

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, 2017

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 August 28, 2018 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, 2017 (unaudited) and December 31, 2016	1
Statements of Operations (unaudited) for the three and nine months ended September 30, 2017 and September 30, 2016	2
Statements of Changes in Net Assets (unaudited) for the three and nine months ended September 30, 2017 and September 30, 2016	3
Statements of Cash Flows (unaudited) for the three and nine months ended September 30, 2017 and September 30, 2016	4
Schedule of Investments as of September 30, 2017 (unaudited)	5
Schedule of Investments as of December 31, 2016	8
Notes to Financial Statements (unaudited) as of September 30, 2017	11
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	47
Item 4. Controls and Procedures	48
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. Legal Proceedings	49
Item 1A. Risk Factors	49
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	49
Item 3. Defaults Upon Senior Securities	49
Item 4. Mine Safety Disclosures	49
Item 5. Other Information	49
Item 6. Exhibits	50

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PRINCETON CAPITAL CORPORATION**

**STATEMENTS OF ASSETS AND LIABILITIES**

	<b>September 30, 2017 (unaudited)</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Control investments at fair value (cost of \$24,909,690 and \$16,486,985, respectively)	\$ 18,448,439	\$ 13,059,138
Affiliate investments at fair value (cost of \$0 and \$5,306,750, respectively)	-	6,386,679
Non-control/non-affiliate investments at fair value (cost of \$27,626,157 and \$33,537,946, respectively)	22,992,856	26,161,123
Investment in U.S. Treasury Bill (cost of \$0 and \$52,398,253, respectively)	-	52,398,952
Total investments at fair value (cost of \$52,535,847 and \$107,729,934, respectively)	41,441,295	98,005,892
Cash	3,113,560	9,942
Restricted cash	-	524,007
Due from portfolio companies	266,838	172,959
Due from affiliates	43,940	43,940
Note receivable	-	500,000
Interest receivable	250,839	233,906
Deferred tax asset	314,590	319,516
Prepaid expenses	82,096	9,602
<b>Total assets</b>	45,513,158	99,819,764
<b>LIABILITIES</b>		
Accrued management fees	426,362	535,783
Accounts payable (Note 2)	1,908,240	2,088,342
Term loan – related party	-	365,000
Due to affiliates	56,914	86,216
Insurance loan payable	52,717	-
Short term payable for securities purchased	-	52,398,253
Tax expense payable	28,457	42,245
Deferred fee income	32,370	24,107
Accrued expenses and other liabilities	118,780	294,499
<b>Total liabilities</b>	2,623,840	55,834,445
<b>Commitments and contingencies (Note 8)</b>	-	-
<b>Net assets</b>	\$ 42,889,318	\$ 43,985,319
<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, 2017 and December 31, 2016)	\$ 120,486	\$ 120,486
Paid-in capital	64,868,884	64,868,884
Accumulated undistributed net realized loss	(637,266)	(1,226,377)
Distributions in excess of net investment income	(10,368,234)	(10,053,632)
Accumulated unrealized gain (loss) on investments	(11,094,552)	(9,724,042)
<b>Total net assets</b>	\$ 42,889,318	\$ 43,985,319
<b>Net asset value per share</b>	\$ 0.356	\$ 0.365

See notes to financial statements (unaudited).

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<b>INVESTMENT INCOME</b>				
Interest income from non-control/non-affiliate investments	\$ 347,149	\$ 331,849	\$ 1,009,732	\$ 769,054
Interest income from control investments	7,654	-	19,139	482,128
Other income from non-control/non-affiliate investments	14,188	5,071	19,009	5,071
Other income from affiliate investments	-	8,280	18,882	27,288
Other income from non-investment sources	1,669	10	1,819	174
<b>Total investment income</b>	<u>370,660</u>	<u>345,210</u>	<u>1,068,581</u>	<u>1,283,715</u>
<b>OPERATING EXPENSES</b>				
Management fees	110,740	94,448	323,131	529,509
Administration fees	92,283	31,250	260,893	252,485
Professional fees (Note 2)	93,078	164,398	330,820	823,415
Valuation fees	-	-	74,200	-
Compliance fees	-	-	-	1,904
Directors' fees	52,125	57,543	124,500	169,198
Bank fees	-	-	-	25
Consulting fees	-	-	30,000	-
Insurance expense	34,209	34,151	85,032	79,069
Interest expense	12,477	17,016	62,124	57,955
Other general and administrative expenses	29,838	151,996	66,685	336,006
<b>Total operating expenses</b>	<u>424,750</u>	<u>550,802</u>	<u>1,357,385</u>	<u>2,249,566</u>
<b>Net investment income (loss) before tax</b>	(54,090)	(205,592)	(288,804)	(965,851)
<b>Income tax expense</b>	7,684	8,689	25,798	337,695
<b>Net investment income (loss) after taxes</b>	(61,774)	(214,281)	(314,602)	(1,303,546)
<b>Net realized gain (loss) on:</b>				
Non-control/non-affiliate investments	-	(50,000)	-	(50,000)
Affiliate investments	589,111	-	589,111	-
U.S. Treasury Bills	-	42	-	(130)
<b>Total net realized gain (loss)</b>	<u>589,111</u>	<u>(49,958)</u>	<u>589,111</u>	<u>(50,130)</u>
<b>Net change in unrealized gain (loss) on:</b>				
Non-control/non-affiliate investments	1,934,559	361,898	2,760,032	(4,253,473)
Affiliate investments	(589,110)	(96,424)	(1,079,929)	1,719,778
Control investments	(895,758)	(1,184,796)	(3,049,914)	(184,028)
U.S. Treasury Bills	-	(364)	(699)	(666)
<b>Total net change in unrealized gain (loss) on investments</b>	<u>449,691</u>	<u>(919,686)</u>	<u>(1,370,510)</u>	<u>(2,718,389)</u>
<b>Total net realized gain (loss) and change in unrealized gain (loss) on investments</b>	<u>1,038,802</u>	<u>(969,644)</u>	<u>(781,399)</u>	<u>(2,768,519)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ 977,028</u>	<u>\$ (1,183,925)</u>	<u>\$ (1,096,001)</u>	<u>\$ (4,072,065)</u>
<b>Net investment income (loss) per share</b>				
Basic	\$ (0.001)	\$ (0.002)	\$ (0.003)	\$ (0.011)
Diluted	\$ (0.001)	\$ (0.002)	\$ (0.003)	\$ (0.011)
<b>Net increase (decrease) in net assets resulting from operations per share</b>				
Basic	\$ 0.008	\$ (0.010)	\$ (0.009)	\$ (0.034)
Diluted	\$ 0.008	\$ (0.010)	\$ (0.009)	\$ (0.034)
<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>2017</b>	<b>2016</b>
<b>Increase (decrease) in net assets resulting from operations:</b>		
Net investment loss	\$ (314,602)	\$ (1,303,546)
Net realized gain (loss) on investments	589,111	(50,130)
Net change in unrealized gain (loss) on investments	(1,370,510)	(2,718,389)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>(1,096,001)</b>	<b>(4,072,065)</b>
<b>Capital share transactions:</b>		
Unpaid dividend written off	-	600
<b>Net increase in net assets resulting from capital share transactions</b>	<b>-</b>	<b>600</b>
Total increase (decrease) in net assets	(1,096,001)	(4,071,465)
Net assets at beginning of period	43,985,319	48,225,563
<b>Net assets at end of period</b>	<b>\$ 42,889,318</b>	<b>\$ 44,154,098</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 September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in net assets resulting from operations	\$ (1,096,001)	\$ (4,072,065)
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	(2,773,258)	(505,000)
U.S. Treasury Bills	(45,998,007)	(140,000,091)
Proceeds from sales, repayments, or maturity of investments in:		
Portfolio investments	6,178,782	-
U.S. Treasury Bills	98,396,260	93,000,000
Net change in unrealized (gain) loss on investments	1,370,510	2,718,389
Net realized (gain) loss on investments and U.S. Treasury Bill	(589,111)	50,130
Increase in investments due to PIK	(33,717)	(473,818)
Amortization of fixed income premium or discounts	13,138	63,216
Changes in other assets and liabilities:		
Due from portfolio companies	(93,879)	(19,257)
Due from affiliates	-	(11,592)
Interest receivable	(16,933)	(100,401)
Prepaid expenses	(72,494)	17,367
Note receivable	500,000	-
Deferred tax asset	4,926	-
Accrued management fees	(109,421)	314,509
Accounts payable	(180,102)	580,941
Due to affiliates	(29,302)	71,278
Tax expense payable	(13,788)	35,430
Deferred fee income	8,263	28,929
Accrued expenses and other liabilities	(175,719)	59,365
Net cash provided by (used in) operating activities	<u>55,290,147</u>	<u>(48,242,670)</u>
<b>Cash flows from financing activities:</b>		
Insurance loan payable	52,717	-
Short term payable for securities purchased	(52,398,253)	46,999,961
Term loan – related party	(365,000)	695,000
Net cash provided by (used in) financing activities	<u>(52,710,536)</u>	<u>47,694,961</u>
Net increase (decrease) in cash and restricted cash	2,579,611	(547,709)
Cash and restricted cash at beginning of period	533,949	1,022,510
Cash and restricted cash at end of period	<u>\$ 3,113,560</u>	<u>\$ 474,801</u>
<b>Supplemental disclosure of non-cash financing activities:</b>		
Dividends payable to stockholders	\$ -	\$ (600)
Unpaid dividend written off	\$ -	\$ 600
<b>Supplemental disclosure of cash flow financing activities:</b>		
Interest expense paid	\$ 57,637	\$ 121,171
Income tax paid	\$ 39,586	\$ 302,265

