

Solar Capital Ltd.  
Form 497  
May 14, 2010  
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**Filed Pursuant to Rule 497  
Registration Statement No. 333-147937**

**PROSPECTUS SUPPLEMENT**

**(to Prospectus dated May 12, 2010)**

**5,194,471 Shares**

**Solar Capital Ltd.**

**Common Stock**

We are an externally managed finance company. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged companies, including middle-market companies, in the form of senior secured loans, mezzanine loans and equity securities.

We were formed in February 2007 as Solar Capital LLC, a Maryland limited liability company, and commenced operations in March 2007. On February 9, 2010, Solar Capital LLC was merged with and into Solar Capital Ltd., an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We are managed by Solar Capital Partners, LLC. Solar Capital Management, LLC provides the administrative services necessary for us to operate.

This is an offering of 5,194,471 shares of our common stock by the selling stockholders named in this prospectus supplement. See **Selling Stockholders**. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders, including pursuant to any exercise by the underwriters of their option to purchase additional shares.

Our common stock is listed on the NASDAQ Global Select Market under the symbol **SLRC**. On May 13, 2010, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$22.07 per share.

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This prospectus supplement and the accompanying prospectus contains important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, 5<sup>th</sup> Floor, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarcapltd.com>. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

**An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 16 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.**

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

	Per Share	Total(1)
Public Offering Price	\$ 22.0700	\$ 114,641,975
Sales Load (Underwriting Discounts and Commissions)	\$ 1.1035	\$ 5,732,099
Proceeds to Selling Stockholders (before expenses) (2)	\$ 20.9665	\$ 108,909,876

- (1) The selling stockholders have granted the underwriters a 30-day option, which we refer to as the over-allotment option, to purchase from the selling stockholders up to an additional 779,171 shares of our common stock at the public offering price, less underwriting discounts and commissions (sales load). If the over-allotment option is exercised in full, the total public offering price will be \$131,838,279 and the total underwriting discounts and commissions (sales load) will be \$6,591,914. We will not receive any proceeds from this offering. All underwriting discounts and commissions (sales load) will be borne by the selling stockholders identified in this prospectus supplement. See Underwriting.
- (2) We estimate that we will incur approximately \$386,545 in offering expenses in connection with this offering. Stockholders will indirectly bear such expenses as investors in Solar Capital Ltd.

The underwriters expect to deliver the shares on or about May 19, 2010.

### *Joint Book-Running Managers*

**Citi  
Morgan Stanley**

**SunTrust Robinson Humphrey**

**J.P. Morgan  
Deutsche Bank Securities**

**BMO Capital Markets**

*Co-Managers*  
**BB&T Capital Markets**  
A division of Scott & Stringfellow, LLC

**RBC Capital Markets**

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**Ladenburg Thalmann & Co. Inc.**

May 13, 2010

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

**You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.**

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

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**PROSPECTUS SUPPLEMENT SUMMARY**

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

*We were formed in February 2007 as Solar Capital LLC, a Maryland limited liability company, and commenced operations in March 2007. On February 9, 2010, Solar Capital LLC was merged with and into Solar Capital Ltd., a Maryland corporation, which we refer to as the "Solar Capital Merger," concurrent with the pricing of our initial public offering. Except where the context suggests otherwise, the terms "we," "us," "our" and "Solar Capital" refer to Solar Capital LLC prior to the Solar Capital Merger, and Solar Capital Ltd. after the Solar Capital Merger. In addition, the terms "Solar Capital Partners" or "investment adviser" refer to Solar Capital Partners, LLC, and "Solar Capital Management" or the "administrator" refers to Solar Capital Management, LLC.*

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

*As part of the Solar Capital Merger, approximately 26.65 million shares and \$125 million in senior unsecured notes (the "Senior Unsecured Notes") were issued to the existing unitholders of Solar Capital LLC. Michael S. Gross, our Chief Executive Officer, and Bruce Spohler, our Chief Operating Officer, collectively purchased 600,000 shares of our common stock in connection with the consummation of our initial public offering. The shares were sold to Messrs. Gross and Spohler at the same offering price paid by investors in our initial public offering pursuant to a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the "Concurrent Private Placement").*

**Solar Capital**

Solar Capital Ltd., a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ("BDC") under the 1940 Act. In addition, for tax purposes we have elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code").

On February 9, 2010 we priced our initial public offering, selling 5.68 million shares, including the underwriters' over-allotment, at a price of \$18.50 per share. Concurrent with our initial public offering, management purchased an additional 0.6 million shares through the Concurrent Private Placement, also at \$18.50 per share.

Immediately prior to our initial public offering, through a series of transactions Solar Capital LLC merged with and into Solar Capital Ltd., leaving Solar Capital Ltd. as the surviving entity. Solar Capital Ltd. issued an aggregate of approximately 26.65 million shares of common stock and \$125 million in Senior Unsecured Notes to the existing Solar Capital LLC unit holders in connection with the Solar Capital Merger. Solar Capital Ltd. had

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no assets or operations prior to completion of the Solar Capital Merger and as a result, the books and records of Solar Capital LLC have become the books and records of the surviving entity.

Solar Capital LLC, a Maryland limited liability company, was formed in February 2007 and conducted a private placement of units of membership interest ( units ) in March 2007, at such time a total of 81.70 million units were outstanding. Solar Capital Investors, LLC, an entity funded by the management of Solar Capital Partners, the Company's investment adviser, acquired approximately 3.33 million units in connection with the initial private placement. In addition, in connection with the initial private placement, certain funds managed by Magnetar Financial LLC ( Magnetar ) and certain entities affiliated therewith (collectively, the Magnetar entities ), acquired approximately 35.00 million units.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged middle market companies in the form of senior secured loans, mezzanine loans and equity securities. From time to time, we may also invest in public companies that are thinly traded. Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$20 million and \$100 million each, although we expect that this investment size will vary proportionately with the size of our capital base. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States.

As of March 31, 2010, our long term investments totaled \$839.0 million and our net asset value was \$730.4 million. Our portfolio was comprised of debt and equity investments in 33 portfolio companies and our income producing assets, which represent 92.2% of our total portfolio, had a weighted average annualized yield on a fair value basis of approximately 13.9%. Also as of March 31, 2010, the companies in our portfolio for which we had debt investments were levered 4.9 times EBITDA (earnings before interest, taxes, depreciation, and amortization) through our investment tranche on a fair value weighted average basis. Our debt investments had a fair value weighted average price of 93.9 percent of par value.

During the three months ended March 31, 2010, we originated approximately \$44.6 million of investments in one new and one existing portfolio company. We also received principal repayments of approximately \$95.1 million and sold securities in 3 portfolio companies for approximately \$20.5 million. Since March 31, 2010, we have received proceeds of approximately \$50 million from the early repayment of debt investments in two portfolio companies.

### **About Solar Capital Partners**

Solar Capital Partners is controlled by Michael S. Gross, our chairman and chief executive officer, and is led by Mr. Gross and Bruce Spohler, our chief operating officer, and is supported by a team of 12 dedicated investment professionals, including Brian Gerson, Cedric Henley and David Mait. We refer to Messrs. Gross, Spohler, Gerson, Henley and Mait as Solar Capital Partners' senior investment professionals. Solar Capital Partners' investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries. The investment team led by Messrs. Gross and Spohler has invested in 54 different portfolio companies for Solar Capital, which investments involved an aggregate of more than 46 different financial sponsors, through March 31, 2010. Since Solar Capital's inception, these investment professionals have used their relationships in the middle-market financial sponsor and financial intermediary community to originate direct investment opportunities.

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Mr. Gross, the former chairman and chief executive officer of Apollo Investment Corporation, a publicly traded business development company that he founded, has over 20 years of experience in the private equity,

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distressed debt and mezzanine lending businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending transactions.

Mr. Gross is also a founder and a former senior partner of Apollo Management, L.P., a leading private equity firm. During his tenure at Apollo Management, L.P., Mr. Gross was a member of the investment committee that was responsible for overseeing more than \$13 billion of investments in over 150 companies. Between February 2004 and February 2006, Mr. Gross was the president and chief executive officer of Apollo Investment Corporation, a publicly traded business development company that he founded and on whose board of directors and investment committee he served as chairman from February 2004 to July 2006. Under his management, Apollo Investment Corporation raised approximately \$930 million in gross proceeds in an initial public offering in April 2004, built a dedicated investment team and infrastructure and invested approximately \$2.3 billion in over 65 companies in conjunction with 50 different private equity sponsors. Mr. Gross was also the managing partner of Apollo Distressed Investment Fund, L.P., an investment fund he founded in 2003 to invest principally in debt and other securities of leveraged companies.

Mr. Gross also currently serves on the boards of directors of three public companies, and in the past has served on the boards of directors of more than 20 public and private companies. As a result, Mr. Gross has developed an extensive network of private equity sponsor relationships as well as relationships with management teams of public and private companies, investment bankers, attorneys and accountants that we believe should provide us with significant business opportunities.

We also rely on the more than 20 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since inception. Previously, Mr. Spohler was a managing director and a former co-head of U.S. Leveraged Finance for CIBC World Markets. He held numerous senior roles at CIBC World Markets, including serving on the U.S. Management Committee, Global Executive Committee and the Deals Committee, which approves all of CIBC World Markets' U.S. corporate finance debt capital decisions. During Mr. Spohler's tenure, he was responsible for senior loan, high yield and mezzanine origination and execution, as well as CIBC World Markets' below investment grade loan portfolio in the United States. As a co-head of U.S. Leveraged Finance, Mr. Spohler oversaw over 300 capital raising and merger and acquisition transactions, comprising over \$40 billion in market capitalization.

In addition to Messrs. Gross and Spohler, Solar Capital Partners' senior investment professionals include Messrs. Gerson, Henley and Mait, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners' senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

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

## **Market Opportunity**

Solar Capital invests primarily in senior secured loans, mezzanine loans and equity securities of leveraged companies organized and located in the United States. We believe that the size of the leveraged company market, coupled with the demands of these companies for flexible sources of capital at attractive terms and rates, create an attractive investment environment for us.

