Administrator an asset-based fee with an annual minimum as adjusted for any reimbursement of expenses. The minimum annual fee rate is \$125,000 through June 9, 2017 and increases to a minimum annual fee rate of \$150,000 from June 10, 2017 through December 31, 2017. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

<b>Gross Assets</b>	<b>Fee</b>
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 \$52,929 and \$159,039 for the three and nine months ended September 30, 2017, respectively, and sub-administration fees were \$39,354 and \$101,854 for the three and nine months ended September 30, 2017, respectively, as shown on the Statements of Operations under administration fees.

#### **House Hanover Investment Advisory Agreement**

Effective as of January 1, 2018, House Hanover serves as our investment advisor. House Hanover is registered as an investment advisor under the 1940 Act.

#### ***Material Changes in Investment Advisory Agreements***

The terms and conditions of the House Hanover Investment Advisory Agreement and the PAG Investment Advisory Agreement are substantially similar, including all management fees payable by the Company. Neither the House Hanover Investment Advisory Agreement nor the PAG Investment Advisory Agreement, contain an incentive fee component, as would be typical of many external investment advisory agreements.

The terms and conditions of the House Hanover Investment Advisory Agreement and the Interim Investment Advisory Agreement are substantially similar, except that (i) the Interim Investment Advisory Agreement did not require approval in accordance with Rule 15a-4 of the 1940 Act and (ii) the duration of the House Hanover Investment Advisory Agreement is one year from the effective date (May 31, 2018) and thereafter shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (a) the vote of the Board, or by the vote of a majority of the outstanding voting securities of the Company and (b) the vote of a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or “interested persons” (as such term is defined in Section 2(a)(19) of the 1940 Act) of any such party, in accordance with the requirements of the 1940 Act, as opposed to a 150-day limitation on the term, as set forth in the Interim Investment Advisory Agreement.

#### ***Advisory Services***

House Hanover is registered as an investment adviser under the 1940 Act and serves as the Company’s investment advisor pursuant to the House Hanover Investment Advisory Agreement in accordance with the 1940 Act. House Hanover is owned by and an affiliate of Mr. Mark DiSalvo, the Company’s Interim President, Interim Chief Executive Officer, and a director of the Company.

Subject to supervision by the Company’s Board, House Hanover oversees the Company’s day-to-day operations and provide the Company with investment advisory services. Under the terms of the House Hanover Investment Advisory Agreement, House Hanover, among other things: (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, closes, services and monitors the Company’s investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, assists in the execution and closing of the sale of the Company’s assets or a sale of the equity of the Company in one or more transactions. House Hanover’s services under the House Hanover Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired. At the request of the Company, House Hanover, upon any transition of the Company’s investment advisory relationship to another investment advisor or upon any internalization, shall provide reasonable transition assistance to the Company and any successor investment advisor.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

***Management Fee***

Pursuant to the House Hanover Investment Advisory Agreement, the Company pays House Hanover a base management fee for investment advisory and management services. The cost of the base management fee is ultimately borne by the Company's stockholders. The House Hanover Investment Advisory Agreement does not contain an incentive fee component.

The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters. The Board may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or House Hanover receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to House Hanover or House Hanover will be obligated to refund the decreased amount, as applicable.

Management fees under the Interim Investment Advisory Agreement and House Hanover Investment Advisory Agreement for the three and nine months ended September 30, 2018 were \$100,462 and \$321,453, respectively. As of September 30, 2018 and December 31, 2017, management fees of \$204,626 and \$0 were payable to House Hanover.

***Incentive Fee***

The Company is not obligated to pay House Hanover an incentive fee.

***Payment of Expenses***

House Hanover bears all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bear the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of House Hanover. However, House Hanover, subject to approval by the Board of the Company, is entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the House Hanover Investment Advisory Agreement, House Hanover will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the House Hanover Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company reimburses House Hanover all direct and indirect costs and expenses incurred by it during the term of the House Hanover Investment Advisory Agreement for: (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by House Hanover in excess of \$50,000 in the aggregate in any calendar quarter will require advance approval by the Board of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by House Hanover that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not House Hanover);
- all costs of registration and listing the Company's shares 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 of the Company (but not House Hanover) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company regarding administering the Company's business.

***Duration and Termination***

Unless terminated earlier as described below, the House Hanover Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company's Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of Company's directors who are neither parties to the House Hanover Investment Advisory Agreement nor "interested persons" (as defined under the 1940 Act) of any such party. The House Hanover Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company's directors, or (ii) upon 60 days' written notice, by House Hanover. The House Hanover Investment Advisory Agreement automatically terminates in the event of its "assignment," as defined in the 1940 Act.

***Indemnification***

The House Hanover Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the House Hanover Investment Advisory Agreement, House Hanover and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of House Hanover's services under the House Hanover Investment Advisory Agreement or otherwise as the Company's investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

At all times during the term of the House Hanover Investment Advisory Agreement and for one year thereafter, House Hanover is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of the Company.

***Administration Services and Service Agreement***

House Hanover is entitled to reimbursement of expenses under the House Hanover Investment Advisory Agreement for administrative services performed for the Company.

On January 1, 2018, Princeton Capital Corporation directly entered into a service agreement with SS&C Technologies Holdings, Inc. (the "Sub-Administrator") to provide certain administrative services to the Company. In exchange for provided services, the Company pays the Sub-Administrator an asset-based fee with a \$150,000 annual minimum as adjusted for any reimbursement of expenses. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

<b>Gross Assets</b>	<b>Fee</b>
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 \$67,500 and fees to the Sub-Administrator were \$37,500 for the three months ended September 30, 2018, as shown on the Statements of Operations under administration fees. Administration fees were \$196,500 and fees to the Sub-Administrator were \$112,500 for the nine months ended September 30, 2018, as shown on the Statements of Operations under administration fees.

**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, 2018, none of the portfolio companies had accepted our offer for such services.