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2017 (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 <sup>(2) (5)</sup>	Staffing	\$ 4,500,000	\$ 4,500,000	\$ 3,882,453	9.05%
Unsecured loan, 5%, due 10/31/2017		\$ 89,225	89,225	89,225	0.21%
Unsecured loan, 5%, due 12/31/2017		\$ 69,000	69,000	69,000	0.16%
Unsecured loan, 5%, due 12/31/2017		\$ 125,000	125,000	125,000	0.29%
Unsecured loan, 5%, due 12/31/2017		\$ 30,000	30,000	30,000	0.07%
Unsecured loan, 5%, due 12/31/2017		\$ 105,000	105,000	105,000	0.24%
Unsecured loan, 5%, due 12/31/2017		\$ 200,000	200,000	200,000	0.47%
Common Stock – Series A <sup>(5)</sup>		225,000	10,150	6,279	0.01%
Common Stock – Series B <sup>(5)</sup>		9,500,000	428,571	265,117	0.62%
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	6,977	0.02%
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	-	19,535	0.05%
Total			5,568,224	4,798,586	11.19%
<b>Integrated Medical Partners, LLC</b> Milwaukee, WI					
Unsecured Loan, 6.0% Cash, due 9/30/2019 <sup>(5), (8)</sup>	Medical Business	\$ 451,922	451,922	451,922	1.05%
Preferred Membership, Class A units <sup>(5)</sup>	Services	800	4,196,937	1,832,261	4.27%
Preferred Membership, Class B units <sup>(5)</sup>		760	29,586	81,667	0.19%
Common Units <sup>(5)</sup>		14,082	-	3,724	0.01%
Total			4,678,445	2,369,574	5.52%
<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	1,740,000	4.06%
Total			2,539,481	1,754,000	4.09%
<b>Rockfish Seafood Grill, Inc.</b> Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 <sup>(2), (3), (5)</sup>	Casual Dining	\$ 6,352,944	6,352,944	6,851,795	15.98%
Revolving Loan, 8% Cash, due 6/29/2017 <sup>(2), (5), (7)</sup>		\$ 1,621,000	1,621,000	1,621,000	3.78%
<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	105,351	0.24%
Membership Interest – Class A <sup>(5)</sup>		99.997%	3,734,636	948,133	2.21%
Total			12,123,540	9,526,279	22.21%
<b>Total control investments</b>			24,909,690	18,448,439	43.01%
<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	2.33%
<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	\$ 6,630,526	6,667,732	6,631,000	15.46%
<b>Lone Star Brewery Development, Inc.</b> Houston, TX					
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 <sup>(2), (3), (5)</sup>	Real Estate Development	\$ 8,076,135	8,076,135	8,410,002	19.61%

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of September 30, 2017 (Unaudited) (Continued)

Investments	Headquarters / Industry	Principal Amount/Shares/% Ownership	Amortized Cost	Fair Value <sup>(1)</sup>	% of Net Assets
<b>Non-control/non-affiliate investments (continued)</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	\$ 6,750,000	15.74%
Membership Interest – Class B <sup>(5)</sup>	Fittings & Flanges	25.97%	5,131,090	200,654	0.47%
Total			<u>11,881,090</u>	<u>6,950,654</u>	<u>16.21%</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>27,626,157</u>	<u>22,992,856</u>	<u>53.61%</u>
<b>Total Portfolio Investments</b>			<u>52,535,847</u>	<u>41,441,295</u>	<u>96.62%</u>
<b>Total Investments</b>			<u>\$52,535,847</u>	<u>\$41,441,295</u>	<u>96.62%</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.
- (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, 2017, less than 1% of the total fair value of investments represents non-qualifying assets.
- (5) Investment is non-income producing as of September 30, 2017.
- (6) Represents an illiquid investment. At September 30, 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 September 30, 2017, the commitment was fully funded. On February 20, 2018 this revolving loan commitment was increased by \$200,000 and the maturity date extended to December 31, 2018.
- (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, 2017, the commitment was fully funded.

See notes to financial statements (unaudited).



**PRINCETON CAPITAL CORPORATION**

**SCHEDULE OF INVESTMENTS as of September 30, 2017 (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, 2017.

<b>Geography</b>	<b>September 30, 2017</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Canada	\$ 1,200	0.00%
United States	41,440,095	96.62
<b>Total</b>	<b>\$ 41,441,295</b>	<b>96.62%</b>

<b>Industry</b>	<b>September 30, 2017</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Casual Dining	\$ 9,526,279	22.21%
Real Estate Development	8,410,002	19.61
Nickel Pipe, Fittings and Flanges	6,950,654	16.21
Storage Company Property Management	6,631,000	15.46
Staffing	4,798,586	11.19
Energy Services	2,754,000	6.42
Medical Business Services	2,369,574	5.52
Security	1,200	0.00
<b>Total</b>	<b>\$ 41,441,295</b>	<b>96.62%</b>

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2016

Investments	Headquarters / Industry	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value (1)	% of Net Assets
<b>Portfolio Investments <sup>(6)</sup></b>					
<b>Control investments</b>					
<b>Rockfish Seafood Grill, Inc.</b> Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 <sup>(2), (3), (5)</sup>	Casual Dining	\$ 6,352,944	\$ 6,352,944	\$ 6,549,261	14.89%
Revolving Loan, 8% Cash, due 6/29/2017 <sup>(2), (5), (7)</sup>		\$ 1,481,000	1,481,000	1,481,000	3.37%
<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	102,826	0.23%
Membership Interest – Class A <sup>(5)</sup>		99.997%	3,734,636	925,407	2.10%
Total			<u>11,983,540</u>	<u>9,058,494</u>	<u>20.59%</u>
<b>Dominion Medical Management, Inc.</b> Milwaukee, WI					
Unsecured Loan, 2.0% cash, due 3/1/2018 <sup>(2), (5)</sup>	Medical Business	\$ 276,922	276,922	276,922	0.63%
<b>Integrated Medical Partners, LLC</b> Services					
Preferred Membership, Class A units <sup>(5)</sup>		800	4,196,937	3,337,779	7.59%
Preferred Membership, Class B units <sup>(5)</sup>		760	29,586	365,884	0.83%
Common Units <sup>(5)</sup>		14,082	-	20,059	0.05%
Total			<u>4,503,445</u>	<u>4,000,644</u>	<u>9.10%</u>
<b>Total control investments</b>			<u>16,486,985</u>	<u>13,059,138</u>	<u>29.69%</u>
<b>Affiliate investments</b>					
<b>Spencer Enterprises Holdings, LLC</b> City of Industry, CA					
Preferred Membership, Class AA units <sup>(5)</sup>	Home Furnishings	500,000	2,391,001	2,705,363	6.15%
Preferred Membership, Class BB units <sup>(5)</sup>	Manufacturing	500,000	2,915,749	3,681,316	8.37%
Total			<u>5,306,750</u>	<u>6,386,679</u>	<u>14.52%</u>
<b>Total affiliate investments</b>			<u>5,306,750</u>	<u>6,386,679</u>	<u>14.52%</u>
<b>Non-control/non-affiliate investments</b>					
<b>Advantis Certified Staffing Solutions, Inc.</b> Austin, TX					
Second Lien Loan, 6.0% Cash, due 11/30/2021	Staffing	\$ 4,500,000	4,500,000	4,500,000	10.23%
Warrant for 700,000 Common Stock, exercise price \$0.01 per share, expires 1/1/2027 <sup>(5)</sup>		1	-	7,352	0.02%
Total			<u>4,500,000</u>	<u>4,507,352</u>	<u>10.25%</u>
<b>Performance Alloys, LLC</b> Houston, TX					
Second Lien Loan, 6.0% cash, due 3/31/2018	Nickel Pipe, Fittings & Flanges	\$ 6,750,000	6,750,000	6,750,000	15.35%
Membership Interest – Class B <sup>(5)</sup>		25.97%	5,131,090	631,571	1.43%
Total			<u>11,881,090</u>	<u>7,381,571</u>	<u>16.78%</u>
<b>Lone Star Brewery Development, Inc.</b> San Marcos, TX					
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 <sup>(2), (3), (5)</sup>	Real Estate Development	\$ 8,076,135	8,076,135	6,000,000	13.64%
<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	\$ 6,530,972	6,554,040	6,531,000	14.85%
<b>South Boots Hill, LLC</b> San Marcos, TX					
First Lien Loan, 12.0% cash, 2.0% PIK, due 3/31/2018 <sup>(2), (3), (5)</sup>	Energy Services	\$ 2,525,481	2,525,481	1,740,000	3.96%

See notes to financial statements (unaudited).

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2016 (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>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>33,537,946</u>	<u>26,161,123</u>	<u>59.48%</u>
<b>Total Portfolio Investments</b>			<u>55,331,681</u>	<u>45,606,940</u>	<u>103.69%</u>
<b>United States Treasury</b>					
U. S. Treasury Bill 0.0% 1/5/2017		\$52,400,000	<u>52,398,253</u>	<u>52,398,952</u>	<u>119.13%</u>
<b>Total Investments</b>			<u><b>\$107,729,934</b></u>	<u><b>\$98,005,892</b></u>	<u><b>222.82%</b></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.
- (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, 2016, less than 1% of the total fair value of investments represents non-qualifying assets.
- (5) Investment is non-income producing as of December 31, 2016.
- (6) Represents an illiquid investment. At December 31, 2016, 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. As of December 31, 2016, \$10,000 remains unfunded.

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**

**SCHEDULE OF INVESTMENTS as of December 31, 2016 (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, 2016.

<b>Geography</b>	<b>December 31, 2016</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Canada	\$ 1,200	0.00%
United States	45,605,740	103.69
<b>Total</b>	<b>\$ 45,606,940</b>	<b>103.69%</b>

<b>Industry</b>	<b>December 31, 2016</b>	
	<b>Investments at Fair Value</b>	<b>Percentage of Net Assets</b>
Casual Dining	\$ 9,058,494	20.59%
Nickel Pipe, Fittings and Flanges	7,381,571	16.78
Storage Company Property Management	6,531,000	14.85
Home Furnishings Manufacturing	6,386,679	14.52
Real Estate Development	6,000,000	13.64
Staffing	4,507,352	10.25
Medical Business Services	4,000,644	9.10
Energy Services	1,740,000	3.96
Security	1,200	0.00
<b>Total</b>	<b>\$ 45,606,940</b>	<b>103.69%</b>

See notes to financial statements (unaudited).