*Middle-market companies have faced increasing difficulty in accessing the capital markets.* While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this

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approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that, until recently, financed their lending and investing activities through securitization transactions have lost that source of funding and cut back lending significantly.

*There is a large pool of uninvested private equity capital likely to seek additional capital to support their private investments.* We believe there is a large pool of uninvested private equity capital available to middle-market companies. While we expect the rate of investment to be slower than in prior periods, we expect that private equity firms will continue to be active investors in middle-market companies and that these private equity firms will seek to supplement their investments with senior and junior debt securities and loans and equity co-investments from other sources, such as Solar Capital.

*Middle-market companies are increasingly seeking private sources for debt and equity capital.* We believe that many middle-market companies prefer to execute transactions with private capital providers such as Solar Capital, rather than execute high-yield bond or equity transactions in the public markets, which may necessitate increased financial and regulatory compliance and reporting obligations. We expect that the volume of domestic public-to-private transactions, as well as the number of companies selecting a sale alternative versus raising capital in the public equity markets as a means of increasing liquidity, will remain large.

*Consolidation among commercial banks has reduced the focus on middle-market business.* We believe that many senior lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending to large corporate clients, managing capital markets transactions and providing other non-credit services to their customers. We believe this has resulted in fewer key players and the reduced availability of debt capital to the companies we target.

*Current disruptions within the credit markets generally have brought a reduction in competition and a more lender-friendly environment.* Current credit market dislocation has caused many of the alternative methods of obtaining middle-market debt financing to significantly decrease in scope and availability while demand for financings has remained robust. We believe the segment's strong growth prospects, combined with the growing demand for the capital and corporate finance and advisory services we offer, creates an attractive investment environment for us.

Furthermore, we believe that given the credit market uncertainty, Solar Capital has a greater opportunity to move beyond middle-market deals into larger transactions, as banks are less willing to commit capital. We believe these larger deals can be structured with more attractive terms such as lower leverage, higher yields, better covenants, and longer duration than was typical before the current market dislocation.

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

## **Competitive Advantages and Strategy**

We believe that we have the following competitive advantages over other providers of financing to leveraged companies:

### ***Management Expertise***

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As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 20 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has over 20 years of experience in evaluating and executing leverage finance transactions.

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We believe that Messrs. Gross and Spohler have developed a strong reputation in the capital markets, and that this experience provides us with a competitive advantage in identifying and investing in leveraged companies with the potential to generate returns. We believe that our investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries. We believe that our investment team has a proven track record of valuing companies and assets and negotiating transactions.

In addition to Messrs. Gross and Spohler, Solar Capital Partners' senior investment professionals include Messrs. Gerson, Henley and Mait, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners' senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

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

### ***Investment Portfolio***

Our portfolio investments consist of portfolio companies that have strong cash flows and have maintained financial and operating performance despite the recent economic climate. As of March 31, 2010, 100% of our total portfolio value was comprised of performing assets. The majority of our assets have been seasoned, which has allowed us to gain a solid understanding of our borrowers and the industries in which they compete. Additionally, over time, we have established productive relationships with our portfolio companies.

### ***Investment Capacity***

The proceeds from our initial public offering and the Concurrent Private Placement, the borrowing capacity under our credit facility and the expected repayments of existing investments provide us with a substantial amount of capital available for deployment into new investment opportunities. We believe we are well positioned for the current marketplace. We believe that in the current economic environment financing needs of many companies will increase while funding options are limited, allowing us to capitalize on favorable investment opportunities.

### ***Solar Capital's Limited Leverage***

As of March 31, 2010, our outstanding debt was approximately 13.5% of total assets, making us one of the least levered publicly traded business development companies. We believe our relatively low level of leverage provides us with a competitive advantage, allowing us to anticipate providing a consistent dividend to our investors as proceeds from our investments are available for reinvestment as opposed to being consumed by debt repayment. To the extent borrowing conditions improve and leverage becomes available on more attractive terms, we may increase our relative level of debt in the future. However, we do not currently anticipate operating with a substantial amount of debt relative to our total assets. Furthermore, by maintaining prudent leverage levels, we believe we will be better positioned to weather future market downturns.

*Proprietary Sourcing and Origination*

We believe that Solar Capital Partners' senior investment professionals' longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of proprietary origination opportunities. We believe the broad expertise of Solar

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Capital Partners' senior investment professionals and their ability to draw upon their average of 20 years of investment experience enable us to identify, assess and structure investments successfully. We expect to continue leveraging the relationships Mr. Gross established while sourcing and originating investments at Apollo Investment Corporation as well as the financial sponsor relationships Mr. Spohler developed while he was a co-head of CIBC World Markets' U.S. Leveraged Finance Group.

Our investment team's strong relationship network is enhanced by the collaborative role Solar Capital plays in the private equity industry. We offer tailored solutions to our portfolio companies, and we believe that this role provides us with greater deal flow as opposed to being viewed as a competitor bidding for control stakes. Because Solar Capital is not associated with a private equity firm, we are not precluded from partnering with most of the top tier financial sponsors.

These direct investments enable us to perform more in-depth due diligence and play an active role in structuring financings. We believe that effectuating the transaction terms and having greater insight into a portfolio company's operations and financial picture assist Solar Capital in minimizing downside potential, while reinforcing Solar Capital as a trusted partner who delivers comprehensive financing solutions. Since our inception, Solar Capital Partners has sourced investments in 54 different portfolio companies for Solar Capital, which investments involved an aggregate of more than 46 different financial sponsors, through March 31, 2010.

### ***Versatile Transaction Structuring and Flexibility of Capital***

We believe our senior investment professionals' broad expertise and ability to draw upon their extensive experience enable us to identify, assess and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle. While we will be subject to significant regulation as a business development company, we will not be subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest. We believe financial sponsors, management teams and investment banks see this flexibility as a benefit, making us an attractive financing partner. We believe that this approach enables us to procure attractive investment opportunities throughout the economic cycle so that we can make investments consistent with our stated investment objective even during turbulent periods in the capital markets.

### ***Emphasis on Achieving Strong Risk-Adjusted Returns***

Solar Capital Partners uses a disciplined investment and risk management process that emphasizes a rigorous fundamental research and analysis framework. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. Our value-oriented investment philosophy focuses on preserving capital and ensuring that our investments have an appropriate return profile in relation to risk. When market conditions make it difficult for us to invest according to our criteria, we are highly selective in deploying our capital. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process that draws upon investment experience, industry expertise and network of contacts of our senior investment professionals, as well



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as the other members of our investment team. Among other things, our due diligence is designed to ensure that a prospective portfolio company will be able to meet its debt service obligations.

We have the ability to invest across an issuer's capital structure, which we believe enables us to provide comprehensive financing solutions for our portfolio companies, as well as access the best risk-adjusted opportunities. The overall transaction size and product mix is based upon the needs of the customer, as well as our risk-return hurdles. We also focus on downside protection and preservation of capital throughout the structuring process.

### ***Deep Industry Focus with Substantial Information Flow***

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners' investment professionals have deep investment experience. During his time with the Apollo entities, Mr. Gross oversaw investments in over 200 companies in 20 industries. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners' other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries. Solar Capital Partners' investment team also has significant experience in evaluating and making investments in the industries we target. We believe that the in-depth experience of Solar Capital Partners' investment team in investing throughout various stages of the economic cycle provides our investment adviser with access to ongoing market insights in addition to a powerful asset for investment sourcing. See *Business Investments* in the accompanying prospectus.

### ***Longer Investment Horizon***

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

## **Risk Factors**

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

We have a limited operating history of only three years;

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

We operate in a highly competitive market for investment opportunities;

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The lack of liquidity in our investments may adversely affect our business;

We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;

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

There will be uncertainty as to the value of our portfolio investments;

We may experience fluctuations in our quarterly results;

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We will become subject to corporate-level income tax on all of our income if we are unable to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, which would have a material adverse effect on our financial performance;

We cannot assure you that the market price of shares of our common stock will not remain below our net asset value per share;

Our common stock price may be volatile and may decrease substantially;

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock; and

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

See **Risk Factors** beginning on page 16 of the accompanying prospectus and the other information included in the accompanying prospectus, for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

## **Operating and Regulatory Structure**

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

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

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**Our Corporate Information**

Our offices are located at 500 Park Avenue, 5<sup>th</sup> Floor, New York, New York 10022, and our telephone number is (212) 993-1670.

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**THE OFFERING**

Common Stock Offered by the Selling Shareholders	5,194,471 shares plus 779,171 shares issuable pursuant to the over-allotment granted to the underwriters.
Common Stock Currently Outstanding	Approximately 33,030,641 shares.
Use of Proceeds	We will not receive any proceeds from the sale of the shares of common stock covered by this prospectus supplement.
Distributions	To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. Our first quarterly dividend of \$0.34 per share was paid on April 1, 2010 to holders of record as of March 18, 2010. On May 4, 2010, the Board of Directors declared a dividend of \$0.60 per share payable on July 2, 2010 to stockholders of record on June 17, 2010. Shares offered in this prospectus supplement will be entitled to receive this dividend payment. We anticipate that the dividend will be paid from post-offering taxable earnings, including interest and capital gains generated by our investment portfolio. However, if we do not generate sufficient taxable earnings during the year, the dividend may constitute a return of capital. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year.
Taxation	We intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To obtain and maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See <a href="#">Distributions</a> and <a href="#">Material U.S. Federal Income Tax Considerations</a> in the accompanying prospectus.
Investment Advisory Fees	We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components – a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature.

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The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See [Investment Advisory and Management Agreement](#) in the accompanying prospectus.

Administration Agreement

We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. See [Administration Agreement](#) in the accompanying prospectus.