**Other Related Party Transactions**

As disclosed in the Company's Form 8-K filed with the SEC on September 16, 2016, on September 12, 2016, the Company, as a Borrower, entered into a Term Loan in the amount of \$225,000 with Munish Sood, former CEO, President and Director of the Company, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. 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. As disclosed in the Company's Form 8-K filed with the SEC on October 27, 2016, on October 21, 2016, Munish Sood lent an additional \$140,000 under this Term Loan. On March 29, 2017, Munish Sood, in order to purchase certain assets to qualify as a RIC, lent an additional \$450,000 under this Term Loan and extended the maturity date to September 30, 2017. On April 10, 2017, the Company made a principal and interest payment totaling \$450,984 on this Term Loan. The loan was repaid in full with interest on July 17, 2017.

On June 28, 2017, Munish Sood made a non-interest bearing short term loan to Advantis Certified Staffing Solutions, Inc., one of the Company's portfolio companies, in the amount of \$89,225 for a short term working capital need. The loan was repaid without interest on July 5, 2017.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 (Unaudited)

**NOTE 7 – FINANCIAL HIGHLIGHTS**

	<b>Three Months Ended September 30, 2018 (Unaudited)</b>	<b>Three Months Ended September 30, 2017 (Unaudited)</b>
<b>Per Share Data <sup>(1)</sup>:</b>		
Net asset value at beginning of period	\$ 0.345	\$ 0.348
Net investment loss	(0.001)	(0.001)
Realized gain (loss)	(0.001)	0.005
Change in unrealized gain	0.001	0.004
Net asset value at end of period	<u>\$ 0.344</u>	<u>\$ 0.356</u>
Total return based on net asset value <sup>(2)</sup>	0.3%	2.3%
Weighted average shares outstanding for period, basic	120,486,061	120,486,061
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period	\$ 41,451,154	\$ 42,889,318
Average net assets	\$ 41,568,327	\$ 41,922,796
Annualized ratio of net operating expenses to average net assets <sup>(3)</sup>	6.7%	4.1%
Annualized ratio of net investment loss to average net assets <sup>(3)</sup>	(1.3)%	(0.6)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets <sup>(3)</sup>	5.5%	2.9%
Annualized ratio of net increase in net assets resulting from operations to average net assets <sup>(3)</sup>	(1.1)%	9.3%
Portfolio Turnover	0.51%	5.75%

	<b>Nine Months Ended September 30, 2018 (Unaudited)</b>	<b>Nine Months Ended September 30, 2017 (Unaudited)</b>
<b>Per Share Data <sup>(1)</sup>:</b>		
Net asset value at beginning of period	\$ 0.344	\$ 0.365
Net investment loss	(0.002)	(0.003)
Realized gain (loss)	(0.001)	0.005
Change in unrealized gain (loss)	0.003	(0.011)
Net asset value at end of period	<u>\$ 0.344</u>	<u>\$ 0.356</u>
Total return based on net asset value <sup>(2)</sup>	0.0%	(2.5)%
Weighted average shares outstanding for period, basic	120,486,061	120,486,061
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period	\$ 41,451,154	\$ 42,889,318
Average net assets	\$ 41,404,525	\$ 42,560,454
Annualized ratio of net operating expenses to average net assets <sup>(3)</sup>	8.3%	4.3%
Annualized ratio of net investment loss to average net assets <sup>(3)</sup>	(1.3)%	(1.0)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets <sup>(3)</sup>	4.4%	3.1%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets <sup>(3)</sup>	0.2%	(3.4)%
Portfolio Turnover	0.52%	0.01%

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 (Unaudited)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>Per Share Data <sup>(1)</sup>:</b>					
Net asset value at beginning of year	\$ 0.365	\$ 0.400	\$ 0.254	\$ 0.564	\$ 0.174
Net investment income (loss)	0.008	(0.004)	(0.013)	(0.144)	(0.062)
Change in unrealized gain (loss)	(0.035)	(0.019)	(0.081)	(0.358)	0.388
Realized gain (loss)	0.006	(0.012)	0.002	0.192	0.064
Change in capital share transactions	-	-	0.238	-	-
Net asset value at end of year	<u>\$ 0.344</u>	<u>\$ 0.365</u>	<u>\$ 0.400</u>	<u>\$ 0.254</u>	<u>\$ 0.564</u>
Total return based on net asset value <sup>(2)</sup>	(5.8)%	(8.8)%	(36.2)%	(55.0)%	224.1%
Weighted average shares outstanding for year, basic	120,486,061	120,486,061	97,402,398	1,816,534	1,816,534
<b>Ratio/Supplemental Data:</b>					
Net assets at end of year	\$ 41,407,539	\$ 43,985,319	\$ 48,225,563	\$ 462,022	\$ 1,025,493
Average net assets	\$ 42,634,685	\$ 46,991,446	\$ 45,472,971	\$ 743,758	\$ 671,498
Annualized ratio of net operating expenses to average net assets	3.4%	5.8%	9.5%	35.2%	16.6%
Annualized ratio of net investment income (loss) to average net assets	2.4%	(1.1)%	(2.7)%	(35.2)%	(16.6)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets	2.8%	4.3%	8.0%	35.2%	16.2%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets	(6.0)%	(9.0)%	(19.5)%	(75.8) <sup>(4)</sup> %	105.4 <sup>(4)</sup> %
Portfolio Turnover	7.0%	1.1%	0.7%	31.2 <sup>(4)</sup> %	14.7 <sup>(4)</sup> %

(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.

(3) Financial highlights for periods of less than one year are annualized and each of the ratios to average net assets are adjusted accordingly. Non-recurring expenses are not annualized.

(4) Unaudited

**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, 2018. The unfunded commitment is accounted for under ASC 820. As of the date of this report, all commitments have been funded.

On June 2, 2015, the Company entered into a Lease Guaranty Agreement to guaranty a portion of a lease entered into by Rockfish Seafood Grill, Inc. 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 was reduced to \$107,324.