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (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 North Andover, MA. 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. 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 and 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 September 30, 2017 (the date covered by this quarterly report), Princeton Advisory Group acted as the Company’s investment advisor pursuant to the terms of the PAG Investment Advisory Agreement. The PAG Investment Advisory Agreement was subsequently terminated on December 31, 2017 as disclosed in Note 10.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements (unaudited) 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.

**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, 2017, the Company had control investments in Advantis Certified Staffing Solutions, Inc. Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC, Integrated Medical Partners, LLC, and PCC SBH Sub, Inc., as defined under the 1940 Act. As of December 31, 2016, the Company had control investments in Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC, and Integrated Medical Partners, LLC and affiliated investments in Spencer Enterprises Holdings, LLC, as defined under the 1940 Act

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

**Valuation 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 and elsewhere in this Form 10-Q, changed on June 9, 2016 from Princeton Investment Advisors to Princeton Advisory Group as disclosed in Note 1);

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

- 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 and elsewhere in this Form 10-Q, changed on June 9, 2016 from Princeton Investment Advisors to Princeton Advisory Group as disclosed in Note 1), 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.

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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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.

*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.



**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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.

The following table provides a reconciliation of cash and restricted cash as of September 30, 2017 and 2016 reported within the statements of assets and liabilities that sum to the total of the same such amounts shown in the statements of cash flows:

	<b>September 30, 2017 (unaudited)</b>	<b>September 30, 2016 (unaudited)</b>
Cash	\$ 3,113,560	\$ 4,801
Restricted cash	-	470,000
<b>Total Cash and Restricted Cash</b>	<b>\$ 3,113,560</b>	<b>\$ 474,801</b>

As of September 30, 2016, restricted cash consisted of cash held for purpose of purchasing U.S. Treasury Bills on margin.

**Notes Receivable**

As of December 31, 2016, the Company had \$500,000 in receivables relating to the sale of its equity investment in Advantis Certified Staffing Solutions, Inc. A notice of default on the note receivable was sent to the party that purchased the equity investment in Advantis Certified Staffing Solutions, Inc. and the Company reclaimed the shares on July 3, 2017. See Note 10.

**U.S. Treasury Bills**

At the end of each fiscal quarter, we may take proactive steps to ensure we are in compliance with the RIC diversification requirements under Subchapter M of the Code, which are dependent upon the composition of our total assets at quarter end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions after quarter-end. As of September 30, 2017, no U.S. Treasury Bills were purchased.

**Revenue Recognition**

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

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

Dividend income is recorded on the ex-dividend date.

Structuring fees, excess deal deposits, prepayment fees and similar fees are recognized as income as earned, usually when paid. Other fee income, including annual fees and monitoring fees are included in other income. Income from such sources for the three and nine months ended September 30, 2017 was \$14,188 and \$37,891, respectively. Income from such sources for the three and nine months ended September 30, 2016 was \$13,351 and \$32,359, respectively. Interest income earned on cash in the Company's bank account is included in other income from non-investment sources. Income from such sources for the three and nine months ended September 30, 2017 was \$1,669 and \$1,819, respectively. Income from such sources for the three and nine months ended September 30, 2016 was \$10 and \$174, respectively.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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, 2017, PIK interest was \$33,717 and \$99,555, respectively. For the three and nine months ended September 30, 2016, PIK interest was \$33,042 and \$473,817, 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, 2017 and 2016 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. Through September 30, 2017, it was undeterminable 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, 2017, the Company was not invoiced any legal fees by these two law firms related to this lawsuit. For the three and nine months ended September 30, 2016, the Company was invoiced \$22,294 and \$351,513, respectively, 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. Other legal fees invoiced to the Company for the three and nine months ended September 30, 2017 and 2016, were incurred in the normal operating course of business and are included in professional fees on the Statements 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 2016 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 a RIC for the 2016 or 2017 tax years and expects to be taxed as a corporation under Subchapter C of the Code. The failure to qualify as a RIC, however, did not impact the 2016 tax year as the Company incurred tax losses. As a result of the loss incurred for the year ended December 31, 2016, the Company intends to carry back the net operating loss to prior periods in which the Company generated taxable income and apply for a refund of federal taxes paid. Accordingly, the Company has recorded a deferred tax asset for the expected refund. 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. If the Company hereafter achieves and maintains status as a RIC, it generally would 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 would 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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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, 2017 and 2016 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, 2017 and 2016, 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 August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 requires management to evaluate relevant conditions or events that are known or reasonably knowable as of the evaluation date when determining whether substantial doubt about an entity's ability to continue as a going concern exists. If management concludes that substantial doubt about an entity's ability to continue as a going concern is not alleviated by its plans, the notes to the financial statements are required to include a statement that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued, when applicable). ASU 2014-15 is effective for annual periods ending after December 15, 2016 and for annual periods and interim periods thereafter. Adoption of ASU 2014-15 did not have a material effect on its financial position or results of operations.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. ASU 2015-17 is effective for public business entities in fiscal years beginning after December 15, 2016, including interim periods within those years. Adoption of ASU 2015-17 did not have a material impact on its Financial Statements.

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 May 2014, the FASB issued a converged standard to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606) –Deferral of the Effective Date, formally amending the effective date of the new revenue recognition guidance. The amended guidance defers the effective date of the new guidance to interim reporting periods within annual reporting periods beginning after December 15, 2017. Public business entities are permitted to apply the new guidance early, but not before the original effective date (*i.e.*, interim periods within annual periods beginning after December 15, 2016). Adoption of ASU 2015-14 did not have a material impact on its Financial Statements.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606) –Principal versus Agent Considerations (Reporting Revenue Gross Versus Net) (“ASU 2016-08”). The amended guidance affects entities that enter into contracts with customers to transfer goods or services in exchange for consideration. Under ASU 2016-08, when another party is involved in providing goods or services to a customer, an entity must determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for the good or service to be provided by the other party (that is, the entity is an agent). An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. The amended guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customer. ASU 2016-08 affects the guidance in the new revenue standard issued in May 2014 and has the same effective date which is described above. Adoption of ASU 2016-08 did not have a material impact on its Financial Statements.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

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

**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, 2017 and September 30, 2016 and the nine months ended September 30, 2017 and September 30, 2016.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</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	\$ 977,028	\$ (1,183,925)	\$ (1,096,001)	\$ (4,072,065)
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	\$ 0.008	\$ (0.010)	\$ (0.009)	\$ (0.034)
Diluted	\$ 0.008	\$ (0.010)	\$ (0.009)	\$ (0.034)

<sup>(1)</sup> Per share data based on weighted average shares outstanding.

**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, 2017 and December 31, 2016, respectively:

	<b>As of September 30, 2017 (Unaudited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Portfolio Investments</b>				
First Lien Loans	\$ -	\$ -	\$ 16,103,795	\$ 16,103,795
Second Lien Loans	-	-	19,042,455	19,042,455
Unsecured Loans	-	-	1,084,147	1,084,147
Equity	-	-	5,210,898	5,210,898
<b>Total Portfolio Investments</b>	<u>-</u>	<u>-</u>	<u>41,441,295</u>	<u>41,441,295</u>
<b>Total Investments</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,441,295</u>	<u>\$ 41,441,295</u>

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2017 (Unaudited)

	As of December 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Portfolio Investments</b>				
First Lien Loans	\$ -	\$ -	\$ 16,301,261	\$ 16,301,261
Second Lien Loans	-	-	17,250,000	17,250,000
Unsecured Loans	-	-	276,922	276,922
Equity	-	-	11,778,757	11,778,757
<b>Total Portfolio Investments</b>	-	-	45,606,940	45,606,940
<b>U.S. Treasury Bill</b>	52,398,952	-	-	52,398,952
<b>Total Investments</b>	<u>\$ 52,398,952</u>	<u>\$ -</u>	<u>\$ 45,606,940</u>	<u>\$ 98,005,892</u>

During the nine months ended September 30, 2017 and the year ended December 31, 2016, 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, 2017 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of period	\$ 16,301,261	\$ 17,250,000	\$ 276,922	\$ 11,778,757	\$ 45,606,940
Amortization	(13,138)	-	-	-	(13,138)
Purchases of investments	1,233,111	-	1,090,147	450,000	2,773,258
Sales of investments	-	-	(282,922)	(5,895,860)	(6,178,782)
Payment-in-kind interest	33,717	-	-	-	33,717
Realized gain (loss)	-	-	-	589,111	589,111
Change in unrealized gain (loss) on investments	1,074,325	1,792,455	-	(4,236,591)	(1,369,811)
Transfer due to restructuring	(2,525,481)	-	-	2,525,481	-
Fair value at end of period	<u>\$ 16,103,795</u>	<u>\$ 19,042,455</u>	<u>\$ 1,084,147</u>	<u>\$ 5,210,898</u>	<u>\$ 41,441,295</u>
Change in unrealized gain (loss) on Level 3 investments still held as of September 30, 2017	<u>\$ 288,841</u>	<u>\$ 1,792,455</u>	<u>\$ -</u>	<u>\$ (3,156,661)</u>	<u>\$ (1,075,365)</u>

Changes in Level 3 assets measured at fair value for the year ended December 31, 2016 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of year	\$ 16,064,535	\$ 21,386,494	\$ 371,922	\$ 10,876,569	\$ 48,699,520
Amortization	(16,161)	-	-	-	(16,161)
Purchases of investments	463,211	-	280,000	-	743,211
Sales of investments	(50,000)	-	-	(500,000)	(550,000)
Payment-in-kind interest	473,818	-	-	-	473,818
Realized gain (loss)	-	(1,454,270)	(375,000)	367,383	(1,461,887)
Change in unrealized gain (loss) on investments	(634,142)	2,448,866	-	(4,096,285)	(2,281,561)
Transfer due to restructuring	-	(5,131,090)	-	5,131,090	-
Fair value at end of year	<u>\$ 16,301,261</u>	<u>\$ 17,250,000</u>	<u>\$ 276,922</u>	<u>\$ 11,778,757</u>	<u>\$ 45,606,940</u>
Change in unrealized gain (loss) on Level 3 investments still held as of December 31, 2016	<u>\$ (634,141)</u>	<u>\$ 463,275</u>	<u>\$ -</u>	<u>\$ (4,197,583)</u>	<u>\$ (4,368,449)</u>