Trading

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

License Agreement

We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Capital. See [License Agreement](#) in the accompanying prospectus.

Dividend Reinvestment Plan

We have adopted an [opt out](#) dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you [opt out](#) of our dividend reinvestment plan so as to receive cash dividends by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See [Dividend Reinvestment Plan](#) in the accompanying prospectus.

Certain Anti-Takeover Measures

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us.



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These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See "Description of Securities" in the accompanying prospectus.

Available Information

We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Capital Ltd., 500 Park Avenue, 5<sup>th</sup> Floor, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarcapltd.com>.

**Table of Contents****FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Solar Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Capital Ltd.

**Stockholder transaction expenses:**

Sales load borne by us (as a percentage of offering price)	None (1)
Offering expenses borne by us (as a percentage of offering price)	0.28%(2)
Dividend reinvestment plan expenses	None (3)

Total stockholder transaction expenses (as a percentage of offering price)	0.28%(2)
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**Annual expenses (as a percentage of net assets attributable to common stock):**

Base management fee	2.39%(4)
Incentive fees payable under our Investment Advisory and Management Agreement	2.89%(5)
Interest payments on borrowed funds	2.07%(6)
Other expenses (estimated)	0.88%(7)

Total annual expenses (estimated)	8.23%
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**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 56	\$ 162	\$ 267	\$ 527

- (1) All underwriting discounts and commissions (sales load) will be borne by the selling stockholders.
- (2) The offering expenses of this offering are estimated to be approximately \$386,545. The offering expenses as a percentage of the offering price of shares to be sold in this offering is based on the last reported sales price of our common stock on the NASDAQ Global Select Market on May 11, 2010.
- (3) The expenses of the dividend reinvestment plan are included in other expenses.
- (4) Our base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with the annualized fee incurred for the three months ended March 31, 2010. See Investment Advisory and Management Agreement in the accompanying prospectus.
- (5) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the annualized incentive fees earned by Solar Capital Partners for the three months ended March 31, 2010. The incentive fee consists of two parts:

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The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

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100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and 20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Advisory and Management Agreement in the accompanying prospectus.

- (6) We may borrow funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding during the year ended, and the LIBOR rate on, March 31, 2010 and the interest rate on our amended and restated Senior Secured Revolving Credit Facility of LIBOR plus 3.25%. We have also included the estimated amortization of fees incurred in establishing our amended and restated Senior Secured Revolving Credit Facility. We also have approximately \$125 million of the Senior Unsecured Notes outstanding. For purposes of this section we have included estimated annual interest expense as well as the amortization of any deferred costs associated with the Senior Unsecured Notes. As of March 31, 2010, we had no borrowings outstanding and \$270 million remaining available to us under our revolving credit facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act.
- (7) Other expenses are based on the annualized amounts for the three months ended March 31, 2010 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement in the accompanying prospectus.

**The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.** While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. In addition, the example assumes no sales load and estimated offering expenses of \$386,545. Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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**FORWARD-LOOKING STATEMENTS AND PROJECTIONS**

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;

a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this prospectus supplement and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this prospectus supplement. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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**USE OF PROCEEDS**

We will not receive any proceeds from the sale of the shares of common stock covered by this prospectus supplement.

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**Table of Contents****SELLING STOCKHOLDERS**

The following table sets forth:

The name of each selling stockholder;

The number of shares of common stock and the percentage of the total shares of common stock outstanding that each selling stockholder beneficially owned as of May 13, 2010;

The number of shares of common stock beneficially owned by each selling stockholder that are being offered under this prospectus supplement; and

The number of shares of common stock and the percentage of total shares of common stock outstanding to be beneficially owned by each selling stockholder following the offering contemplated by this prospectus supplement.

The information regarding the identity of the selling stockholders and their affiliations, including their beneficial ownership of shares of our common stock, is based solely on information provided by or on behalf of the selling stockholders.

Name	Shares Beneficially Owned Prior to Offering(1)		Number of Shares Being Offered	Number of Shares Subject to Over-Allotment Option	Shares Beneficially Owned After Offering(2)			
	Number	Percent			Number	Percent	Number with Over-Allotment Option	Percent with Over-Allotment Option
MAGNETAR CAPITAL FUND LP(3)	1,572,750	4.76%	211,299	42,720	1,361,451	4.12%	1,318,731	3.99%
MAGNETAR CAPITAL MASTER FUND, LTD(3)	6,291,000	19.05%	1,173,798	237,320	5,117,202	15.49%	4,879,882	14.77%
CHARLES FREDERIC & CO SILVER CREEK LOW VOL STRATEGIES HOLDINGS LLC(4)	410,479	1.24%	341,445	69,034	69,034	*	*	*
CHARLES FREDERIC & CO FOR SILVER CREEK SPECIAL OPP FUND II LP(4)	589,885	1.79%	490,679	99,206	99,206	*	*	*
CHARLES FREDERIC & CO SILVER CREEK LOW VOL FUND A LLC(4)	478,246	1.45%	397,815	80,431	80,431	*	*	*
CHARLES FREDERIC & CO SILVER CREEK LOW VOL CO HOLDINGS, LTD(4)	128,199	*	106,639	21,560	21,560	*	*	*
SOROS STRATEGIC PARTNERS LP(5)	1,361,052	4.12%	1,132,152	228,900	228,900	*	*	*
APOGEE FUND LTD (Satellite)	132,237	*	132,237			*	*	*
SATELLITE FUND II LP	251,858	*	251,858			*	*	*
SATELLITE FUND IV LP	51,959	*	51,959			*	*	*
SATELLITE OVERSEAS FUND IX LTD	63,562	*	63,562			*	*	*
SATELLITE OVERSEAS FUND LTD	655,176	1.98%	655,176			*	*	*
SATELLITE OVERSEAS FUND V LTD	57,320	*	57,320			*	*	*
SATELLITE OVERSEAS FUND VI LTD	18,967	*	18,967			*	*	*
SATELLITE OVERSEAS FUND VII LTD	29,549	*	29,549			*	*	*
SATELLITE OVERSEAS FUND VIII LTD	80,016	*	80,016			*	*	*
<b>TOTAL</b>	<b>12,172,255</b>	<b>36.85%</b>	<b>5,194,471</b>	<b>779,171</b>	<b>6,977,784</b>	<b>21.13%</b>	<b>6,198,613</b>	<b>18.77%</b>

\* Less than 1%.

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act.
- (2) Applicable percentage of ownership is based on 33,030,641 shares of our common stock outstanding on May 13, 2010.

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- (3) This entity is controlled and/or managed by Magnetar Financial LLC or its affiliates.
- (4) This entity is controlled by Silver Creek Capital Management LLC.
- (5) Soros Strategic Partners LP ( SSP ) is a Delaware limited partnership. SFM Participation II LLC, a Nevis limited liability company ( SFMP II ), serves as general partner of SSP. SFM AH LLC, a Delaware limited liability company ( SFM AH ), serves as manager of SFMP II. Soros Fund Management LLC, a Delaware limited liability company ( SFM LLC ), serves as manager of SFM AH. Mr. George Soros serves as Chairman of SFM LLC, Mr. Robert Soros serves as Deputy Chairman of SFM LLC and Mr. Jonathan Soros serves as President and Deputy Chairman of SFM LLC. Each has their principal office at 888 Seventh Avenue, 33rd Floor, New York, New York 10106. The foregoing information was derived, in part, from certain publicly available reports, statements and schedules filed with the SEC.

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**Table of Contents****UNDERWRITING**

Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, Deutsche Bank Securities Inc., and SunTrust Robinson Humphrey, Inc. are acting as joint bookrunning managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and the selling stockholders have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

<b>Underwriter</b>	<b>Number of Shares</b>
Citigroup Global Markets Inc.	1,142,784
J.P. Morgan Securities Inc.	1,142,784
Morgan Stanley & Co. Incorporated	779,171
Deutsche Bank Securities Inc.	727,226
SunTrust Robinson Humphrey, Inc.	649,309
BMO Capital Markets Corp.	363,612
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	207,779
RBC Capital Markets Corporation	181,806
<b>Total</b>	<b>5,194,471</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the shares to dealers at the public offering price less a concession not to exceed \$0.6621 per share. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms. The representatives have advised us that the underwriters do not intend to confirm sales to discretionary accounts.

The selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase from the selling stockholders up to 779,171 additional shares of common stock at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment.

In connection with this offering, the Magnetar entities have agreed that, until February 10, 2011, they will not, without our prior written consent, dispose of or hedge an aggregate of 3,931,875 shares of our common stock or securities convertible or exchangeable for shares of our common stock. We may in our sole discretion release the Magnetar entities from this lock-up agreement at any time without notice. Each of the selling stockholders named in this prospectus supplement (including the Magnetar entities) have also agreed that for a period of 90 days from the date of this offering, they will not, without the prior written consent of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., dispose of or hedge any shares of our common stock or securities convertible or exchangeable for shares of our common stock. We and each of our officers and directors, including Messrs. Gross and Spohler, have agreed to similar lock-up restrictions for a period of 90 days from the date of this offering. Such lock-up restrictions do not supplement, replace, or otherwise amend any lock-up agreements previously entered into by us, by the

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selling stockholders (other than the Magnetar entities) or by our officers and directors with Citigroup Global Markets Inc. or J.P. Morgan Securities Inc. Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., in their sole discretion, may release any of the securities subject to a lock-up agreement to which they are a party at any time without notice.

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Our common stock is listed on the NASDAQ Global Select Market under the symbol SLRC .

The following table shows the underwriting discounts and commissions that the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase from the selling stockholders additional shares of common stock. This offering will conform with the requirements set forth in Financial Industry Regulatory Authority Rule 2310. In compliance with such requirements, the underwriting discounts and commissions in connection with the sale of securities will not exceed 8% of gross proceeds of this offering.