**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, the Company, Princeton Advisory Group, Inc., Gregory J. Cannella, Munish Sood, former CEO, President and Director of the Company, Thomas Jones, Jr. and Trennis L. Jones (together the "Independent Directors" and the Independent Directors together with the Company, Princeton Advisory Group, Inc., 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"), CPP, 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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

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”). As part of the terms of the Settlement Agreement, Sood and Cannella waived any rights to indemnification they may have had against the Company as it relates to the lawsuit. Subsequently, pursuant to a written agreement among the Company, Jackson, CPM, CPA, and PIA, Jackson waived any rights to indemnification that he may have had against the Company.

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.

On February 24, 2017, a Stipulation and Order of Dismissal of Claims (the “Dismissal Order II”) against Jackson, CPM, CPA and PIA was entered in the Delaware Court of Chancery. The Dismissal Order II, which was dated February 24, 2017, dismissed with prejudice the claims brought by the Plaintiffs against Jackson, CPM, CPA and PIA. Terms of any settlement were not disclosed and all claims with respect to the lawsuit have now been dismissed, signifying that the status quo order that included the Company has now been lifted.

As a result of the allegations contained in the complaints filed by the United States of America against Munish Sood, the former President, Chief Executive Officer, and director of the Company, and others captioned U.S. v. Lamont Evans, et al. and U.S. v. James Gotto, et al., in the Southern District of New York., on September 27, 2017 and as previously disclosed, the Board authorized and directed its Audit Committee (which consists of the Board’s three independent board members) to conduct an independent investigation into whether such events impacted the Company, and the extent to which any officer or employee of the Company may have been involved, and whether any corporate funds may have been utilized in the conduct alleged.

Mr. Sood resigned from his positions as a director, Chief Executive Officer, and President, effective September 27, 2017. The Company has been informed that Mr. Sood plead guilty to charges of bribery and fraud in August of 2018.

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. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

**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.

The Company has determined that Rockfish Seafood Grill, Inc., Advantis Certified Staffing Solutions, Inc. and PCC SBC Sub, Inc. three of its majority owned control investments were considered significant subsidiaries at the 20% level at September 30, 2018.

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 20% level at September, 30, 2018.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 (Unaudited)**

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

<b>Nine Months Ended September 30, 2018 (unaudited)</b>	<b>Rockfish Seafood Grill, Inc.</b>	<b>Integrated Medical Partners, LLC</b>	<b>Advantis Certified Staffing Solutions, Inc.</b>	<b>PCC SBH Sub, Inc.</b>
<b>Balance Sheet</b>				
Current Assets	\$ 462	\$ 1,757	\$ 3,524	\$ 240
Noncurrent Assets	3,134	5,559	1,684	2,384
Current Liabilities	2,595	3,784	5,645	148
Noncurrent Liabilities	10,834	2,111	8,748	-

<b>Nine Months Ended September 30, 2018 (unaudited)</b>	<b>Rockfish Seafood Grill, Inc.</b>	<b>Integrated Medical Partners, LLC</b>	<b>Advantis Certified Staffing Solutions, Inc.</b>	<b>PCC SBH Sub, Inc.</b>
<b>Income Statement</b>				
Net Revenue	\$ 15,344	\$ 9,427	\$ 14,382	\$ 170
Gross Profit	10,700	2,511	3,599	170
Net Income (Loss)	(1,216)	(1,090)	(1,017)	34

**NOTE 10 – SUBSEQUENT EVENTS**

**Portfolio Activity**

- On October 29, 2018, the Company issued a Notice of Default on its loan to Great Value Storage for non-payment of interest due on September 30, 2018.
- On November 15, 2018, the Company received payment in full in the amount of \$1,000,000 on its participation in the loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc.

**Additional Subsequent Events**

Effective November 27, 2018, the Company entered into a confidential settlement agreement with a former vendor/provider of services in which the Company received \$1.1 million on December 4, 2018. Furthermore, the Company was released of the responsibility of outstanding Accounts Payable and Accrued Expenses totaling approximately \$279,172 to this vendor/provider of services, which would also forgive the related receivables Due From Portfolio Companies totaling approximately \$84,418.

**Late Filings**

As set forth in the Company's Form 12b-25 filing on November 15, 2018, the Company has not timely made its Form 10-Q filing for the period ending September 30, 2018 due to its inability to do so without undue effort or expense.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 (Unaudited)

**Schedule 12-14**

The table below represents the fair value of control and affiliate investments at December 31, 2017 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, 2018.