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

The following table provides quantitative information regarding Level 3 fair value measurements as of September 30, 2017:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average)
<b>First Lien Loans</b>	\$ 6,631,000	Discounted Cash Flow	Discount Rate	14.00%
	8,472,795	Discounted Cash Flow	Discount Rate	12.10%
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-0.9x (0.75x)
<i>Total</i>	<u><b>15,103,795</b></u>			
<b>Second Lien Loans</b>	8,410,002	Discounted Cash Flow	Discount Rate	85.00%
	3,882,453	Discounted Cash Flow	Discount Rate	14.10%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.4X-0.6X (0.5X)
	6,750,000	Discounted Cash Flow	Discount Rate	9.40%
		Market Approach	Enterprise Value/Revenue Multiple	8.6X-11.4X (10.0X)
<i>Total</i>	<u><b>19,042,455</b></u>			
<b>Unsecured Loans</b>	1,070,147	Discounted Cash Flow	Discount Rate	11.70%-14.10% (12.90%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.4x- 0.6x (0.5x)
	<i>Total</i>	<u><b>1,070,147</b></u>		
<b>Equity</b>	3,470,898	Black-Scholes Option Pricing Model	Volatility	22.50%-33.70% (28.10%)
			Discount for lack of marketability	5.00%-30.00% (17.50%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.4x – 17.9x (9.15x)
		Income Approach	Discount Rate	9.4% - 14.1% (11.75%)
	1,740,000	Market Approach	Real Estate Appraisal Values	N/A
<i>Total</i>	<u><b>5,210,898</b></u>			
<b>Total Level 3 Investments</b>	<u><b>\$ 40,427,295</b></u>			

The Company's remaining Level 3 investments aggregating approximately \$1,014,000 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, 2017.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2016:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average)
<b>First Lien Loans</b>	\$ 6,531,000	Discounted Cash Flow	Discount Rate	14.00%
	8,030,261	Discounted Cash Flow	Discount Rate	12.20%
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-0.9x (0.75x)
	1,740,000	Market Approach	Real Estate Appraisal Values	N/A
<i>Total</i>	<u><b>16,301,261</b></u>			
<b>Second Lien Loans</b>	6,000,000	Discounted Cash Flow	Discount Rate	68.00%
	4,500,000	Discounted Cash Flow	Discount Rate	14.10%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.6X
	6,750,000	Discounted Cash Flow	Discount Rate	9.00%
		Market Approach	Enterprise Value/Revenue Multiple	8.6X
<i>Total</i>	<u><b>17,250,000</b></u>			
<b>Unsecured Loans</b>	276,922	Discounted Cash Flow	Discount Rate	12.60%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	1.10x– 20.60x (10.85x)
<i>Total</i>	<u><b>276,922</b></u>			
<b>Equity</b>	11,778,757	Black-Scholes Option Pricing Model	Volatility	22.50%-39.50% (31.00%)
			Discount for lack of marketability	5.00%-32.00% (18.50%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.4x – 20.6x (10.5x)
		Income Approach	Discount Rate	9.4% - 14.1% (11.75%)
<i>Total</i>	<u><b>11,778,757</b></u>			
<b>Total Level 3 Investments</b>	<u><b>\$ 45,606,940</b></u>			

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

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

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

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

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**Investment Advisory Agreement with Princeton Advisory Group**

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 manages our day-to-day operations and provides investment advisory services to us. The PAG Investment Advisory Agreement was terminated on December 31, 2017, as disclosed in Note 10.



**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

Under the PAG Investment Advisory Agreement, the administrative services of the Company are provided by Princeton Advisory Group 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 as of June 9, 2016, serves 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 and former 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.

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, respectively. Management fees under the PAG Investment Advisory Agreement for the three months and nine months ended September 30, 2016 were \$112,581 and \$163,704, respectively. The Company did not incur Management fees under the Terminated Investment Advisory Agreement for the three months ended September 30, 2016, although there was an \$18,133 true-up from the prior quarter. Management fees under the Terminated Investment Advisory Agreement for the nine months ended September 30, 2016 were \$365,805. As of September 30, 2017, management fees of \$84,803 and \$341,559 were payable to Princeton Advisory Group and Princeton Investment Advisors, respectively. As of December 31, 2016, management fees of \$194,224 and \$341,559 were payable to Princeton Advisory Group and Princeton Investment Advisors, respectively.

***Incentive Fee***

The Company will not pay Princeton Advisory Group an incentive fee.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

*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);
- 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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

***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.

***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***

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

***Sub-Administration Agreement***

Princeton Advisory Group has engaged SS&C Technologies Holdings, Inc. (the "Sub-Administrator") to provide certain administrative services to us. In exchange for provided services, the Administrator pays the Sub-Administrator an asset-based fee with a \$200,000 annual minimum as adjusted for any reimbursement of expenses. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

<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. Administration fees were \$0 and \$125,562 for the three and nine months ended September 30, 2016, respectively, and sub-administration fees were \$31,250 and \$126,923 for the three and nine months ended September 30, 2016, respectively, as shown on the Statements of Operations under administration fees.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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, 2017, none of the portfolio companies had accepted our offer for such services.

**Other Related Party Transactions**

On March 30, 2016, the Company, as Borrower, entered into a Term Loan in the amount of \$1,500,000 with Sema4, Inc. and Princeton Advisory Group, Inc., as Lenders in order to purchase certain assets to qualify as a RIC. Sema4, Inc. committed \$1,000,000 and Princeton Advisory Group, Inc. committed \$500,000. The loan was repaid in full with interest at a rate of 10.0% per annum on April 8, 2016. Sema4, Inc. is the general partner of CPP and CPPII, which own approximately 87% and 9% of our common stock, respectively. Sema4, Inc. is solely owed by Mark DiSalvo, a current director, Interim President, and Interim CEO of the Company as of the date of this filing. Princeton Advisory Group, Inc. is wholly owned by Munish Sood, a former Director, former President, and former CEO of the Company as of the date of this filing.

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

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, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. Mr. Sood is a former Director, former President, and former CEO of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan will bear interest at a rate of 10.0% per annum and matures on December 12, 2016. 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 June 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.

As disclosed in the Company's Form 8-K filed with the SEC on October 5, 2016, on September 29, 2016 the Company, as Borrower, entered into a Term Loan in the amount of \$470,000 with Munish Sood, as Lender, in order to purchase certain assets to qualify as a RIC. Mr. Sood is a former Director, former President, and former CEO of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on October 7, 2016.

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, 2017 (Unaudited)

**NOTE 7 – FINANCIAL HIGHLIGHTS**

	<b>Nine Months Ended September 30, 2017 <u>(Unaudited)</u></b>	<b>Nine Months Ended September 30, 2016 <u>(Unaudited)</u></b>
<b>Per Share Data <sup>(1)</sup>:</b>		
Net asset value at beginning of period	\$ 0.365	\$ 0.400
Net investment loss	(0.003)	(0.011)
Realized gain	0.005	0.000
Change in unrealized gain (loss)	(0.011)	(0.023)
Net asset value at end of period	<u>\$ 0.356</u>	<u>\$ 0.366</u>
Total return based on net asset value <sup>(2)</sup>	(2.5)%	(8.5)%
Weighted average shares outstanding for period, basic	120,486,061	120,486,061
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period	\$ 42,889,318	\$ 44,154,098
Average net assets	\$ 42,560,454	\$ 47,934,393
Annualized ratio of net operating expenses to average net assets <sup>(3)</sup>	4.3%	6.0%
Annualized ratio of net investment income (loss) to average net assets <sup>(3)</sup>	(1.0)%	(3.4)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets <sup>(3)</sup>	3.1%	4.4%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets <sup>(3)</sup>	(3.4)%	(11.1)%
Portfolio Turnover	0.01%	0.17%

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2017 (Unaudited)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
<b>Per Share Data <sup>(1)</sup>:</b>					
Net asset value at beginning of period	\$ 0.400	\$ 0.254	\$ 0.564	\$ 0.174	\$ 0.204
Net investment loss	(0.004)	(0.013)	(0.144)	(0.062)	(0.068)
Change in unrealized gain (loss)	(0.019)	(0.081)	(0.358)	0.388	(0.004)
Realized gain	(0.012)	0.002	0.192	0.064	0.042
Change in capital share transactions	-	0.238	-	-	-
Net asset value at end of period	<u>\$ 0.365</u>	<u>\$ 0.400</u>	<u>\$ 0.254</u>	<u>\$ 0.564</u>	<u>\$ 0.174</u>
Total return based on net asset value <sup>(2)</sup>	(8.8)%	(36.2)%	(55.0)%	224.1%	(14.7)%
Weighted average shares outstanding for period, basic	120,486,061	97,402,398	1,816,534	1,816,534	1,816,534
<b>Ratio/Supplemental Data:</b>					
Net assets at end of period	\$ 43,985,319	\$ 48,225,563	\$ 462,022	\$ 1,025,493	\$ 317,502
Average net assets	\$ 46,991,446	\$ 45,472,971	\$ 743,758	\$ 671,498	\$ 343,572
Annualized ratio of net operating expenses to average net assets	5.8%	9.5%	35.2%	16.6%	35.6%
Annualized ratio of net investment income (loss) to average net assets	(1.1)%	(2.7)%	(35.2)%	(16.6)%	(35.6)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets	4.3%	8.0%	35.2%	16.2%	34.6%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets	(9.0)%	(19.5)%	(75.8) <sup>(4)</sup> %	105.4 <sup>(4)</sup> %	(15.2) <sup>(4)</sup> %
Portfolio Turnover	1.1%	0.7%	31.2 <sup>(4)</sup> %	14.7 <sup>(4)</sup> %	17.9 <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 were not annualized. For the nine months ended September 30, 2016 the Company incurred \$351,513 of legal fees that were deemed to be non-recurring.