	Paid by the Selling Stockholders	
	No Exercise	Full Exercise
Per share	\$ 1.1035	\$ 1.1035
Total	\$ 5,732,099	\$ 6,591,914

In connection with the offering, one or more of the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of shares made in an amount up to the number of shares represented by the underwriters' over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the common stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make naked short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when Citigroup Global Markets Inc. or J.P. Morgan Securities Inc. repurchases shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NASDAQ Global Select Market or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our portion of the total expenses of this offering will be \$386,545.

The underwriters have performed investment banking and advisory services for us and our affiliates from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. Each of the underwriters (other than Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc.) acted as underwriters in our initial public offering.

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Citibank, N.A., an affiliate of Citigroup Global Markets Inc., is a lender and administrative agent under our Credit Facility. In addition, Citigroup Global Markets Inc. acted as the sole lead bookrunner and the sole lead arranger for the amendment of our Credit Facility in February 2010. Citigroup Global Markets Inc. and J. P.

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Morgan Securities Inc. provided structuring services related to the distribution of our Senior Unsecured Notes to certain equity holders in connection with the Solar Capital Merger. Affiliates of J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, SunTrust Robinson Humphrey, Inc. and BMO Capital Markets Corp. are lenders under our Credit Facility. In addition, an affiliate of Deutsche Bank Securities Inc. intends to commit additional capacity to our Credit Facility.

This prospectus supplement and the accompanying prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. Other than the prospectus supplement and the accompanying prospectus in electronic format, the information on any such underwriter's website is not part of this prospectus supplement and the accompanying prospectus. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of ours.

The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, NY 10013. The principal business address of J.P. Morgan Securities Inc. is 383 Madison Avenue, New York, NY 10179.

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**LEGAL MATTERS**

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC, and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

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**AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus supplement. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus supplement.

We are required to file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to the SEC's Public Reference Section, Washington, D.C. 20549. This information will also be available free of charge by contacting us at Solar Capital Ltd., 500 Park Avenue, 5<sup>th</sup> Floor, New York, NY 10022, by telephone at (212) 993-1670, or on our website at <http://www.solarcapltd.com>.



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**PROSPECTUS**

**27,327,475 Shares**

**Solar Capital Ltd.**

**Common Stock**

We are an externally managed finance company. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged companies, including middle-market companies, in the form of senior secured loans, mezzanine loans and equity securities.

We were formed in February 2007 as Solar Capital LLC, a Maryland limited liability company, and commenced operations in March 2007. On February 9, 2010, Solar Capital LLC was merged with and into Solar Capital Ltd., an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We are managed by Solar Capital Partners, LLC. Solar Capital Management, LLC provides the administrative services necessary for us to operate.

The selling stockholders named in this prospectus are subject to lock-up agreements. This registration statement has been filed to register the resale of the approximately 26.65 million shares of common stock issued to Solar Capital LLC unit holders prior to our initial public offering, the 0.60 million shares purchased by management in a private offering concurrent with our initial public offering, and shares distributed pursuant to our dividend reinvestment plan in relation to the aforementioned shares. We have committed to use our commercially reasonable efforts to obtain effectiveness of this registration statement within 120 days from the date of our initial public offering. Assuming effectiveness of this registration statement, approximately 17.5 million shares, 4.9 million shares, and 4.9 million shares of common stock will generally be free of resale restrictions upon the expiration of lock-up periods of 120 days, 180 days and 365 days from the date of our initial public offering, respectively.

Upon the expiration of these lock-up periods, the selling stockholders named in this prospectus may offer, from time to time, up to 27,327,475 shares of our common stock. The selling stockholders may sell the shares held for their own account or the shares may be sold by donees, transferees, pledgees or other successors in interest that receive such shares from the selling stockholders as a gift or other non-sale related transfer. The shares of common stock may be offered at prices and on terms to be described in one or more supplements to this prospectus.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SLRC. On May 7, 2010, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$21.74 per share.

This prospectus contains important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus before investing and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, 5<sup>th</sup> Floor, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarcapltd.com>. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

**An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 16 to read about factors you should consider, including the risk of leverage, before investing in our common stock.**

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

This prospectus may not be used to consummate sales of shares of common stock unless accompanied by a prospectus supplement.

May 12, 2010

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We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus or any prospectus supplement, if any, to this prospectus. You must not rely upon any information or representation not contained in this prospectus or any such supplements as if we had authorized it. This prospectus and any such supplements do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any such supplements is accurate as of the dates on their covers.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, the selling stockholders named herein may offer, from time to time, up to an aggregate of 27,327,475 shares of our common stock on the terms to be determined at the time of the offering. Shares of our common stock may be offered by the selling stockholders at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the shares of our common stock that the selling stockholders may offer. Each time a selling stockholder uses this prospectus to offer shares of our common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any such supplements together with the additional information described under Available Information and in the Summary and Risk Factors sections before you make an investment decision. A prospectus supplement may also add to, update or change information contained in this prospectus.

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**SUMMARY**

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

*We were formed in February 2007 as Solar Capital LLC, a Maryland limited liability company, and commenced operations in March 2007. On February 9, 2010, Solar Capital LLC was merged with and into Solar Capital Ltd., a Maryland corporation, which we refer to as the Solar Capital Merger, concurrent with the pricing of our initial public offering. Except where the context suggests otherwise, the terms we, us, our and Solar Capital refer to Solar Capital LLC prior to the Solar Capital Merger, and Solar Capital Ltd. after the Solar Capital Merger. In addition, the terms Solar Capital Partners or investment adviser refer to Solar Capital Partners, LLC, and Solar Capital Management or the administrator refers to Solar Capital Management, LLC.*

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

*As part of the Solar Capital Merger, approximately 26.65 million shares and \$125 million in senior unsecured notes (the Senior Unsecured Notes) were issued to the existing unitholders of Solar Capital LLC. Michael S. Gross, our Chief Executive Officer, and Bruce Spohler, our Chief Operating Officer, collectively purchased 600,000 shares of our common stock in connection with the consummation of our initial public offering. The shares were sold to Messrs. Gross and Spohler at the same offering price paid by investors in our initial public offering pursuant to a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the*

*Concurrent Private Placement ). The shares being offered in this prospectus are the approximately 26.65 million shares issued in the Solar Capital Merger and the 600,000 shares issued in the Concurrent Private Placement, together with 80,163 shares issued thereon under our dividend reinvestment plan.*

**Solar Capital**

Solar Capital Ltd., a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ( BDC ) under the 1940 Act. In addition, for tax purposes we have elected to be treated as a regulated investment company ( RIC ) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code ).

On February 9, 2010 we priced our initial public offering, selling 5.68 million shares, including the underwriters over-allotment, at a price of \$18.50 per share. Concurrent with our initial public offering, management purchased an additional 0.6 million shares through the Concurrent Private Placement, also at \$18.50 per share.

Immediately prior to our initial public offering, through a series of transactions Solar Capital LLC merged with and into Solar Capital Ltd., leaving Solar Capital Ltd. as the surviving entity. Solar Capital Ltd. issued an aggregate of approximately 26.65 million shares of common stock and \$125 million in Senior Unsecured Notes to the existing Solar Capital LLC unit holders in connection with the Solar Capital Merger. Solar

Capital Ltd. had

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no assets or operations prior to completion of the Solar Capital Merger and as a result, the books and records of Solar Capital LLC have become the books and records of the surviving entity.

Solar Capital LLC, a Maryland limited liability company, was formed in February 2007 and conducted a private placement of units of membership interest ( units ) in March 2007, at such time a total of 81.70 million units were outstanding. Solar Capital Investors, LLC, an entity funded by the management of Solar Capital Partners, the Company's investment adviser, acquired approximately 3.33 million units in connection with the initial private placement. In addition, in connection with the initial private placement, certain funds managed by Magnetar Financial LLC ( Magnetar ) and certain entities affiliated therewith (collectively, the Magnetar entities ), acquired approximately 35.00 million units.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged middle market companies in the form of senior secured loans, mezzanine loans and equity securities. From time to time, we may also invest in public companies that are thinly traded. Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$20 million and \$100 million each, although we expect that this investment size will vary proportionately with the size of our capital base. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States.

As of March 31, 2010, our long term investments totaled \$839.0 million and our net asset value was \$730.4 million. Our portfolio was comprised of debt and equity investments in 33 portfolio companies and our income producing assets, which represent 92.2% of our total portfolio, had a weighted average annualized yield on a fair value basis of approximately 13.9%.

During the three months ended March 31, 2010, we originated approximately \$44.6 million of investments in one new and one existing portfolio company. We also received principal repayments of approximately \$95.1 million and sold securities in 3 portfolio companies for approximately \$20.5 million.

### **About Solar Capital Partners**

Solar Capital Partners is controlled by Michael S. Gross, our chairman and chief executive officer, and is led by Mr. Gross and Bruce Spohler, our chief operating officer, and is supported by a team of 12 dedicated investment professionals, including Brian Gerson, Cedric Henley and David Mait. We refer to Messrs. Gross, Spohler, Gerson, Henley and Mait as Solar Capital Partners' senior investment professionals. Solar Capital Partners' investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries. The investment team led by Messrs. Gross and Spohler has invested in 54 different portfolio companies for Solar Capital, which investments involved an aggregate of more than 46 different financial sponsors, through March 31, 2010. Since Solar Capital's inception, these investment professionals have used their relationships in the middle-market financial sponsor and financial intermediary community to originate direct investment opportunities.

Mr. Gross, the former chairman and chief executive officer of Apollo Investment Corporation, a publicly traded business development company that he founded, has over 20 years of experience in the private equity, distressed debt and mezzanine lending businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending transactions.