<b>Portfolio Company/Type of Investment</b>	<b>Principal Amount/Shares/Ownership % at September 30, 2018</b>	<b>Amount of Interest and Dividends Credited in Income</b>	<b>Fair Value at December 31, 2017</b>	<b>Purchases<sup>(2)</sup></b>	<b>Sales</b>	<b>Change in Unrealized Gains/Losses</b>	<b>Fair Value at September 30, 2018</b>
<b>Control Investments</b>							
<b>Advantis Certified Staffing Solutions, Inc.</b>							
Second Lien Loan, 6.0% Cash, due 11/30/2021 <sup>(1)</sup>	\$ 4,500,000	\$ -	\$ 3,826,477	\$ -	\$ -	\$ (679,193)	\$ 3,147,284
Unsecured loan 5%, due 10/31/2017	\$ -	-	76,839	-	(89,224)	12,385	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	59,422	-	(69,000)	9,578	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	107,648	-	(125,000)	17,352	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	25,836	-	(30,000)	4,164	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	90,425	-	(105,000)	14,575	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	172,237	-	(200,000)	27,763	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	129,178	-	(150,000)	20,822	-
Unsecured loan 5%, due 12/31/2017	\$ -	-	38,753	-	(45,000)	6,247	-
Unsecured loan, 5%, due 12/31/2018	\$ 813,225	30,301	-	813,225	-	(44,178)	769,047
Unsecured loan, 5%, due 12/31/2018	\$ 90,000	3,058	-	90,000	-	(4,889)	85,111
Unsecured loan, 8%, due 12/31/2018	\$ 150,000	7,101	-	150,000	-	(7,089)	142,911
Unsecured loan, 8%, due 12/31/2018	\$ 110,000	3,833	-	110,000	-	(5,199)	104,801
Unsecured loan, 10.75%, due 12/31/2018	\$ 175,000	6,082	-	175,000	-	(7,138)	167,862
Common Stock – Series A <sup>(1)</sup>	225,000	-	3,713	-	-	(2,522)	1,191
Common Stock – Series B <sup>(1)</sup>	9,500,000	-	156,757	-	-	(106,463)	50,294
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(1)</sup>	1	-	4,125	-	-	(2,801)	1,324
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(1)</sup>	1	-	11,551	-	-	(7,845)	3,706
<b>Rockfish Seafood Grill, Inc.</b>							
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 <sup>(1)</sup>	\$ 6,352,944	-	6,637,883	-	-	549,192	7,187,075
Revolving Loan, 8% Cash, due 12/31/2018	\$ 1,821,000	103,918	1,663,335	200,000	-	64,109	1,927,444
<b>Rockfish Holdings, LLC</b>							
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2018 <sup>(1)</sup>	10.000%	-	257,647	-	-	(250,034)	7,613
Membership Interest – Class							

<b>Integrated Medical Partners, LLC</b>		99.997%	-	28,628	-	-	39,888	68,516
Unsecured Loan, 6.0% Cash, due 9/30/2019	\$	-	6,017	437,085	-	-	(437,085)	-
Unsecured Loan, 6.0% Cash, due 5/20/2018	\$	-	860	81,389	-	(66,667)	(14,722)	-

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 (Unaudited)

<b>Portfolio Company/Type of Investment</b>	<b>Principal Amount/Shares/Ownership % at September 30, 2018</b>	<b>Amount of Interest and Dividends Credited in Income</b>	<b>Fair Value at December 31, 2017</b>	<b>Purchases<sup>(2)</sup></b>	<b>Sales</b>	<b>Change in Unrealized Gains/Losses</b>	<b>Fair Value at September 30, 2018</b>
Second Lien Term Loan, 12.0% Cash, 6% PIK due, 3/1/2019	\$ 1,120,261	104,709	-	635,005	-	463,110	1,098,115
Preferred Membership – Class A units <sup>(1)</sup>	800	-	1,844,856	-	-	(282,434)	1,562,422
Preferred Membership – Class B units <sup>(1)</sup>	760	-	34,514	-	-	(26,955)	7,559
Common Units <sup>(1)</sup>	14,082	-	307	-	-	(293)	14
<b>PCC SBH Sub, Inc.</b>							
Unsecured loan, 12% Cash, due 2/15/2018 <sup>(1)</sup>	\$ 14,000	1,274	14,000	-	-	-	14,000
Common Stock <sup>(1)</sup>	100	-	1,570,755	-	-	433,632	2,004,387
<b>Total Control Investments</b>		<u>\$ 267,153</u>	<u>\$ 17,273,360</u>	<u>\$ 2,173,230</u>	<u>\$(879,891)</u>	<u>\$ (216,023)</u>	<u>\$ 18,350,676</u>

(1) Non-income producing security.

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

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 (Unaudited)

The table below represents the fair value of control and affiliate investments at December 31, 2016 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, 2017.

Portfolio Company/Type of Investment	Principal Amount/Shares/Ownership % at September 30, 2017	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2016	Purchases <sup>(2)</sup>	Sales	Transfers from Restructuring	Change in Unrealized Gains/Losses	Fair Value at September 30, 2017
<b>Control Investments</b>								
<b>Advantis Certified Staffing Solutions, Inc.</b>								
Second Lien Loan	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ (617,547)	\$ 3,882,453
Unsecured Loan	\$ 618,225	3,858	-	618,225	-	-	-	618,225
Common Stock – Series A	225,000	-	-	10,150	-	-	(3,871)	6,279
Common Stock – Series B	9,500,000	-	-	428,571	-	-	(163,454)	265,117
Warrants	2	-	-	11,278	-	16,510	(1,276)	26,512
<b>Rockfish Seafood Grill, Inc.</b>								
First Lien Loan (1)	\$ 6,352,944	-	6,549,261	-	-	-	302,534	6,851,795
Revolving Loan (1)	\$ 1,621,000	-	1,481,000	140,000	-	-	-	1,621,000
<b>Rockfish Holdings, LLC</b>								
Warrant (1)	10%	-	102,826	-	-	-	845,307	948,133
Membership Interest (1)	99.997%	-	925,407	-	-	-	(820,056)	105,351
<b>Integrated Medical Partners, LLC</b>								
Unsecured Loan (1)	\$ 451,922	13,988	276,922	451,922	(276,922)	-	-	451,922
Preferred Membership – Class A (1)	800	-	3,337,779	-	-	-	(1,505,518)	1,832,261
Preferred Membership – Class B (1)	760	-	365,884	-	-	-	(284,217)	81,667
Common Stock (1)	14,082	-	20,059	-	-	-	(16,335)	3,724
<b>PCC SBH Sub, Inc.</b>								
Common Stock	100	-	-	-	-	2,525,481	(785,481)	1,740,000
Unsecured Loan (1)	\$ 14,000	1,293	-	20,000	(6,000)	-	-	14,000
<b>Total Control Investments</b>		<b>\$ 19,139</b>	<b>\$ 13,059,138</b>	<b>\$ 1,680,146</b>	<b>\$ (282,922)</b>	<b>\$ 7,041,991</b>	<b>\$ (3,049,914)</b>	<b>\$ 18,448,439</b>
<b>Affiliate Investments</b>								
<b>Spencer Enterprises</b>								

<b>Holdings, LLC</b>														
Preferred Membership, Class AA units <sup>(1)</sup>	-	\$	-	\$	2,705,363	\$	-	\$(2,071,043)	\$	-	\$	(634,320)	\$	-
Preferred Membership, Class BB units <sup>(1)</sup>	-		-		3,681,316		-	(3,824,818)		-		143,501		-
<b>Total Affiliate Investments</b>		<u>\$</u>	-	<u>\$</u>	<u>6,386,679</u>	<u>\$</u>	-	<u>\$(5,895,861)</u>	<u>\$</u>	-	<u>\$</u>	<u>(490,819)</u>	<u>\$</u>	-

(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. 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. 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 our investment 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 our investment advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of investment advisor to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a regulated investment company and as a business development company; 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 regulated investment companies.