(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, 2017. 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 has reduced to approximately \$180,499.

Except as set forth under Note 10 and as a subsequent event to the period covered by this filing, there are no other legal proceedings against the Company or any of its officers or directors.

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

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

**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 SBH Sub, Inc. three of its majority owned control investments were considered a significant subsidiaries at the 20% level at September 30, 2017.

Additionally, Integrated Medical Partners, LLC, an unconsolidated portfolio company that was a control investment, but which was not majority-owned by the Company, as well as Rockfish Seafood Grill, Inc., Advantis Certified Staffing Solutions, Inc., and PCC SBH Sub, Inc., three majority owned control investments were also considered significant subsidiaries at the 10% level at September 30, 2017. The following tables shows the summarized financial information for Rockfish Seafood Grill, Inc., Integrated Medical Partners, LLC, Advantis Certified Staffing Solutions, Inc., and PCC SBH Sub, Inc. (numbers in thousands):

	<u>Rockfish Seafood Grill, Inc.</u>	<u>Integrated Medical Partners, LLC</u>	<u>Advantis Certified Staffing Solutions, Inc.</u>	<u>PCC SBH Sub, Inc.</u>
	As of September 30, 2017 (unaudited)	As of September 30, 2017 (unaudited)	As of September 30, 2017 (unaudited)	As of September 30, 2017 (unaudited)
<b>Balance Sheet</b>				
Current Assets	\$ 61	\$ 2,314	\$ 1,123	\$ 315
Noncurrent Assets	3,526	5,588	12,773	2,420
Current Liabilities	1,579	4,019	5,023	283
Noncurrent Liabilities	8,917	722	7,595	-

	<u>Rockfish Seafood Grill, Inc.</u>	<u>Integrated Medical Partners, LLC</u>	<u>Advantis Certified Staffing Solutions, Inc.</u>	<u>PCC SBH Sub, Inc.</u>
	Nine Months Ended September 30, 2017 (unaudited)	Nine Months Ended September 30, 2017 (unaudited)	Nine Months Ended September 30, 2017 (unaudited)	Nine Months Ended September 30, 2017 (unaudited)
<b>Income Statement</b>				
Net Revenue (Loss)	\$ 15,107	\$ 10,925	\$ 10,938	\$ (42)
Gross Profit	10,566	3,359	2,224	209
Net Income (Loss)	(279)	(580)	(972)	(72)

**NOTE 10 – SUBSEQUENT EVENTS**

**Portfolio Activity**

- On October 25, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$45,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On November 20, 2017, the Company made a short term loan to Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC in the amount of \$100,000 for working capital needs. The note will accrue and pay interest and equal principal payments on a monthly basis at an annual rate of 6.0% and have a second lien security interest in the assets of the company. The maturity date is May 20, 2018.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

- On December 13, 2017, 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 5% with all interest and principal due on maturity of December 31, 2018.
- On January 1, 2018, the Company consolidated the prior bridge loans to Advantis Certified Staffing Solutions, Inc. into one note in the amount of \$813,225. 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. As part of the amendment, the maturity date was extended until December 31, 2018. 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.

**Additional Subsequent Events**

***Investigation***

As a result of the allegations contained in the Complaints filed by the United States of America filed Complaints against Munish Sood 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.

As set forth in the Company’s 8-K filed on January 24, 2018, the Audit Committee conducted an independent investigation into this matter with the assistance of outside advisors. The investigation concluded on January 24, 2018. The investigation uncovered (i) no evidence that the allegations contained in the Complaints impacted the Company (other than the resignation of Mr. Sood), (ii) no evidence that any officer or employee of the Company, other than (as has been alleged) Mr. Sood, had any involvement in the allegations contained in the Complaints, and (iii) no evidence that any corporate or portfolio company funds were utilized in the conduct alleged in the Complaints. In respect to Mr. Sood, the Audit Committee did not make any judgment regarding the criminal allegations made by the U.S. Attorney in its Complaints. As a result of this investigation, the Company, its Audit Committee, and its advisors have concluded that the Company’s internal controls over financial reporting are effective and do not recommend implementing any additional procedures or controls at this time.



**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017 (Unaudited)**

***Termination of Investment Advisory Agreement with Princeton Advisory Group and Entry into Interim Investment Advisory Agreement with House Hanover***

As set forth in the Company's Form 8-K filed on January 2, 2018, 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.

In accordance with Rule 15a-4(a)(2), the Interim Investment Advisory Agreement does not need to be approved by the Company's stockholders and the duration of the interim contract may not be greater than 150 days following the date on which the PAG Investment Advisory Agreement terminates.

A summary of the Interim Investment Advisory Agreement was included in the Form 8-K filed on January 2, 2018 and the full text of the Interim Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

As reported in the Company's Form 8-K filed on May 31, 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. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the New Advisory Agreement is May 31, 2018.

A summary of the House Hanover Investment Advisory Agreement was included in the Form 8-K filed on March 31, 2018 and the full text of the House Hanover Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

***Resignation of Joy Sheehan as Chief Compliance Officer***

As set forth in the Company's Form 8-K filed on January 2, 2018, as of December 31, 2017, Joy Sheehan, the Company's Chief Compliance Officer, notified the Company of her resignation as the Company's Chief Compliance Officer, effective immediately. Ms. Sheehan did not resign pursuant to any disagreement with the Company.

***Election of Florina Klingbaum as Chief Compliance Officer***

As set forth in the Company's Form 8-K filed on January 2, 2018, on December 30, 2017, the Board, including a majority of the directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act of 1940), unanimously approved the election of Florina Klingbaum to serve as the Company's Chief Compliance Officer, effective January 1, 2018. There are no related party transactions involving Ms. Klingbaum that are reportable under Item 404(a) of Regulation S-K.

Pursuant to the Interim Investment Advisory Agreement, the Company is responsible for its allocable portion of Ms. Klingbaum's compensation including, but not limited to, salaries and benefits while performing services to the Company.

***Late Filings***

As set forth in the Company's Form 12b-25 filings on April 3, 2018, May 16, 2018 and August 15, 2018 the Company has not timely made its Form 10-Q filing for the periods ending March 31, 2018 and June 30, 2018, or its 10-K filing for the year ended December 31, 2017 due to its inability to do so without undue effort or expense.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2017 (Unaudited)

**Schedule 12-14**

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 (2)	Sales	Transfers from Restructuring/Transfers into Control Investments	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	\$ (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 <sup>(1)</sup>	\$ 6,352,944	-	6,549,261	-	-	-	302,534	6,851,795
Revolving Loan <sup>(1)</sup>	\$ 1,621,000	-	1,481,000	140,000	-	-	-	1,621,000
<b>Rockfish Holdings, LLC</b>								
Warrant <sup>(1)</sup>	10%	-	102,826	-	-	-	845,307	948,133
Membership Interest <sup>(1)</sup>	99.997%	-	925,407	-	-	-	(820,056)	105,351
<b>Integrated Medical Partners, LLC</b>								
Unsecured Loan <sup>(1)</sup>	\$ 451,922	13,988	276,922	451,922	(276,922)	-	-	451,922
Preferred Membership – Class A <sup>(1)</sup>	800	-	3,337,779	-	-	-	(1,505,518)	1,832,261
Preferred Membership – Class B <sup>(1)</sup>	760	-	365,884	-	-	-	(284,217)	81,667
Common Stock <sup>(1)</sup>	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 <sup>(1)</sup>	\$ 14,000	1,293	-	20,000	(6,000)	-	-	14,000
<b>Total Control Investments</b>		<u>\$ 19,139</u>	<u>\$ 13,059,138</u>	<u>\$ 1,680,146</u>	<u>\$ (282,922)</u>	<u>\$ 7,041,991</u>	<u>\$ (3,049,914)</u>	<u>\$ 18,448,439</u>
<b>Affiliate Investments</b>								
<b>Spencer Enterprises 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>\$ 6,386,679</u>	<u>\$ -</u>	<u>\$(5,895,861)</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.

**PRINCETON CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2017 (Unaudited)

The table below represents the fair value of control and affiliate investments at December 31, 2015 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, 2016.

<u>Portfolio Company/Type of Investment</u>	<u>Principal Amount/Shares/Ownership % at September 30, 2016</u>	<u>Amount of Interest and Dividends Credited in Income</u>	<u>Fair Value at December 31, 2015</u>	<u>Purchases (2)</u>	<u>Realized and Change in Unrealized Gains/Losses</u>	<u>Fair Value at September 30, 2016</u>
<b><u>Control Investments</u></b>						
<b>Rockfish Seafood Grill, Inc.</b>						
First Lien Loan <sup>(1)</sup>	\$ 6,352,944	\$ 482,128	\$ 6,164,535	\$ 188,409	\$ -	\$ 6,352,944
Revolving Loan <sup>(1)</sup>	\$ 1,276,000	-	1,051,000	225,000	-	1,276,000
<b>Rockfish Holdings, LLC</b>						
Warrant <sup>(1)</sup>	10.00%	-	316,531	-	(129,848)	186,683
Membership Interest <sup>(1)</sup>	99.997%	-	2,848,693	-	(1,168,594)	1,680,099
<b>Integrated Medical Partners, LLC</b>						
Unsecured Loan <sup>(1)</sup>	\$ 276,922	-	276,922	-	-	276,922
Preferred Membership – Class A <sup>(1)</sup>	800	-	2,331,439	-	323,517	2,654,956
Preferred Membership – Class B <sup>(1)</sup>	760	-	32,923	-	194,124	227,047
Common Stock <sup>(1)</sup>	14,082	-	65	-	15,140	15,205
<b>Advantis Certified Staffing Solutions, Inc.</b>						
Second Lien Loan <sup>(1)</sup>	\$ 6,435,000	-	4,104,994	-	567,697	4,672,691
Unsecured Loan <sup>(1)</sup> (due 3/31/2018)	\$ 95,000	-	95,000	-	-	95,000
Unsecured Loan <sup>(1)</sup> (due 3/31/2020)	\$ 195,000	-	-	195,000	-	195,000
Unsecured Loan <sup>(1)</sup> (due 3/31/2018)	\$ 85,000	-	-	85,000	-	85,000
Warrant <sup>(1)</sup>	1	-	691	-	349	1,040
Common Stock – Series A <sup>(1)</sup>	225,000	-	622	-	314	936
Common Stock – Series B <sup>(1)</sup>	9,500,000	-	26,256	-	13,274	39,530
<b>Total Control Investments</b>		<u>\$ 482,128</u>	<u>\$ 17,249,671</u>	<u>\$ 693,409</u>	<u>\$ (184,027)</u>	<u>\$ 17,759,053</u>
<b><u>Affiliate Investments</u></b>						
<b>Spencer Enterprises Holdings, LLC</b>						
Preferred Membership, Class AA units <sup>(1)</sup>	500,000	\$ -	\$ 2,353,965	\$ -	\$ 550,393	\$ 2,904,358
Preferred Membership, Class BB units <sup>(1)</sup>	500,000	-	2,960,434	-	1,169,385	4,129,819
<b>Total Affiliate Investments</b>		<u>\$ -</u>	<u>\$ 5,314,399</u>	<u>\$ -</u>	<u>\$ 1,719,778</u>	<u>\$ 7,034,177</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 Princeton Advisory Group;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Princeton Advisory Group, Inc. to locate suitable investments for us and to monitor and administer our investments;
- the ability of Princeton Advisory Group, Inc. 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.