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Mr. Gross is also a founder and a former senior partner of Apollo Management, L.P., a leading private equity firm. During his tenure at Apollo Management, L.P., Mr. Gross was a member of the investment committee that was responsible for overseeing more than \$13 billion of investments in over 150 companies. Between February 2004 and February 2006, Mr. Gross was the president and chief executive officer of Apollo Investment Corporation, a publicly traded business development company that he founded and on whose board of directors and investment committee he served as chairman from February 2004 to July 2006. Under his management, Apollo Investment Corporation raised approximately \$930 million in gross proceeds in an initial public offering in April 2004, built a dedicated investment team and infrastructure and invested approximately \$2.3 billion in over 65 companies in conjunction with 50 different private equity sponsors. Mr. Gross was also the managing partner of Apollo Distressed Investment Fund, L.P., an investment fund he founded in 2003 to invest principally in debt and other securities of leveraged companies.

Mr. Gross also currently serves on the boards of directors of three public companies, and in the past has served on the boards of directors of more than 20 public and private companies. As a result, Mr. Gross has developed an extensive network of private equity sponsor relationships as well as relationships with management teams of public and private companies, investment bankers, attorneys and accountants that we believe should provide us with significant business opportunities.

We also rely on the more than 20 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since inception. Previously, Mr. Spohler was a managing director and a former co-head of U.S. Leveraged Finance for CIBC World Markets. He held numerous senior roles at CIBC World Markets, including serving on the U.S. Management Committee, Global Executive Committee and the Deals Committee, which approves all of CIBC World Markets' U.S. corporate finance debt capital decisions. During Mr. Spohler's tenure, he was responsible for senior loan, high yield and mezzanine origination and execution, as well as CIBC World Markets' below investment grade loan portfolio in the United States. As a co-head of U.S. Leveraged Finance, Mr. Spohler oversaw over 300 capital raising and merger and acquisition transactions, comprising over \$40 billion in market capitalization.

In addition to Messrs. Gross and Spohler, Solar Capital Partners' senior investment professionals include Messrs. Gerson, Henley and Mait, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners' senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

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

### **Market Opportunity**

Solar Capital invests primarily in senior secured loans, mezzanine loans and equity securities of leveraged companies organized and located in the United States. We believe that the size of the leveraged company market, coupled with the demands of these companies for flexible sources of capital at attractive terms and rates, create an attractive investment environment for us.

*Middle-market companies have faced increasing difficulty in accessing the capital markets.* While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to



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invest in larger, more liquid offerings. In addition, many private finance companies that, until recently, financed their lending and investing activities through securitization transactions have lost that source of funding and cut back lending significantly.

*There is a large pool of uninvested private equity capital likely to seek additional capital to support their private investments.* We believe there is a large pool of uninvested private equity capital available to middle-market companies. While we expect the rate of investment to be slower than in prior periods, we expect that private equity firms will continue to be active investors in middle-market companies and that these private equity firms will seek to supplement their investments with senior and junior debt securities and loans and equity co-investments from other sources, such as Solar Capital.

*Middle-market companies are increasingly seeking private sources for debt and equity capital.* We believe that many middle-market companies prefer to execute transactions with private capital providers such as Solar Capital, rather than execute high-yield bond or equity transactions in the public markets, which may necessitate increased financial and regulatory compliance and reporting obligations. We expect that the volume of domestic public-to-private transactions, as well as the number of companies selecting a sale alternative versus raising capital in the public equity markets as a means of increasing liquidity, will remain large.

*Consolidation among commercial banks has reduced the focus on middle-market business.* We believe that many senior lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending to large corporate clients, managing capital markets transactions and providing other non-credit services to their customers. We believe this has resulted in fewer key players and the reduced availability of debt capital to the companies we target.

*Current disruptions within the credit markets generally have brought a reduction in competition and a more lender-friendly environment.* Current credit market dislocation has caused many of the alternative methods of obtaining middle-market debt financing to significantly decrease in scope and availability while demand for financings has remained robust. We believe the segment's strong growth prospects, combined with the growing demand for the capital and corporate finance and advisory services we offer, creates an attractive investment environment for us.

Furthermore, we believe that given the credit market uncertainty, Solar Capital has a greater opportunity to move beyond middle-market deals into larger transactions, as banks are less willing to commit capital. We believe these larger deals can be structured with more attractive terms such as lower leverage, higher yields, better covenants, and longer duration than was typical before the current market dislocation.

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

## **Competitive Advantages and Strategy**

We believe that we have the following competitive advantages over other providers of financing to leveraged companies:

### ***Management Expertise***

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 20 years of experience in leveraged finance, private equity and distressed debt investing.

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Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has over 20 years of experience in evaluating and executing leverage finance transactions.

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We believe that Messrs. Gross and Spohler have developed a strong reputation in the capital markets, and that this experience provides us with a competitive advantage in identifying and investing in leveraged companies with the potential to generate returns. We believe that our investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries. We believe that our investment team has a proven track record of valuing companies and assets and negotiating transactions.

In addition to Messrs. Gross and Spohler, Solar Capital Partners' senior investment professionals include Messrs. Gerson, Henley and Mait, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners' senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

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

### ***Investment Portfolio***

Our portfolio investments consist of portfolio companies that have strong cash flows and have maintained financial and operating performance despite the recent economic climate. As of March 31, 2010, 100% of our total portfolio value was comprised of performing assets. The majority of our assets have been seasoned, which has allowed us to gain a solid understanding of our borrowers and the industries in which they compete. Additionally, over time, we have established productive relationships with our portfolio companies.

### ***Investment Capacity***

The proceeds from our initial public offering and the Concurrent Private Placement, the borrowing capacity under our credit facility and the expected repayments of existing investments provide us with a substantial amount of capital available for deployment into new investment opportunities. We believe we are well positioned for the current marketplace. We believe that in the current economic environment financing needs of many companies will increase while funding options are limited, allowing us to capitalize on favorable investment opportunities.

### ***Solar Capital's Limited Leverage***

As of March 31, 2010, our outstanding debt was approximately 13.5% of total assets, making us one of the least levered publicly traded business development companies. We believe our relatively low level of leverage provides us with a competitive advantage, allowing us to anticipate providing a consistent dividend to our investors as proceeds from our investments are available for reinvestment as opposed to being consumed by debt repayment. To the extent borrowing conditions improve and leverage becomes available on more attractive terms, we may increase our relative level of debt in the future. However, we do not currently anticipate operating with a substantial amount of debt relative to our total assets. Furthermore, by maintaining prudent leverage levels, we believe we will be better positioned to weather future market downturns.

*Proprietary Sourcing and Origination*

We believe that Solar Capital Partners' senior investment professionals' longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of proprietary origination opportunities. We believe the broad expertise of Solar

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Capital Partners' senior investment professionals and their ability to draw upon their average of 20 years of investment experience enable us to identify, assess and structure investments successfully. We expect to continue leveraging the relationships Mr. Gross established while sourcing and originating investments at Apollo Investment Corporation as well as the financial sponsor relationships Mr. Spohler developed while he was a co-head of CIBC World Markets' U.S. Leveraged Finance Group.

Our investment team's strong relationship network is enhanced by the collaborative role Solar Capital plays in the private equity industry. We offer tailored solutions to our portfolio companies, and we believe that this role provides us with greater deal flow as opposed to being viewed as a competitor bidding for control stakes. Because Solar Capital is not associated with a private equity firm, we are not precluded from partnering with most of the top tier financial sponsors.

These direct investments enable us to perform more in-depth due diligence and play an active role in structuring financings. We believe that effectuating the transaction terms and having greater insight into a portfolio company's operations and financial picture assist Solar Capital in minimizing downside potential, while reinforcing Solar Capital as a trusted partner who delivers comprehensive financing solutions. Since our inception, Solar Capital Partners has sourced investments in 54 different portfolio companies for Solar Capital, which investments involved an aggregate of more than 46 different financial sponsors, through March 31, 2010.

### ***Versatile Transaction Structuring and Flexibility of Capital***

We believe our senior investment professionals' broad expertise and ability to draw upon their extensive experience enable us to identify, assess and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle. While we will be subject to significant regulation as a business development company, we will not be subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest. We believe financial sponsors, management teams and investment banks see this flexibility as a benefit, making us an attractive financing partner. We believe that this approach enables us to procure attractive investment opportunities throughout the economic cycle so that we can make investments consistent with our stated investment objective even during turbulent periods in the capital markets.

### ***Emphasis on Achieving Strong Risk-Adjusted Returns***

Solar Capital Partners uses a disciplined investment and risk management process that emphasizes a rigorous fundamental research and analysis framework. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. Our value-oriented investment philosophy focuses on preserving capital and ensuring that our investments have an appropriate return profile in relation to risk. When market conditions make it difficult for us to invest according to our criteria, we are highly selective in deploying our capital. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process that draws upon investment experience, industry expertise and network of contacts of our senior investment professionals, as well





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as the other members of our investment team. Among other things, our due diligence is designed to ensure that a prospective portfolio company will be able to meet its debt service obligations.

We have the ability to invest across an issuer's capital structure, which we believe enables us to provide comprehensive financing solutions for our portfolio companies, as well as access the best risk-adjusted opportunities. The overall transaction size and product mix is based upon the needs of the customer, as well as our risk-return hurdles. We also focus on downside protection and preservation of capital throughout the structuring process.

### ***Deep Industry Focus with Substantial Information Flow***

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners' investment professionals have deep investment experience. During his time with the Apollo entities, Mr. Gross oversaw investments in over 200 companies in 20 industries. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners' other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries. Solar Capital Partners' investment team also has significant experience in evaluating and making investments in the industries we target. We believe that the in-depth experience of Solar Capital Partners' investment team in investing throughout various stages of the economic cycle provides our investment adviser with access to ongoing market insights in addition to a powerful asset for investment sourcing. See *Business Investments*.