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 Securities and Exchange Commission (“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.

### 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” or “Investment Company 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. From June 9, 2016, the date that the Company’s stockholders approved the investment advisory agreement with Princeton Advisory Group, Inc. (“Princeton Advisory Group”), through December 31, 2017, we were managed by Princeton Advisory Group, who also provided the administrative services necessary for us to operate. Since January 1, 2018, we have been managed by House Hanover, LLC (“House Hanover”).

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 approximately \$11.2 million in cash, \$43.5 million in equity and debt investments, and \$1.9 million in restricted cash escrow deposits of Capital Point Partners, L.P. (“CPP”) and Capital Point Partners II, L.P. (“CPPII”) (together, 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 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 regulated investment company (“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. We did not meet the qualifications of a RIC for the 2017 tax year and will 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. United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

At September 30, 2018, the Company had investments in 9 portfolio companies, and a U.S. Treasury Bill. The total cost and fair value of the total investments were approximately \$88.2 million and \$74.7 million, respectively. The composition of our investments by asset class as of September 30, 2018 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
<b>Portfolio Investments</b>			
First Lien Loans	\$ 14,947,439	\$ 15,817,060	21.2%
Second Lien Loans	21,446,396	19,064,770	25.5
Unsecured Loans	1,352,225	1,283,732	1.7
Equity	16,483,889	4,571,939	6.1
<b>Total Portfolio Investments</b>	<b>54,229,949</b>	<b>40,737,501</b>	<b>54.5</b>
<b>U.S. Treasury Bill</b>	<b>33,993,686</b>	<b>33,994,220</b>	<b>45.5</b>
<b>Total Investments</b>	<b>\$ 88,223,635</b>	<b>\$ 74,731,721</b>	<b>100.00%</b>

At December 31, 2017, the Company had investments in 9 portfolio companies. The total cost and fair value of the total investments were approximately \$52.9 million and \$39.0 million, respectively. The composition of our investments by asset class as of December 31, 2017 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
<b>Portfolio Investments</b>			
First Lien Loans	\$ 14,668,076	\$ 14,965,218	38.4%
Second Lien Loans	20,326,135	18,665,936	47.9
Unsecured Loans	1,379,147	1,232,812	3.2
Equity	16,483,889	4,086,794	10.5
<b>Total Portfolio Investments</b>	<b>52,857,247</b>	<b>38,950,760</b>	<b>100.0</b>
<b>Total Investments</b>	<b>\$ 52,857,247</b>	<b>\$ 38,950,760</b>	<b>100.0%</b>

At September 30, 2018, our weighted average yield based upon cost of our portfolio investments was approximately 8.92% of which approximately 7.97% is current cash interest, all bearing a fixed rate of interest. At December 31, 2017, our weighted average yield based upon cost of our portfolio investments was approximately 9.87% of which approximately 8.93% is current cash interest, all bearing a fixed rate of interest.

#### *Investment Activity*

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.

The primary portfolio investment activities for the nine months ended September 30, 2018 are as follows:

- On January 1, 2018, the Company consolidated the prior bridge loans to Advantis Certified Staffing Solutions, Inc. into one note in the amount of \$813,224.87. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.
- On January 25, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$90,000 for working capital needs. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.
- On February 13, 2018, the Company entered into a Forbearance Letter Agreement (the "Forbearance") with Lone Star Brewery Development, Inc. for a maximum period of two years. During this period, the Company agreed to forbear from exercising and enforcing certain rights and remedies which the Company is entitled to and to accept a payoff equal to \$7,500,000 plus 25% of the net sales proceeds/value of the property if by December 31, 2018 or \$8,000,000 plus 25% of the net sales proceeds/value if on or after January 1, 2019. In return, Lone Star Brewery Development, Inc. refinanced out the first lien holder with a new lender in the amount of \$11,000,000, put \$3,248,000 into the project and paid the Company a forbearance fee at closing of \$50,000. In connection with this Forbearance, the Company made a partial release of lien on an approximate three-acre tract of land to a lender with a lien that was senior to the Company's lien.
- On February 20, 2018, the Company amended the Rockfish Seafood Grill, Inc. Revolving Line of Credit ("RSG Revolver") to increase the maximum principal amount to \$1,821,000 for restaurant improvements and enhancements. In connection with this amendment, Rockfish Seafood Grill, Inc. agreed to make the RSG Revolver a performing loan on a quarter basis with payments resuming on March 31, 2018.
- On February 26, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$150,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.
- On March 22, 2018, the Company made a loan to Dominion Medical Management, Inc. ("Dominion"), a wholly owned subsidiary of Integrated Medical Partners, LLC, in the amount of \$600,000 for working capital needs and amended, restated and consolidated the two prior notes. The new consolidated note has a principal balance of \$1,085,256 and will accrue and pay interest only on a quarterly basis at an annual rate of 18.0%. Dominion has the option to defer 6.0% of the annual rate of interest which will compound quarterly on the payment date. The maturity date of the new note is March 1, 2019.
- On April 12, 2018, the Company funded \$100,000 on the RSG Revolver.
- On April 24, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$110,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.
- On June 4, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$175,000 for working capital needs. The note will bear an annual interest rate of 10.75% with all interest and principal due on maturity of December 31, 2018.
- On July 12, 2018, the Company funded \$100,000 on the RSG Revolver, making it fully funded.
- Effective July 27, 2018 Rockfish Holdings, LLC and the Company entered into an amendment of its warrant agreement and warrant to extend the expiration of the warrant until July 28, 2028.