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

## Overview

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act” 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. Until June 9, 2016, we were managed by Princeton Investment Advisors, LLC (“Princeton Investment Advisors”). Since June 9, 2016, the date that the Company’s stockholders approved the investment advisory agreement with Princeton Advisory Group, Inc. (“Princeton Advisory Group” or the “Investment Advisor”) and through the date covered by this form 10-Q, we have been managed by Princeton Advisory Group, who also provides the administrative services necessary for us to operate.

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

## Corporate History

In order to expedite the ramp-up of our investment activities and further our ability to meet our investment objectives on March 13, 2015, we (i) acquired 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 do not believe it is likely that the Company will meet the qualifications of a RIC for the 2017 tax year and we expect to be taxed as a corporation under Subchapter C of the Code.

## Portfolio Composition and Investment Activity

### *Portfolio Composition*

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

At September 30, 2017, the Company had investments in 9 portfolio companies. The Company did not hold any U.S. Treasury Bills as of September 30, 2017. The total cost and fair value of the total investments were approximately \$52.5 million and \$41.4 million, respectively. The composition of our investments by asset class as of September 30, 2017 is as follows:

<b>Investments</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Total Portfolio</b>
<b>Portfolio Investments</b>			
First Lien Loans	\$ 15,641,676	\$ 16,103,795	38.8%
Second Lien Loans	19,326,135	19,042,455	46.0
Unsecured Loans	1,084,147	1,084,147	2.6
Equity	16,483,889	5,210,898	12.6
<b>Total Portfolio Investments</b>	<u>52,535,847</u>	<u>41,441,295</u>	<u>100.0</u>
<b>Total Investments</b>	<u>\$ 52,535,847</u>	<u>\$ 41,441,295</u>	<u>100.0%</u>

At December 31, 2016, the Company had investments in 9 portfolio companies. The Company also held one U.S. Treasury Bill. The total cost and fair value of the total investments were approximately \$107.7 million and \$98.0 million, respectively. The composition of our investments by asset class as of December 31, 2016 is as follows:

<b>Investments</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Total Portfolio</b>
<b>Portfolio Investments</b>			
First Lien Loans	\$ 16,913,465	\$ 16,301,261	16.6%
Second Lien Loans	19,326,135	17,250,000	17.6
Unsecured Loans	276,922	276,922	0.3
Equity	18,815,159	11,778,757	12.0
<b>Total Portfolio Investments</b>	<b>55,331,681</b>	<b>45,606,940</b>	<b>46.5</b>
<b>U.S. Treasury Bill</b>	<b>52,398,253</b>	<b>52,398,952</b>	<b>53.5</b>
<b>Total Investments</b>	<b>\$ 107,729,934</b>	<b>\$ 98,005,892</b>	<b>100.0%</b>

At September 30, 2017, our weighted average yield based upon cost of our portfolio investments was approximately 8.94% of which approximately 8.27% is current cash interest, all bearing a fixed rate of interest. At December 31, 2016, our weighted average yield based upon cost of our portfolio investments was approximately 11.07% of which approximately 10.16% is current cash interest, all bearing a fixed rate of interest.

At September 30, 2017, we did not hold any United States Treasury securities. At December 31, 2016, we held approximately \$52.4 million of United States Treasury securities. The United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

#### *Investment Activity*

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

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

The primary portfolio investment activities for the nine months ended September 30, 2017 are as follows:

- On January 18, 2017, the Company amended the RSG Revolver to increase the maximum principal amount to \$1,621,000.
- On January 18, 2017, the Company funded \$140,000 on the RSG Revolver.
- On February 6, 2017, the Company assigned its notes, liens and security interests in its investment in South Boots Hill, LLC to a wholly owned subsidiary, PCC SBH SUB, Inc. ("PCC SBH"). On February 7, 2017, PCC SBH foreclosed on the real estate collateral assets and other personal property assets of South Boots Hill, LLC.
- On February 15, 2017, the Company made a short term bridge loan to PCC SBH in the amount of \$20,000 for working capital needs. This bridge loan will bear an annual interest rate of 12% with all interest and principal due on maturity of February 15, 2018.
- On June 1, 2017, the Company issued notices of default on the Advantis Note and the associated Term Note for payment default. After giving 30 days to cure all defaults, the Company exercised its rights under the corresponding Stock Pledge Agreement to initiate transfer of the pledged stock certificates and warrants into the Company's name on July 3, 2017.
- On June 30, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$89,225 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of October 31, 2017.
- On July 3, 2017, the Company exercised its rights under the corresponding Stock Pledge Agreement to initiate transfer of the pledged stock certificates and warrants of Advantis Certified Staffing Solutions, Inc. into the Company's name.
- On July 12, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$69,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On July 14, 2017, the Company received distributions from the sale of its investment in Spencer Enterprise Holdings, LLC ("Spencer") in the amount of \$5,895,860. The Company is also entitled to an additional \$203,286 of proceeds held in escrow should they not be used. This is a full exit of the Company's investment in Spencer.

- On July 26, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$125,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On August 11, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$30,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On or about August 18, 2017 the Company participated in a \$5 million revolving loan (the “Revolver”) from Capital Foundry Funding, LLC, an investment bank headquartered in Pittsburgh, PA, to ECM Energy Services, Inc. (“ECM”) headquartered in Waynesburg, PA. The Company’s participation interest is in the amount of \$1 million for a term of 18 months with minimum annual rate of return of 12.0%. The Company’s \$1 million participation interest in the Revolver, and the collateral securing same, is subordinate to the payment and performance of the \$4 million first-position interest. ECM is an energy services company focused on natural gas and oil trucking and water logistics within the United States.
- On August 22, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$105,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On September 11, 2017, the Company amended the unsecured loan to Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC and funded an additional \$175,000 under the loan. The new note will accrue and pay interest quarterly at an annual rate of 6.0% and have a second lien security interest in the assets of the company. The maturity date was extended to September 30, 2019.
- On September 27, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$200,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

### Asset Quality

In addition to various risk management and monitoring tools, Princeton Advisory Group 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 are almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

The following table shows the investment rankings of our debt investments at fair value as of September 30, 2017 and December 31, 2016:

Investment Rating	As of September 30, 2017			As of December 31, 2016		
	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	\$ —	—	—	\$ —	—	—
2	14,846,922	35.8%	5	13,281,000	13.5%	2
3	—	—	—	4,500,000	4.6%	1
4	21,383,475	51.6%	4	10,047,183	10.3%	3
5	—	—	—	6,000,000	6.1%	1
	<u>\$ 36,230,397</u>	<u>87.4%</u>	<u>9</u>	<u>\$ 33,828,183</u>	<u>34.5%</u>	<u>7</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, 2017 we had 2 loans on non-accrual status and as of December 31, 2016, 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 Princeton Advisory Group (and to Princeton Investment Advisors for the period prior to June 9, 2016) 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 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);
- 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 in connection with administering the Company's business.

**Comparison of the Three Months Ended September 30, 2017 and September 30, 2016**

	Three Months Ended September 30, 2017 (unaudited)		Three Months Ended September 30, 2016 (unaudited)	
	Total	Per Share <sup>(1)</sup>	Total	Per Share <sup>(1)</sup>
<b>Investment income</b>				
Interest income <sup>(2)</sup>	\$ 354,803	\$ 0.003	\$ 331,849	\$ 0.003
Other income	15,857	0.000	13,361	0.000
<b>Total investment income</b>	<b>370,660</b>	<b>0.003</b>	<b>345,210</b>	<b>0.003</b>
<b>Operating expenses</b>				
Management fees	110,740	0.001	94,448	0.001
Administration fees	92,283	0.001	31,250	0.000
Professional fees	93,078	0.001	164,398	0.002
Directors' fees	52,125	0.001	57,543	0.001
Insurance expense	34,209	0.000	34,151	0.000
Interest expense	12,477	0.000	17,016	0.000
Other general and administrative expenses	29,838	0.000	151,996	0.001
<b>Total operating expenses</b>	<b>424,750</b>	<b>0.004</b>	<b>550,802</b>	<b>0.005</b>
<b>Net investment income (loss) before tax</b>	<b>(54,090)</b>	<b>(0.001)</b>	<b>(205,592)</b>	<b>(0.002)</b>
Income tax expense	7,684	0.000	8,689	0.000
<b>Net investment income (loss) after tax</b>	<b>\$ (61,774)</b>	<b>\$ (0.001)</b>	<b>\$ (214,281)</b>	<b>\$ (0.002)</b>
<b>Net change in unrealized gain (loss)</b>	<b>\$ 449,691</b>	<b>\$ 0.004</b>	<b>\$ (919,686)</b>	<b>\$ (0.008)</b>
<b>Net realized gain (loss)</b>	<b>\$ 589,111</b>	<b>\$ 0.005</b>	<b>\$ (49,958)</b>	<b>\$ (0.000)</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, 2017 and September 30, 2016, 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 \$33,717 and \$33,042 for the three months ended September 30, 2017 and 2016, respectively.