### ***Longer Investment Horizon***

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

## **Risk Factors**

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

We have a limited operating history of only three years;

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

We operate in a highly competitive market for investment opportunities;

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The lack of liquidity in our investments may adversely affect our business;

We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;

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

There will be uncertainty as to the value of our portfolio investments;

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We may experience fluctuations in our quarterly results;

We will become subject to corporate-level income tax on all of our income if we are unable to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, which would have a material adverse effect on our financial performance;

We cannot assure you that the market price of shares of our common stock will not remain below our net asset value per share;

Our common stock price may be volatile and may decrease substantially;

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock; and

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

See **Risk Factors** beginning on page 16, and the other information included in this prospectus and any accompanying prospectus supplement, for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

## **Operating and Regulatory Structure**

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

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

**Our Corporate Information**

Our offices are located at 500 Park Avenue, 5<sup>th</sup> Floor, New York, New York 10022, and our telephone number is (212) 993-1670.

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**THE OFFERING**

Common Stock Offered by the Selling Shareholders	27,327,475 shares
Common Stock Currently Outstanding	Approximately 33,030,641 shares.
Use of Proceeds	We will not receive any proceeds from the sale of the shares of common stock covered by this prospectus.
Distributions	To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. Our first quarterly dividend of \$0.34 per share was paid on April 1, 2010 to holders of record as of March 18, 2010. On May 4, 2010, the Board of Directors declared a dividend of \$0.60 per share payable on July 2, 2010 to stockholders of record on June 17, 2010. Shares offered in this prospectus will be entitled to receive this dividend payment. We anticipate that the dividend will be paid from post-offering taxable earnings, including interest and capital gains generated by our investment portfolio. However, if we do not generate sufficient taxable earnings during the year, the dividend may constitute a return of capital. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year.
Taxation	We intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To obtain and maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Distributions and Material U.S. Federal Income Tax Considerations.
Investment Advisory Fees	We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature.

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The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See Investment Advisory and Management Agreement.

Administration Agreement

We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. See Administration Agreement.

Trading

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

License Agreement

We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Capital. See License Agreement.

Dividend Reinvestment Plan

We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash dividends by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan.

Certain Anti-Takeover Measures

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us.

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These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Securities.

Available Information

We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Capital Ltd., 500 Park Avenue, 5<sup>th</sup> Floor, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarcapltd.com>.

**Table of Contents****FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by us or Solar Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Capital Ltd.

**Stockholder transaction expenses:**

Sales load (as a percentage of offering price)	%(1)
Offering expenses borne by us (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	None (3)

Total stockholder transaction expenses (as a percentage of offering price)	%(2)
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**Annual expenses (as a percentage of net assets attributable to common stock):**

Base management fee	2.39%(4)
Incentive fees payable under our Investment Advisory and Management Agreement	2.89%(5)
Interest payments on borrowed funds	2.07%(6)
Other expenses (estimated)	0.88%(7)

Total annual expenses (estimated)	8.23%
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**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 53	\$ 160	\$ 265	\$ 526

- (1) In the event that the shares of common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) The prospectus supplement corresponding to each offering will disclose the applicable offering expenses and total stockholder transaction expenses.
- (3) The expenses of the dividend reinvestment plan are included in other expenses.
- (4) Our base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with the annualized fee incurred for the three months ended March 31, 2010. See Investment Advisory and Management Agreement.
- (5) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the annualized incentive fees earned by Solar Capital Partners for the three months ended March 31, 2010. The incentive fee consists of two parts:



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The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

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100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and 20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Advisory and Management Agreement.

- (6) We may borrow funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding during the year ended, and the LIBOR rate on, March 31, 2010 and the interest rate on our amended and restated Senior Secured Revolving Credit Facility of LIBOR plus 3.25%. We have also included the estimated amortization of fees incurred in establishing our amended and restated Senior Secured Revolving Credit Facility. We also have approximately \$125 million of the Senior Unsecured Notes outstanding. For purposes of this section we have included estimated annual interest expense as well as the amortization of any deferred costs associated with the Senior Unsecured Notes. As of March 31, 2010, we had no borrowings outstanding and \$270 million remaining available to us under our revolving credit facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act.
- (7) Other expenses are based on the annualized amounts for the three months ended March 31, 2010 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement.

**The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.** While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. In addition, the example assumes no sales load. Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

**Table of Contents****SELECTED FINANCIAL AND OTHER DATA**

The selected financial and other data below should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto. Financial information is presented for the period from March 13, 2007 (inception) through December 31, 2007, for the fiscal years ended December 31, 2008 and 2009, and for the three months ended March 31, 2010. Financial information for the periods ending 2007, 2008 and 2009 has been derived from our financial statements that were audited by KPMG LLP (KPMG), an independent registered public accounting firm. See Management's Discussion and Analysis of Financial Condition and Results of Operations below for more information.

	<b>Three months ended</b>			<b>Period from March 13,</b>
	<b>March 31, 2010</b>	<b>Year ended</b>	<b>Year ended</b>	<b>2007 (inception) through</b>
	<b>(unaudited)</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>	<b>December 31,</b>
	<b>(dollars in thousands)</b>	<b>(dollars in thousands)</b>	<b>(dollars in thousands)</b>	<b>2007</b>
				<b>(dollars in</b>
				<b>thousands)</b>
<b>Income statement data:</b>				
Total investment income	\$ 35,310	\$ 109,670	\$ 133,959	\$ 78,455
Total expenses	14,199	42,408	46,560	25,461
Net investment income	21,111	67,262	87,399	52,994
Net realized loss	(22,243)	(264,898)	(937)	(10,489)
Net change in unrealized gain (loss)	63,136	284,572	(492,290)	6,595
Net increase (decrease) in net assets resulting from operations	62,004	86,936	(405,828)	49,100
<b>Other data:</b>				
Weighted average annualized yield on income producing investments:				
On fair value(1)(4)	13.9%	14.8%	17.1%	12.9%
On cost(2)(4)	13.3%	13.7%	11.9%	12.7%
Number of portfolio companies at period end(4)	33	36	44	38
	<b>As of</b>		<b>As of</b>	<b>As of</b>
	<b>March 31, 2010</b>	<b>As of</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>(unaudited)</b>	<b>December 31, 2009</b>	<b>2008</b>	<b>2007</b>
	<b>(dollars in thousands)</b>	<b>(dollars in thousands)</b>	<b>(dollars in thousands)</b>	<b>(dollars in thousands)</b>
<b>Balance sheet data:</b>				
Total investment portfolio	\$ 838,956	\$ 863,140	\$ 768,215	\$ 1,178,736
Total cash and cash equivalents	60,363	5,675	65,841	169,692
Total assets	928,743	885,421	873,026	1,396,545
Credit facility payable		88,114		
Senior unsecured notes	125,000			
Net assets	730,379	697,903	852,673	1,258,501
<b>Per share data:(3)</b>				
Net asset value per share	22.18	21.24	25.95	38.30
Net investment income	0.64	2.05	2.66	1.62
Net realized and unrealized gain (loss)	1.26	0.60	(15.01)	(0.12)
Dividends and distributions declared	(0.34)	(7.36)		
Offering costs	(0.29)			
Effect of dilution	(0.33)			



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- (1) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on preferred shares divided by (b) total income producing investments at fair value. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (2) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on preferred shares divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (3) The number of shares used to calculate weighted average shares for use in computations on a per share basis have been decreased retroactively by a factor of approximately 0.4022 for all periods prior to February 9, 2010. This factor represents the effective impact of the reduction in shares resulting from the Solar Capital Merger. The per share calculations are based on 32,860,454 weighted average shares outstanding as of December 31, 2009, 2008, and 2007 and 32,928,257 shares and 32,553,322 weighted average shares outstanding as of March 31, 2010.
- (4) Unaudited.

**Selected Quarterly Financial Data (Unaudited)****(dollar amounts in thousands, except per share data)**

	2009			
	Q4	Q3	Q2	Q1
Total investment income	\$ 28,456	\$ 27,785	\$ 25,252	\$ 28,177
Net investment income (loss)	\$ 17,685	\$ 16,383	\$ 16,099	\$ 17,095
Net realized and unrealized gain (loss)	\$ 22,271	\$ 22,181	\$ 17,899	\$ (42,677)
Net increase (decrease) in net assets resulting from operations	\$ 39,956	\$ 38,564	\$ 33,998	\$ (25,582)
Earnings per share(1)	\$ 1.22	\$ 1.17	\$ 1.04	\$ (0.78)
Net asset value per share at the end of the quarter(2)	\$ 21.24	\$ 22.30	\$ 23.61	\$ 22.57

**2008****Q4**

Under the Florida Business Corporation Act, a director is not personally liable for monetary damages to us or to any other person for acts or omissions in his or her capacity as a director except in certain limited circumstances. Those circumstances include violations of criminal law (unless the director had reasonable cause to believe that such conduct was lawful or had no reasonable cause to believe such conduct was unlawful), transactions in which the director derived an

improper personal benefit, transactions involving unlawful distributions, and conscious disregard for the best interest of the corporation or willful misconduct (only if the proceeding is by or in the right of the corporation). As a result, shareholders may be unable to recover monetary damages against directors for actions taken by them which constitute negligence or gross negligence or which are in violation of their fiduciary duties, although injunctive or other equitable relief may be available.

**Description of Series 6 Preferred Stock**

*Ranking*

The Series 6 Preferred Shares rank senior to our common stock and to any other of our future equity securities that we may later authorize or issue that by their terms rank junior to the Series 6 Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up. The Series 6 Preferred Shares rank pari passu with any Parity Preferred Shares (i.e., our outstanding Series 7 Preferred Shares and any future equity securities that we may later authorize or issue that by their terms are on a parity with the Series 6 Preferred Shares). The Series 6 Preferred Shares rank junior to any equity securities that we may later authorize or issue that by their terms rank senior to the Series 6 Preferred Shares. Any such authorization or issuance of senior equity securities would require the affirmative vote of the

holders of at least two-thirds of the outstanding Series 6 Preferred Shares and other Parity Preferred Shares voting as a class. Any convertible debt securities that we may issue are not considered to be equity securities for these purposes. The Series 6 Preferred Shares rank junior to all of our existing and future indebtedness.