## Asset Quality

In addition to various risk management and monitoring tools, House Hanover 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	Summary Description
1	Investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
2	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 will initially be rated 2.
3	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.
4	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 will be those for which some loss of return but no loss of principal is expected.
5	Investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments 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, 2018 and December 31, 2017:

Investment Rating	As of September 30, 2018			As of December 31, 2017		
	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	\$ —	—	—	\$ —	—	—
2	15,184,027	20.30%	5	14,535,933	37.3%	5
3	—	—	—	—	—	—
4	20,981,535	28.06%	3	20,328,033	52.2%	3
5	—	—	—	—	—	—
	<u>\$ 36,165,562</u>	<u>48.36%</u>	<u>8</u>	<u>\$ 34,863,966</u>	<u>89.5%</u>	<u>8</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, 2018 we had 3 loans on non-accrual status and as of December 31, 2017, we had 5 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 change in unrealized gain (loss). 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 change in unrealized gain (loss) 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 House Hanover (and to Princeton Advisory Group for the period prior to January 1, 2018) and our allocable portion of overhead expenses under the investment advisory agreements and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by our investment advisor that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not our investment advisor);
- all costs of registration and listing the Company's shares 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 of the Company (but not our investment advisor) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors' and officers'/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- and all other non-investment advisory expenses incurred by the Company in connection with administering the Company's business.

*Comparison of the Three Months Ended September 30, 2018 and September 30, 2017*

	Three Months Ended September 30, 2018 (unaudited)		Three Months Ended September 30, 2017 (unaudited)	
	Total	Per Share <sup>(1)</sup>	Total	Per Share <sup>(1)</sup>
<b>Investment income</b>				
Interest income <sup>(2)</sup>	\$ 543,476	\$ 0.005	\$ 354,803	\$ 0.003
Other income	11,537	0.000	15,857	0.000
<b>Total investment income</b>	<b>555,013</b>	<b>0.005</b>	<b>370,660</b>	<b>0.003</b>
<b>Operating expenses</b>				
Management fees	100,462	0.001	110,740	0.001
Professional fees	189,081	0.002	93,078	0.001
Valuation fees	178,610	0.002	-	0.000
Administration fees	105,000	0.001	92,283	0.001
Directors' fees	38,625	0.000	52,125	0.000
Insurance expense	33,716	0.000	34,209	0.000
Interest expense	24,840	0.000	12,477	0.000
Other general and administrative expenses	23,334	0.000	29,838	0.000
<b>Total operating expenses</b>	<b>693,668</b>	<b>0.006</b>	<b>424,750</b>	<b>0.003</b>
<b>Net investment loss before tax</b>	<b>(138,655)</b>	<b>(0.001)</b>	<b>(54,090)</b>	<b>(0.000)</b>
Income tax expense	1,250	0.000	7,684	0.000
<b>Net investment loss after tax</b>	<b>\$ (139,905)</b>	<b>\$ (0.001)</b>	<b>\$ (61,774)</b>	<b>\$ (0.001)</b>
<b>Net realized gain (loss)</b>	<b>\$ (108,356)</b>	<b>(0.001)</b>	<b>\$ 589,111</b>	<b>\$ 0.005</b>
<b>Net change in unrealized gain</b>	<b>\$ 129,814</b>	<b>\$ 0.001</b>	<b>\$ 449,691</b>	<b>\$ 0.004</b>

(1) The basic per share figures noted above are based on a weighted average of 120,486,061 shares outstanding for both the three months ended September 30, 2018 and September 30, 2017, 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 \$51,325 and \$33,717 for the three months ended September 30, 2018 and 2017, respectively.

*Operating Expenses*

Total operating expenses increased from \$424,750 for the three months ended September 30, 2017 to \$693,668 for the three months ended September 30, 2018. The increase is primarily due to an increase in professional fees, valuation fees, administration fees and interest expense for the three months ended September 30, 2018.

Total operating expenses per share increased from \$0.003 per share for the three months ended September 30, 2017 to \$0.006 per share for the three months ended September 30, 2018.

*Net Investment Loss*

Net investment loss (after tax) increased from a loss of \$61,774 for the three months ended September 30, 2017 to a loss of \$139,905 for the three months ended September 30, 2018. This increase in a loss was primarily due to an increase in professional fees, valuation fees, administration fees and interest expense for the three months ended September 30, 2018.

Net investment loss (after tax) per share remained unchanged at \$0.001 per share for the three months ended September 30, 2017 from \$0.001 per share for the three months ended September 30, 2018.

*Net Realized Gain (Loss)*

We measure realized gains (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, 2018, we recognized \$108,356 of realized loss in connection with a post-sale contribution to Spencer Enterprises Holdings, LLC for a working capital adjustment.

For the three months ended September 30, 2017, we recognized \$589,111 of realized gain in connection with the sale of the preferred stock in Spencer Enterprises Holdings, LLC.

*Net Change in Unrealized Gain (Loss)*

Net change in unrealized gain (loss) 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 gain on investments totaled a gain of \$129,814 for the three months ended September 30, 2018 primarily in connection with gains of \$168,152, \$81,751 and \$33,251 in Performance Alloys, LLC, Rockfish Seafood Grill, Inc., and Great Value Storage, LLC, respectively, which were partially offset by losses of \$136,796 and \$28,189 on Advantis Certified Staffing Solutions, Inc. and Lone Star Brewery Development, Inc., respectively.