*Operating Expenses*

Total operating expenses decreased from \$550,802 for the three months ended September 30, 2016 to \$424,750 for the three months ended September 30, 2017. The decrease is primarily due to a decrease in professional fees and other general and administrative expenses for the three months ended September 30, 2017.

Total operating expenses per share decreased from \$0.005 per share for the three months ended September 30, 2016 to \$0.004 per share for the three months ended September 30, 2017.

*Net Investment Income (Loss)*

Net investment income (loss) (after tax) decreased from a loss of \$(214,281) for the three months ended September 30, 2016 to a loss of \$(61,774) for the three months ended September 30, 2017. This decrease in a loss was primarily due a decrease in professional fees and other general and administrative expenses and an increase in other income for the three months ended September 30, 2017.

Net investment income (loss) (after tax) per share decreased from a loss of \$(0.002) per share for the three months ended September 30, 2016 to a loss of \$(0.001) per share for the three months ended September 30, 2017.

### 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, 2017, we recognized \$589,111 of realized gain in connection with the sale of the preferred stock in Spencer Enterprises, Inc. .

For the three months ended September 30, 2016, we recognized \$(49,958) of realized loss primarily in connection with the expiration of the Neuralstem, Inc. warrant.

### 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 \$449,691 for the three months ended September 30, 2017 primarily in connection with a gain of \$2,056,563 on the senior secured loan to Lone Star Brewery Development and offset by a loss of \$1,032,070 on the membership interest in Rockfish Seafood Grill, LLC.

Net change in unrealized gain (loss) on investments totaled a loss of \$(919,686) for the three months ended September 30, 2016 primarily in connection with a loss of \$(4,066,121) on the membership interest – Class B units in Performance Alloys, Inc. due to restructuring and offset by a gain of \$4,154,300 on the second lien loan to Performance Alloys, Inc.

### Comparison of the Nine Months Ended September 30, 2017 and September 30, 2016

	Nine Months Ended September 30, 2017 (unaudited)		Nine Months Ended September 30, 2016 (unaudited)	
	Total	Per Share <sup>(1)</sup>	Total	Per Share <sup>(1)</sup>
<b>Investment income</b>				
Interest income <sup>(2)</sup>	\$ 1,028,871	\$ 0.009	\$ 1,251,182	\$ 0.011
Other income	39,710	0.000	32,533	0.000
<b>Total investment income</b>	<b>1,068,581</b>	<b>0.009</b>	<b>1,283,715</b>	<b>0.011</b>
<b>Operating expenses</b>				
Management fees	323,131	0.003	529,509	0.004
Administration fees	260,893	0.002	252,485	0.002
Professional fees	330,820	0.003	823,415	0.007
Valuation fees	74,200	0.001	-	-
Compliance fees	-	-	1,904	0.000
Directors' fees	124,500	0.001	169,198	0.001
Bank fees	-	-	25	0.000
Consulting fees	30,000	0.000	-	-
Insurance expense	85,032	0.001	79,069	0.001
Interest expense	62,124	0.000	57,955	0.000
Other general and administrative expenses	66,685	0.001	336,006	0.004
<b>Total operating expenses</b>	<b>1,357,385</b>	<b>0.012</b>	<b>2,249,566</b>	<b>0.019</b>
<b>Net investment income (loss) before tax</b>	<b>(288,804)</b>	<b>(0.003)</b>	<b>(965,851)</b>	<b>(0.008)</b>
Income tax expense	25,798	0.000	337,695	0.003
<b>Net investment income (loss) after tax</b>	<b>\$ (314,602)</b>	<b>\$ (0.003)</b>	<b>\$ (1,303,546)</b>	<b>\$ (0.011)</b>
<b>Net change in unrealized gain (loss)</b>	<b>\$ (1,370,510)</b>	<b>\$ (0.011)</b>	<b>\$ (2,718,389)</b>	<b>\$ (0.023)</b>
<b>Net realized gain (loss)</b>	<b>\$ 589,111</b>	<b>\$ 0.005</b>	<b>\$ (50,130)</b>	<b>\$ (0.000)</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, 2017 and September 30, 2016, 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 \$99,555 and \$473,817 for the nine months ended September 30, 2017 and 2016, respectively.

### *Operating Expenses*

Total operating expenses decreased from \$2,249,566 for the nine months ended September 30, 2016 to \$1,357,385 for the nine months ended September 30, 2017. The decrease is primarily due to a decrease in professional fees, management fees, and other general and administrative expenses for the nine months ended September 30, 2017.

Total operating expenses per share decreased from \$0.019 per share for the nine months ended September 30, 2016 to \$0.012 per share for the nine months ended September 30, 2017.

### *Net Investment Income (Loss)*

Net investment income (loss) (after tax) decreased from a loss of \$(1,303,546) for the nine months ended September 30, 2016 to a loss of \$ (314,602) for the nine months ended September 30, 2017. This decrease in a loss was primarily due a decrease in professional fees and a decrease in income tax expense for the nine months ended September 30, 2017.

Net investment income (loss) (after tax) per share decreased from a loss of \$(0.011) per share for the nine months ended September 30, 2016 to a loss of \$(0.003) per share for nine months ended September 30, 2017.

### *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, 2017, we recognized \$589,111 of realized gain in connection with the sale of the preferred stock in Spencer Enterprises, Inc.

For the nine months ended September 30, 2016, we recognized \$(50,130) of realized loss primarily in connection with the expiration of the Neuralstem, Inc. warrant.

### *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 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.

Net change in unrealized gain (loss) on investments totaled a loss of \$(2,718,389) for the nine months ended September 30, 2016 primarily in connection with a loss of \$(4,066,121) on the membership interest – Class B units in Performance Alloys, Inc. due to restructuring and offset by a gain of \$2,539,275 on the second lien loan to Performance Alloys, Inc.

### **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, 2017, we had \$3,113,560 in cash, and our net assets totaled \$42,889,318. 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, 2017, 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.

On January 18, 2016, the Board of Directors of the Company conditionally approved the PAG Investment Advisory Agreement between the Company and Princeton Advisory Group, Inc., a New Jersey corporation (the "PAG Investment Advisory Agreement"), subject to the approval of the Company's stockholders at the 2016 Annual Meeting of Stockholders. On June 9, 2016, the Company's stockholders approved the PAG Investment Advisory Agreement. The effective date of the PAG Investment Advisory Agreement was June 9, 2016. The Board of Directors of the Company previously approved the termination of the investment advisory agreement between the Company and Princeton Investment Advisors, LLC (the "Terminated Investment Advisory Agreement"), such termination becoming effective on June 9, 2016, the date the PAG Investment Advisory Agreement was approved and adopted by the stockholders of the Company. The administrative services of the Company are also provided by Princeton Advisory Group, Inc. and subject to reimbursement of administrative related expenses under the PAG Investment Advisory Agreement.

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

The PAG Investment Advisory Agreement is terminable by either party without penalty upon written notice by the Company or 60 days' written notice by Princeton Advisory Group. 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 PAG 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 will 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. 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 PAG Investment Advisory Agreement for the three and nine months ended September 30, 2017 were \$110,740 and \$323,131, respectively. Management fees under the PAG Investment Advisory Agreement for the three months and nine months ended September 30, 2016 were \$112,581 and \$163,704, respectively. The Company did not incur Management fees under the Terminated Investment Advisory Agreement for the three months ended September 30, 2016, although there was an \$18,133 true-up from the prior quarter. Management fees under the Terminated Investment Advisory Agreement for the nine months ended September 30, 2016 were \$365,805. As of September 30, 2017, management fees of \$84,803 and \$341,559 were payable to Princeton Advisory Group and Princeton Investment Advisors, respectively.

### *Incentive Fees*

There were no incentive fees earned by Princeton Investment Advisors for the three or nine months ended September 30, 2017 or 2016.

There were no incentive fees earned by Princeton Advisory Group for the three or nine months ended September 30, 2017 as the PAG Investment Advisory Agreement does not provide for an incentive fee.

### *Other Related Party Transactions*

On March 30, 2016, the Company, as Borrower, entered into a Term Loan in the amount of \$1,500,000 with Sema4, Inc. and Princeton Advisory Group, Inc., as Lenders in order to purchase certain assets to qualify as a RIC. Sema4, Inc. committed \$1,000,000 and Princeton Advisory Group, Inc. committed \$500,000. The loan was repaid in full with interest at a rate of 10.0% per annum on April 8, 2016. Sema4, Inc. is the general partner of CPP and CPPII, which own approximately 87% and 9% of our common stock, respectively. Sema4, Inc. is solely owed by Mark DiSalvo, a current director, Interim President, and Interim CEO of the Company as of the date of this filing. Princeton Advisory Group, Inc. is wholly owned by Munish Sood, a former Director, former President, and former CEO of the Company as of the date of this filing.

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

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, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. Mr. Sood is a former Director, former President, and former CEO of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan will bear interest at a rate of 10.0% per annum and matures on December 12, 2016. 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 June 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.

As disclosed in the Company's Form 8-K filed with the SEC on October 5, 2016, on September 29, 2016 the Company, as Borrower, entered into a Term Loan in the amount of \$470,000 with Munish Sood, as Lender, in order to purchase certain assets to qualify as a RIC. Mr. Sood is a former Director, former President, and former CEO of the Company. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on October 7, 2016.