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*Dividends*

Holder of the Series 6 Preferred Shares will be entitled to receive, when and as declared by our Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential cash dividends at the rate of 6.625% per annum of the \$25.00 per share liquidation preference (equivalent to \$1.65625 per annum per Series 6 Preferred Share). Such dividends will be cumulative from the date of original issuance and will be payable quarterly in arrears on or about each March 31, June 30, September 30 and December 31 (each, a dividend payment date). Quarterly dividends on the Series 6 Preferred Shares will be computed on the basis of a 360-day year consisting of twelve 30-day months, and dividends for any partial dividend period will be computed on the basis of the ratio of the actual number of days elapsed in such period to 90 days. We will pay dividends to holders of record as they appear in our share records at the close of business on the applicable record date, which will be the first day of the calendar month in which the applicable dividend payment date falls or on such other date designated by our Board of Directors for the payment of dividends that is not more than 30 business days nor less than 10 days prior to such dividend payment date (each, a dividend record date). If any dividend payment date falls on a day which is not a



business day, then payment of the dividend will be made on the next day that is a business day without interest in respect of such delay; however, the dividend will be paid on the previous business day if the next business day would fall in a different calendar year.

When dividends are not paid in full upon the Series 6 Preferred Shares and any other shares of our preferred stock ranking on a parity as to dividends with the Series 6 Preferred Shares (including the Parity Preferred Shares), all dividends declared upon the Series 6 Preferred Shares and any other preferred stock ranking on a parity as to dividends with the Series 6 Preferred Shares must be declared pro rata based on the ratio that the accrued dividends per share on the Series 6 Preferred Shares and such other preferred stock bear to each other. Except as set forth in the preceding sentence, unless full dividends on the Series 6 Preferred Shares and any other shares of our preferred stock ranking on a parity as to dividends with the Series 6 Preferred Shares have been paid or funds have been set apart for the payment therefor for all past dividend periods, no dividend or distribution may be declared or paid or funds set aside for payment on our common stock or on other shares of our capital stock ranking junior to the Series 6 Preferred Shares as to dividends, nor may any Series 6 Preferred Shares or shares of our capital stock ranking junior to or on a parity with the Series 6 Preferred Shares as to dividends be redeemed. The foregoing

sentence does not prohibit (A) dividends or distributions payable in the form of common stock or other shares of our capital stock ranking junior to the Series 6 Preferred Shares as to dividends ( Junior Stock ), (B) conversions of Junior Stock or capital stock ranking on a parity with the Series 6 Preferred Shares into Junior Stock, (C) acquisitions of capital stock required to preserve our status as a real estate investment trust pursuant to our articles of incorporation, (D) acquisitions of Junior Stock for purposes of our employee or director benefit plans, and (E) purchases or acquisitions of Series 6 Preferred Shares pursuant to a purchase or an exchange offer that is made on the same terms to all holders of Series 6 Preferred Shares.

No dividends on the Series 6 Preferred Shares may be declared by our Board of Directors or paid or funds set aside for payment by us at any time if the terms and provisions of any agreement to which we are or will be a party, including any agreement relating to our indebtedness, prohibit such declaration, payment or setting aside funds for payment or provide that such declaration, payment or setting aside funds for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment is restricted or prohibited by law. Under the loan agreement relating to our bank credit facilities, distributions to our shareholders, including holders of our preferred stock, may be restricted in the event of non-monetary defaults. In the event of any monetary default under

our bank credit facilities, we may not make dividends or distributions to shareholders, including holders of our preferred stock.

Notwithstanding the foregoing, dividends on the Series 6 Preferred Shares will accrue whether or not we have earnings, whether or not there are funds legally available for the payment of such dividends, whether or not the terms of any agreement prohibit the current payment of dividends and whether or not such dividends are declared. Accrued but unpaid dividends on the Series 6 Preferred Shares will not bear interest. Holders of the Series 6 Preferred Shares will not be entitled to any dividends in excess of full cumulative dividends as described above.

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*Liquidation Rights*

In the event of our liquidation, dissolution or winding up, the holders of the Series 6 Preferred Shares are entitled to be paid, out of our assets legally available for distribution to our shareholders, a liquidating distribution in cash or property at fair market value as determined by our Board of Directors equal to a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends to the date of payment, before any distribution of assets is made to holders of our common stock or any other capital shares that rank junior to the Series 6 Preferred Shares as to liquidation rights. The rights of holders of Series 6 Preferred Shares to receive their liquidation preference would be subject to preferential rights of any series of equity securities that is senior to the Series 6 Preferred Shares. Written notice will be given to each holder of record of Series 6 Preferred Shares of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series 6 Preferred Shares will have no right or claim to any of our remaining assets.

In the event that there are insufficient assets to permit full payment of liquidating distributions with respect to the Series 6 Preferred Shares and any preferred

stock which ranks equally as to liquidation rights with the Series 6 Preferred Shares (including the Parity Preferred Shares), then such liquidating distributions will be made pro rata among the Series 6 Preferred Shares and such other preferred stock.

For purposes of liquidation rights, a merger or other business combination of Regency Centers Corporation with or into another business entity or the sale of all or substantially all of the assets of Regency Centers Corporation is not a liquidation, dissolution or winding up of Regency Centers Corporation.

*Redemption*

We may not redeem the Series 6 Preferred Shares prior to February 16, 2017, except as described under Special Optional Redemption and Restrictions on Ownership of Capital Stock. On and after February 16, 2017, upon no fewer than 30 days nor more than 60 days written notice, we may, at our option, redeem the Series 6 Preferred Shares, in whole or from time to time in part, by paying \$25.00 per share (equal to the liquidation preference), plus any accrued and unpaid dividends to, but not including, the date of redemption.

We will give notice of redemption by publication in a newspaper of general circulation in The City of New York and by mail to each holder of record of Series 6 Preferred Shares at the address shown on our share transfer books. A failure to give notice of redemption or any defect in

the notice or in its mailing will not affect the validity of the redemption of any Series 6 Preferred Shares except as to the holder to whom notice was defective. Each notice will state the following:

the redemption date;

the redemption price;

the number of Series 6 Preferred Shares to be redeemed;

the place or places where the Series 6 Preferred Shares are to be surrendered for payment; and

that dividends on the Series 6 Preferred Shares to be redeemed will cease to accrue immediately prior to the redemption date.

If we redeem fewer than all of the Series 6 Preferred Shares, the notice of redemption mailed to each shareholder of record will also specify the number of Series 6 Preferred Shares that we will redeem from each shareholder. In this case, we will determine the number of Series 6 Preferred Shares to be redeemed on a pro rata basis, by lot or by any other equitable method we may choose in our sole discretion.

If we have given a notice of redemption and have set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series 6 Preferred

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Shares called for  
redemption, then from and  
after the

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redemption date, those Series 6 Preferred Shares will be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those Series 6 Preferred Shares will terminate. The holders of those Series 6 Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends through the redemption date.

The holders of Series 6 Preferred Shares at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the Series 6 Preferred Shares on the corresponding payment date notwithstanding the redemption of the Series 6 Preferred Shares between such record date and the corresponding payment date or our default in the payment of the dividend due. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series 6 Preferred Shares to be redeemed.

The Series 6 Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions, except as provided under Restrictions on Ownership of Capital Stock. In order to ensure that we continue to meet the requirements for qualification as a REIT, the Series 6 Preferred Shares will be subject to the restrictions on ownership and transfer in our articles of incorporation.



Subject to applicable law and other limitations on redemptions or repurchases while dividends on the Series 6 Preferred Shares or other Parity Preferred Shares are in arrears, we may purchase Series 6 Preferred Shares in the open market, by tender or by private agreement. We are permitted to return any Series 6 Preferred Shares that we reacquire to the status of authorized but unissued preferred stock without designation as to series.

Unless full cumulative dividends on all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares have been or contemporaneously are declared and paid or authorized and declared and a sum sufficient for the payment thereof set aside for payment for all past dividend periods, no Series 6 Preferred Shares or other equity securities ranking on parity with the Series 6 Preferred Shares may be redeemed unless all outstanding Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares are simultaneously redeemed; provided, however, that we may redeem or purchase Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares as described under

Restrictions on Ownership of Capital Stock in order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6

Preferred Shares. In addition, unless full cumulative dividends on all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set aside for payment for all past dividend or distribution periods, we may not purchase or otherwise acquire directly or indirectly for any consideration, nor may any monies be paid to or be made available for a sinking fund for the redemption of, any Series 6 Preferred Shares or other equity securities ranking on parity with the Series 6 Preferred Shares (except by conversion into or exchange for equity securities ranking junior to the Series 6 Preferred Shares as to distributions and upon liquidation or by redemption or other acquisition of shares under incentive, benefit or share purchase plans for officers, trustees or employees or others performing or providing similar services); provided, however, that we may purchase or acquire Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares for the purpose of preserving our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series 6 Preferred Shares and Parity Preferred Shares.

*Special Optional  
Redemption*

Upon the occurrence of a Change of Control, we may, at our option, redeem the Series 6 Preferred Shares, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share (equal to the liquidation preference), plus any accrued and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control Conversion Date, we have provided or

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provide notice of redemption with respect to the Series 6 Preferred Shares (whether pursuant to our optional redemption right or our special optional redemption right), the holders of Series 6 Preferred Shares will not have the conversion right described below under Conversion Rights.

We will mail to you, if you are a record holder of the Series 6 Preferred Shares, a notice of redemption no fewer than 30 days nor more than 60 days before the redemption date. We will send the notice to your address shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any Series 6 Preferred Shares except as to the holder to whom notice was defective. Each notice will state the following:

the redemption date;

the redemption price;

the number of Series 6 Preferred Shares to be redeemed;

the place or places where the certificates for the Series 6 Preferred Shares, if any, are to be surrendered for payment;

that the Series 6 Preferred Shares are being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control;

that the holders of the Series 6 Preferred Shares to which the notice relates will not be able to tender such Series 6 Preferred Shares for conversion in connection with the Change of Control and each Series 6 Preferred Share tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and

that dividends on the Series 6 Preferred Shares to be redeemed will cease to accrue immediately prior to the redemption date.