Net change in unrealized gain on investments totaled a gain of \$449,691 for the three months ended September 30, 2017 primarily in connection with a gain of \$2,410,002 in Lone Star Brewery Development, Inc., which was partially offset by losses of \$786,148, \$589,110, \$455,943 and \$106,846 on Advantis Certified Staffing Solutions, Inc., Spencer Enterprises Holdings, LLC, Performance Alloys, LLC and Rockfish Seafood Grill, Inc., respectively.

*Comparison of the Nine Months Ended September 30, 2018 and September 30, 2017*

	Nine Months Ended September 30, 2018 (unaudited)		Nine Months Ended September 30, 2017 (unaudited)	
	Total	Per Share <sup>(1)</sup>	Total	Per Share <sup>(1)</sup>
<b>Investment income</b>				
Interest income <sup>(2)</sup>	\$ 1,432,229	\$ 0.012	\$ 1,028,871	\$ 0.009
Other income	36,209	0.000	39,710	0.000
<b>Total investment income</b>	<b>1,468,438</b>	<b>0.012</b>	<b>1,068,581</b>	<b>0.009</b>
<b>Operating expenses</b>				
Management fees	321,453	0.003	323,131	0.002
Professional fees	568,740	0.004	330,820	0.002
Administration fees	309,000	0.003	260,893	0.002
Valuation fees	178,610	0.001	74,200	0.001
Compliance fees	-	0.000	-	-
Directors' fees	129,375	0.001	124,500	0.001
Consulting fees	-	0.000	30,000	0.000
Insurance expense	87,755	0.001	85,032	0.001
Interest expense	40,195	0.000	62,124	0.001
Other general and administrative expenses	79,301	0.001	66,685	0.001
<b>Total operating expenses</b>	<b>1,714,429</b>	<b>0.014</b>	<b>1,357,385</b>	<b>0.011</b>
<b>Net investment loss before tax</b>	<b>(245,991)</b>	<b>(0.002)</b>	<b>(288,804)</b>	<b>(0.002)</b>
Income tax expense	16,611	0.000	25,798	0.000
<b>Net investment loss after tax</b>	<b>\$ (262,602)</b>	<b>\$ (0.002)</b>	<b>\$ (314,602)</b>	<b>\$ (0.003)</b>
<b>Net realized gain (loss)</b>	<b>\$ (108,356)</b>	<b>(0.001)</b>	<b>589,111</b>	<b>0.005</b>
<b>Net change in unrealized gain (loss)</b>	<b>\$ 414,573</b>	<b>\$ 0.003</b>	<b>\$ (1,370,510)</b>	<b>\$ (0.011)</b>

(1) The basic per share figures noted above are based on a weighted average of 120,486,061 shares outstanding for both the nine months ended September 30, 2018 and September 30, 2017, 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 \$136,595 and \$99,555 for the nine months ended September 30, 2018 and 2017, respectively.

### *Operating Expenses*

Total operating expenses increased from \$1,357,385 for the nine months ended September 30, 2017 to \$1,714,429 for the nine months ended September 30, 2018. The increase is primarily due to an increase in professional fees, administration fees, valuation fees and other general and administrative expenses for the nine months ended September 30, 2018.

Total operating expenses per share increased from \$0.011 per share for the nine months ended September 30, 2017 to \$0.014 per share for the nine months ended September 30, 2018.

### *Net Investment Loss*

Net investment loss (after tax) decreased from a loss of \$314,602 for the nine months ended September 30, 2017 to a loss of \$262,602 for the nine months ended September 30, 2018. This decrease is primarily due to an increase in interest income as well as a decrease in consulting fees and interest expense for the nine months ended September 30, 2018.

Net investment loss (after tax) per share decreased from a loss of \$0.003 per share for the nine months ended September 30, 2017 to a loss of \$0.002 per share for nine months ended September 30, 2018.

### *Net Realized Gain (Loss)*

We measure realized gains (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 nine months ended September 30, 2018, we recognized \$108,356 of realized loss in connection with a post-sale contribution to Spencer Enterprises Holdings, LLC for a working capital adjustment.

For the nine months ended September 30, 2017, we recognized \$589,111 of realized gain in connection with the sale of the preferred stock in Spencer Enterprises Holdings, LLC.

### *Net Change in Unrealized Gain (Loss)*

Net change in unrealized gain (loss) 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 gain (loss) on investments totaled a gain of \$414,573 for the nine months ended September 30, 2018 primarily in connection with gains of \$720,884, \$433,632 and \$403,155 on Performance Alloys, Inc., PCC SBH Sub, Inc. and Rockfish Seafood Grill, Inc., respectively, which were partially offset by losses of \$754,430, \$309,682, \$50,000 and \$40,822 on Advantis Certified Staffing Solutions, Inc., Integrated Medical Partners, LLC, Lone Star Brewery Development, Inc. and Great Value Storage, LLC, respectively.

Net change in unrealized gain (loss) on investments totaled a loss of \$1,370,510 for the nine months ended September 30, 2017 primarily in connection with a loss of \$1,505,518 on Class A preferred membership units in Integrated Medical Partners, LLC.

### **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, 2018, we had \$715,689 in cash, and our net assets totaled \$41,451,154. We believe that 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**

As of September 30, 2018, we did not have any contractual obligations that would trigger the tabular disclosure of contractual obligations under Section 303(a)(5) of Regulation S-K.

We have entered into one contract under which we have material future commitments, the House Hanover Investment Advisory Agreement, pursuant to which House Hanover serves as our investment adviser. Payments under the House Hanover Investment Advisory Agreement in future periods will be equal to a percentage of the value of our net assets.

The House Hanover Investment Advisory Agreement is terminable by either party without penalty upon written notice by the Company or 60 days' written notice by Hanover. If this agreement is terminated, the costs we incur under a new agreement 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 our investment advisory 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. The Company did not meet the requirements to qualify as a RIC for the 2017 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 could suffer adverse tax consequences, including the possible loss of any qualification as a RIC (if we achieve such status in future years). 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.