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, Princeton Advisory Group 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 Princeton Advisory Group, 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 25, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of \$45,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On November 20, 2017, the Company made a short term loan to Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC in the amount of \$100,000 for working capital needs. The note will accrue and pay interest and equal principal payments on a monthly basis at an annual rate of 6.0% and have a second lien security interest in the assets of the company. The maturity date is May 20, 2018.
- On December 13, 2017, 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 5% with all interest and principal due on maturity of December 31, 2018.
- On January 1, 2018, the Company consolidated the prior bridge loans to Advantis Certified Staffing Solutions, Inc. into one note in the amount of \$813,225. 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. As part of the amendment, the maturity date was extended until December 31, 2018. 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.

### ***Investigation***

As a result of the allegations contained in the Complaints, filed by the United States of America against Munish Sood 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.

As set forth in the Company's 8-K filed on January 24, 2018, the Audit Committee conducted an independent investigation into this matter with the assistance of outside advisors. The investigation concluded on January 24, 2018. The investigation uncovered (i) no evidence that the allegations contained in the Complaints impacted the Company (other than the resignation of Mr. Sood), (ii) no evidence that any officer or employee of the Company, other than (as has been alleged) Mr. Sood, had any involvement in the allegations contained in the Complaints, and (iii) no evidence that any corporate or portfolio company funds were utilized in the conduct alleged in the Complaints. In respect to Mr. Sood, the Audit Committee did not make any judgment regarding the criminal allegations made by the U.S. Attorney in its Complaints. As a result of this investigation, the Company, its Audit Committee, and its advisors have concluded that the Company's internal controls over financial reporting are effective and do not recommend implementing any additional procedures or controls at this time.

### ***Termination of Investment Advisory Agreement with Princeton Advisory Group and Entry into Interim Investment Advisory Agreement with House Hanover***

As set forth in the Company's Form 8-K filed on January 2, 2018, 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.

In accordance with Rule 15a-4(a)(2), the Interim Investment Advisory Agreement does not need to be approved by the Company's stockholders and the duration of the interim contract may not be greater than 150 days following the date on which the PAG Investment Advisory Agreement terminates.

A summary of the Interim Investment Advisory Agreement was included in the Form 8-K filed on January 2, 2018 and the full text of the Interim Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

As reported in the Company's form 8-K filed on May 31, 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. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the New Advisory Agreement is May 31, 2018.

A summary of the House Hanover Investment Advisory Agreement was included in the Form 8-K filed on Marcy 31, 2018 and the full text of the House Hanover Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.



### ***Resignation of Joy Sheehan as Chief Compliance Officer***

As set forth in the Company's Form 8-K filed on January 2, 2018, as of December 31, 2017, Joy Sheehan, the Company's Chief Compliance Officer, notified the Company of her resignation as the Company's Chief Compliance Officer, effective immediately. Ms. Sheehan did not resign pursuant to any disagreement with the Company.

### ***Election of Florina Klingbaum as Chief Compliance Officer***

As set forth in the Company's Form 8-K filed on January 2, 2018, on December 30, 2017, the Board, including a majority of the directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act of 1940), unanimously approved the election of Florina Klingbaum to serve as the Company's Chief Compliance Officer, effective January 1, 2018. There are no related party transactions involving Ms. Klingbaum that are reportable under Item 404(a) of Regulation S-K.

Pursuant to the Interim Investment Advisory Agreement, the Company is responsible for its allocable portion of Ms. Klingbaum's compensation including, but not limited to, salaries and benefits while performing services to the Company.

### ***Late Filings***

As set forth in the Company's Form 12b-25 filings on April 3, 2018, May 16, 2018 and August 15, 2018, the Company has not timely made its Form 10-Q filing for the periods ending March 31, 2018 and June 30, 2018, or its 10-K filing for the year ended December 31, 2017 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, 2017, 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, 2017. 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%	\$30,000
2.00%	\$20,000
1.00%	\$10,000
(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 4.25%.

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, 2017 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 set forth in the Company's Form 8-K filed with the SEC on September 28, 2017, on September 25, 2017, the United States of America filed Complaints against Munish Sood 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. At the time of the allegations, Mr. Sood was a member of the Board, the Chief Executive Officer of the Company, and the President of the Company. As previously disclosed, as a result of the allegations, Mr. Sood resigned from his positions as a director, Chief Executive Officer, and President, effective September 27, 2017.

As of September 30, 2017, there were no other legal proceedings against the Company or any of its officers or directors.

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

### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, 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, 2016.

### 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:

<b>Exhibit</b>	<b>Description</b>
10.1*	<a href="#"><u>Amended and Restated Indemnification Agreement between the Company and Mark S. DiSalvo.</u></a>
31.1*	<a href="#"><u>Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u></a>
31.2*	<a href="#"><u>Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u></a>
32*	<a href="#"><u>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.</u></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: August 28, 2018

Princeton Capital Corporation

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

Dated: August 28, 2018

Princeton Capital Corporation

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

**AMENDED AND RESTATED**  
**INDEMNIFICATION AGREEMENT**

THIS AMENDED AND RESTATED INDEMNIFICATION AGREEMENT (“Agreement”) is made and entered into as of the 27th day of September, 2017, by and between Princeton Capital Corporation, a Maryland corporation (the “Company”), and Mark S. DiSalvo, a Massachusetts resident (“Indemnitee”).

WHEREAS, Company and Indemnitee entered into an Indemnification Agreement upon Indemnitee’s election to the Company’s Board of Directors as of June 9, 2016 (the “Original Indemnification Agreement”);

WHEREAS, the Company has requested, in addition to Indemnitee’s service as a director of the Company, that Indemnitee serve as the Company’s Interim Chief Executive Officer and President, effective as of September 27, 2017 and may, therefore, be subjected to claims, suit or proceedings arising as a result of such service;

WHEREAS, as an inducement to Indemnitee to serve or continue to serve in such capacities, the Company has agreed to indemnify Indemnitee and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to amend and restated the Original Indemnification Agreement and to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) “Change in Control” means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of all of the Company’s then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person’s attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company’s stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved.

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(b) "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnatee may be serving at the request of the Company, service by Indemnatee shall be deemed to be at the request of the Company: (i) if Indemnatee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust or other enterprise (1) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company or (2) the management of which is controlled directly or indirectly by the Company and (ii) if, as a result of Indemnatee's service to the Company or any of its affiliated entities, Indemnatee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as deemed fiduciary thereof.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnatee.

(d) "Effective Date" means the date set forth in the first paragraph of this Agreement.

(e) "Expenses" means any and all reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnatee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedes bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnatee in any matter material to either such party (other than with respect to matters concerning Indemnatee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee's rights under this Agreement.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. Indemnitee will serve in the capacity or capacities set forth in the second WHEREAS clause above. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement, (b) as provided in the Company's Articles of Amendment and Restatement and (c) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the Maryland General Corporation Law (the "MGCL"), including, without limitation, Section 2-418 of the MGCL.

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnatee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnatee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnatee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnatee, whether or not involving action in the Indemnatee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnatee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnatee and such notice as the court shall require, may order indemnification of Indemnatee by the Company in the following circumstances:

(a) if such court determines that Indemnatee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnatee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnatee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnatee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnatee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnatee was or is, by reason of Indemnatee's Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnatee for all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith. If Indemnatee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnatee under this Section 7 for all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.



Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. The Company shall make such advance within ten days after the receipt by the Company of a statement or statements requesting such advance from time to time, whether prior to or after final disposition of such Proceeding and may be in the form of, in the reasonable discretion of the Indemnitee (but without duplication) (a) payment of such Expenses directly to third parties on behalf of Indemnitee, (b) advance of funds to Indemnitee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other person, and to which Indemnitee is not a party, Indemnitee shall be advanced and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of the Disinterested Directors or, by the majority vote of a group of Disinterested Directors designated by the Disinterested Directors to make the determination, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, the Company shall make payment to Indemnitee within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

#### Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or in an arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, of Indemnitee's entitlement to indemnification or advance of Expenses. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by Indemnitee in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60<sup>th</sup> day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the charter or Bylaws of the Company, this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of Indemnitee's Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of Indemnitee's Corporate Status. In the event of a Change in Control, the Company shall maintain in force any and all directors and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of six years with the insurance carrier or carriers and through the insurance broker in place at the time of the Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 250% of the annual premium or premiums paid by the Company for directors and officers liability insurance in effect on the date of the Change in Control. In the event that 250% of the annual premium paid by the Company for such existing directors and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnitee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement: Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Counterparts. This Agreement may be executed in one or more counterparts, (delivery of which may be by facsimile, or via e-mail as a portable document format (.pdf) or other electronic format), each of which will be deemed to be an original and it will not be necessary in making proof of this agreement or the terms of this Agreement to produce or account for more than one such counterpart. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.



Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Princeton Capital Corporation  
700 Alexander Park  
Suite 103  
Princeton, New Jersey 08540  
Attn: Gregory Cannella

With a copy (which shall not constitute notice) to:

Shapiro Sher Guinot & Sandler, P.A.  
250 West Pratt Street  
Suite 2000  
Baltimore, MD 21201  
Attn: William E. Carlson

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Indemnification Agreement as of the day and year first above written.

COMPANY:

PRINCETON CAPITAL CORPORATION

ATTEST:

By: /s/ Gregory J. Cannella  
Name: Gregory J. Cannella  
Title: Treasurer and Secretary

By: /s/ Mark S. DiSalvo  
Name: Mark S. DiSalvo  
Title: Interim Chief Executive Officer  
and President

INDEMNITEE:

/s/ Mark S. DiSalvo  
Name: Mark S. DiSalvo  
Address: c/o Sema4, Inc.  
800 Turnpike Street, Suite 300  
North Andover, MA 01845

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**EXHIBIT A**

**AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED**

To: The Board of Directors of Princeton Capital Corporation

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Amended and Restated Indemnification Agreement dated the 27<sup>th</sup> day of September, 2017, by and between Princeton Capital Corporation, a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as a director of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Name:

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**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: August 28, 2018

/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: August 28, 2018

/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, 2017, 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: August 28, 2018

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

Date: August 28, 2018

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