## **Related Party Transactions**

### *Management Fees*

Management fees under the Interim Investment Advisory Agreement and House Hanover Investment Advisory Agreement for the three and nine months ended September 30, 2018 were \$100,462 and \$321,453, respectively. As of September 30, 2018 and December 31, 2017, management fees of \$204,626 and \$0 were payable to House Hanover.

Management fees under the PAG Investment Advisory Agreement for the three and nine months ended September 30, 2017 were \$110,740 and \$323,131. As of September 30, 2018 and December 31, 2017, management fees of \$19,282 and \$94,282 were payable to Princeton Advisory Group.

### *Incentive Fees*

The Company is not obligated to pay Princeton Advisory Group or House Hanover an incentive fee.

### *Other Related Party Transactions*

As disclosed in the Company’s Form 8-K filed with the SEC on September 16, 2016, on September 12, 2016, the Company, as a Borrower, entered into a Term Loan in the amount of \$225,000 with Munish Sood, former CEO, President and Director of the Company, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. 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. As disclosed in the Company’s Form 8-K filed with the SEC on October 27, 2016, on October 21, 2016, Munish Sood lent an additional \$140,000 under this Term Loan. On March 29, 2017, Munish Sood, in order to purchase certain assets to attempt to qualify as a RIC, lent an additional \$450,000 under this Term Loan and extended the maturity date to September 30, 2017. On April 10, 2017, the Company made a principal and interest payment totaling \$450,984 on this Term Loan. The loan was repaid in full including interest on July 17, 2017.

On June 28, 2017, Munish Sood made a non-interest bearing short term loan to Advantis Certified Staffing Solutions, Inc., one of the Company's portfolio companies, in the amount of \$89,225 for a short term working capital need. The loan was repaid without interest on July 5, 2017.

### **Recent Accounting Pronouncements**

See Note 2 of the 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 and related disclosures in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") 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 BDC, 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 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 an independent valuation firm, except for those investments where market quotations are readily available;
- Preliminary valuation conclusions are then documented and discussed with our senior management, our investment advisor and our auditors;
- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;
- 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 our investment advisor, the independent valuation firm and the valuation committee.

## **Revenue Recognition**

Realized gain (loss) on the sale of investments is the difference between the proceeds received from dispositions of portfolio investments and their stated costs. Realized gains or losses on the sale of investments are calculated using the specific identification method.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded 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. Generally, 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.

## **Recent Developments**

### ***Portfolio Activity***

- On October 29, 2018, the Company issued a Notice of Default on its loan to Great Value Storage for non-payment of interest due on September 30, 2018.
- On November 15, 2018, the Company received payment in full in the amount of \$1,000,000 on its participation in the loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc.

### ***Settlement Proceeds***

Effective November 27, 2018, the Company entered into a confidential settlement agreement with a former vendor/provider of services in which the Company received \$1.1 million on December 4, 2018. Furthermore, the Company was released of the responsibility of outstanding Accounts Payable and Accrued Expenses totaling approximately \$279,172 to this vendor/provider of services, which would also forgive the related receivables Due From Portfolio Companies totaling approximately \$84,418.

### ***Late Filings***

As set forth in the Company's Form 12b-25 filing on November 15, 2018 the Company has not timely made its Form 10-Q filing for the period ending September 30, 2018 due to its inability to do so without undue effort or expense.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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. As of September 30, 2018, all of our debt investments in our portfolio bore interest at a fixed rate, except 1 debt investment which bore interest at a variable rate, representing approximately \$1,000,000 and \$1,000,000 in debt at fair value and cost, respectively. The variable interest rate is based on the US Prime Rate.

To illustrate the potential impact of a change in the underlying interest rate on our net investment income, we have assumed a 1%, 2%, and 3% increase along with a 1%, 2%, and 3% decrease in the underlying US Prime Rate, and no other changes in our portfolio as of September 30, 2018. The below table illustrates the effect such assumed rate changes would have on an annual basis.

<b>US Prime Rate Increase (Decrease)</b>	<b>Increase (Decrease) on Net Investment Income <sup>(1)</sup></b>
3.00%	\$60,000
2.00%	\$40,000
1.00%	\$20,000
(1.00)%	-
(2.00)%	-
(3.00)%	-

(1) There is no decrease on Net Investment Income due to a payable rate on our 1 variable rate debt instrument of US Prime Rate plus 1%, with a rate floor on the US Prime Rate of 5.25%.

This analysis does not adjust for 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 direction, supervision, and involvement of the Chief Executive Officer and Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) of the Company. Based on this evaluation, the Chief Executive Officer has concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) and 15d-15(e) under the Exchange Act.

Under the direction, supervision and participation of the Company's management, including our Chief Executive Officer and principal financial officer, the Company's management conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) ("COSO-Framework"). 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 (i) delays experienced in finalizing the accounting for the transaction on March 13, 2015, (ii) the lawsuits disclosed in the Company's public filings, and (iii) the investigation into Mr. Sood, 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 Exchange Act) that occurred during the quarter ended September 30, 2018 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

As of September 30, 2018, there were no material 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, 2017, 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, 2017.

### 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	Description
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</a>
32*	<a href="#">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.</a>

\* 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.

Dated: January 31, 2019

Princeton Capital Corporation

By: /s/ Mark S. DiSalvo  
Mark S. DiSalvo  
Interim Chief Executive Officer

Dated: January 31, 2019

Princeton Capital Corporation

By: /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, Mark S. DiSalvo, 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;
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: January 31, 2019

/s/ Mark S. DiSalvo  
\_\_\_\_\_  
Mark S. DiSalvo  
Interim Chief Executive Officer  
(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;
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: January 31, 2019

/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 Interim 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, 2018, 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 and results of operations of the Company.

Date: January 31, 2019

/s/ Mark S. DiSalvoMark S. DiSalvo  
Interim Chief Executive Officer  
(Principal Executive Officer)

Date: January 31, 2019

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