If we redeem fewer than all of the Series 6 Preferred Shares, the notice of redemption mailed to each shareholder of record will also specify the number of Series 6 Preferred Shares that we will redeem from each shareholder. In this case, we will determine the number of Series 6 Preferred Shares to be redeemed on a pro rata basis, by lot or by any other equitable method we

may choose.

If we have given a notice of redemption and have set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series 6 Preferred Shares called for redemption, then from and after the redemption date, those Series 6 Preferred Shares will be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those Series 6 Preferred Shares will terminate. The holders of those Series 6 Preferred Shares will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends through the redemption date.

The holders of Series 6 Preferred Shares at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the Series 6 Preferred Shares on the corresponding payment date notwithstanding the redemption of the Series 6 Preferred Shares between such record date and the corresponding payment date or our default in the payment of the dividend due. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series 6 Preferred Shares to be redeemed.

Unless full cumulative dividends on all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares have been or contemporaneously are declared and paid or authorized and declared and a sum sufficient for the

payment thereof set aside  
for payment for all past  
dividend or

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distribution periods, no Series 6 Preferred Shares or other equity securities ranking on parity with the Series 6 Preferred Shares may be redeemed unless all outstanding Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares are simultaneously redeemed; provided, however, that we may redeem or purchase Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares as described under

Restrictions on Ownership of Capital Stock in order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares. In addition, unless full cumulative dividends on all Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set aside for payment for all past dividend or distribution periods, we may not purchase or otherwise acquire directly or indirectly for any consideration, nor may any monies be paid to or be made available for a sinking fund for the redemption of, any Series 6 Preferred Shares or other equity securities ranking on



parity with the Series 6 Preferred Shares (except by conversion into or exchange for equity securities ranking junior to the Series 6 Preferred Shares as to dividends or distributions and upon liquidation or by redemption or other acquisition of shares under incentive, benefit or share purchase plans for officers, trustees or employees or others performing or providing similar services); provided, however, that we may purchase or acquire Series 6 Preferred Shares and other equity securities ranking on parity with the Series 6 Preferred Shares for the purpose of preserving our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series 6 Preferred Shares and Parity Preferred Shares.

Any Series 6 Preferred Shares that we reacquire will have the status of authorized but unissued preferred shares without designation as to series.

A Change of Control is when, after the original issuance of the Series 6 Preferred Shares, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or

other acquisition transactions of shares of our Company entitling that person to exercise more than 50% of the total voting power of all shares of our Company entitled to vote generally in elections of Directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) listed on the NYSE, the NYSE Amex or NASDAQ or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

*Conversion Rights*

Upon the occurrence of a Change of Control, each holder of Series 6 Preferred Shares will have the right, unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series 6 Preferred Shares as described under Redemption or Special Optional Redemption, to convert some or all of the Series 6 Preferred Shares held by such holder (the

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Change of Control  
Conversion Right ) on the  
Change of Control  
Conversion Date into a  
number of our common  
stock per Series 6 Preferred  
Share (the Common Share  
Conversion Consideration )  
equal to the lesser of:

the quotient obtained  
by dividing (i) the sum  
of the \$25.00  
liquidation preference  
plus the amount of any  
accrued and unpaid  
dividends to, but not  
including, the Change  
of Control

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Conversion Date  
(unless the Change of  
Control Conversion  
Date is after a record  
date for a Series 6  
Preferred Share  
dividend payment and  
prior to the  
corresponding Series 6  
Preferred Share  
dividend payment date,  
in which case no  
additional amount for  
such accrued and  
unpaid dividend will  
be included in this  
sum) by (ii) the  
Common Share Price;  
and

1.1497 (i.e., the Share  
Cap).

The Share Cap is subject to  
pro rata adjustments for  
any share splits (including  
those effected pursuant to a  
distribution of our common  
shares), subdivisions or  
combinations (in each case,  
a Share Split ) with respect  
to our common stock as  
follows: the adjusted Share  
Cap as the result of a Share  
Split will be the number of  
our common stock that is  
equivalent to the product  
obtained by multiplying (i)  
the Share Cap in effect  
immediately prior to such  
Share Split by (ii) a  
fraction, the numerator of  
which is the number of our  
common stock outstanding  
after giving effect to such  
Share Split and the  
denominator of which is  
the number of our common  
stock outstanding  
immediately prior to such  
Share Split.

For the avoidance of doubt,  
subject to the immediately  
succeeding sentence, the  
aggregate number of our  
common stock (or  
equivalent Alternative

Conversion Consideration (as defined below), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right will not exceed 11,497,000 common stock (or equivalent Alternative Conversion Consideration, as applicable) and subject to provisions for the receipt of Alternative Conversion Consideration (the Exchange Cap ). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock will be converted into cash, securities or other property or assets (including any combination thereof) (the Alternative Form Consideration ), a holder of Series 6 Preferred Shares will receive upon conversion of such Series 6 Preferred Shares the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of our common stock equal to the Common Share Conversion Consideration immediately prior to the effective time of the Change of Control (the Alternative Conversion Consideration, and the Common Share Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the Conversion Consideration ).

If the holders of our common stock have the opportunity to elect the form of consideration to be

received in the Change of Control, the consideration that the holders of the Series 6 Preferred Shares will receive will be the form and proportion of the aggregate consideration elected by the holders of our common stock who participate in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

We will not issue fractional common stock upon the conversion of the Series 6 Preferred Shares. Instead, we will pay the cash value of such fractional shares.

Within 15 days following the occurrence of a Change of Control, we will provide to holders of Series 6 Preferred Shares a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of Series 6 Preferred Shares may exercise their Change of Control Conversion Right;

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the method and period  
for calculating the  
Common Share Price;

the Change of Control  
Conversion Date;

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that if, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem all or any portion of the Series 6 Preferred Shares, holders will not be able to convert Series 6 Preferred Shares and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per Series 6 Preferred Share;

the name and address of the paying agent and the conversion agent; and

the procedures that the holders of Series 6 Preferred Shares must follow to exercise the Change of Control Conversion Right.

We will issue a press release for publication on the Dow Jones & Company, Inc. Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the



relevant information to the public), or post notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series 6 Preferred Shares.

To exercise the Change of Control Conversion Right, a holder of Series 6 Preferred Shares will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing Series 6 Preferred Shares to be converted, duly endorsed for transfer, together with a written conversion notice completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of Series 6 Preferred Shares to be converted; and

that the Series 6 Preferred Shares are to be converted pursuant to the applicable provisions of the Series 6 Preferred Shares.

The Change of Control Conversion Date is the date the Series 6 Preferred Shares are to be converted, which will be a business day that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice of occurrence of a Change of Control described above to the holders of Series 6

Preferred Shares.

The Common Share Price will be: (i) the amount of cash consideration per share of common stock, if the consideration to be received in the Change of Control by the holders of our common shares is solely cash; and (ii) the average of the closing prices for our common stock on the NYSE for the ten consecutive trading days

immediately preceding, but not including, the effective date of the Change of Control, if the consideration to be received in the Change of Control by the holders of our common stock is other than solely cash.

Holder of Series 6 Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal must state:

the number of withdrawn Series 6 Preferred Shares;

if certificated Series 6 Preferred Shares have been issued, the certificate numbers of the withdrawn Series 6 Preferred Shares; and

the number of Series 6 Preferred Shares, if

any, which remain  
subject to the  
conversion notice.

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Notwithstanding the foregoing, if the Series 6 Preferred Shares are held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of The Depository Trust Company ( DTC ).

Series 6 Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided or provide notice of our election to redeem such Series 6 Preferred Shares, whether pursuant to our optional redemption right or our special optional redemption right. If we elect to redeem Series 6 Preferred Shares that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such Series 6 Preferred Shares will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the redemption date.

We will deliver amounts owing upon conversion no later than the third business

day following the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all federal and state securities laws and stock exchange rules in connection with any conversion of Series 6 Preferred Shares into our common shares.

Notwithstanding any other provision of the Series 6 Preferred Shares, no holder of Series 6 Preferred Shares will be entitled to convert such Series 6 Preferred Shares for our common stock to the extent that receipt of such common stock would cause such holder (or any other person) to exceed the share ownership limits contained in our articles of incorporation, unless we provide an exemption from this limitation for such holder. See Restrictions on Ownership of Capital Stock.

Except as provided above in connection with a Change of Control, the Series 6 Preferred Shares are not convertible into or exchangeable for any other securities or property.

*Voting Rights*

On any matter on which the Series 6 Preferred Shares may vote (as expressly provided herein or as may be required by law), each Series 6 Preferred Share will be entitled to one vote.

*Articles of Incorporation.*

The affirmative vote of the holders of at least two-thirds of the voting power entitled to be cast by the holders of the Series 6 Preferred Shares and all

other preferred shares upon which like voting rights have been conferred and are exercisable, including without limitation, the Parity Preferred Shares (the Parity Voting Securities ), voting together as a single class, is necessary to effect either of the following:

(1) designate, create or increase the authorized amount of any class or series of shares ranking senior to the Series 6 Preferred Shares or reclassify any authorized shares into such senior shares; provided, however, that no such vote shall be required if (A) at or prior to the time of the action with respect to which such vote would be required, provision is made for the redemption of all Series 6 Preferred Shares and no portion of the redemption price will be paid from the proceeds of such senior shares or (B) the holders of the Series 6 Preferred Shares have previously voted to grant authority to our Board of Directors to create such senior shares in accordance with Florida law; or

(2) amend, alter or repeal our articles of incorporation, whether in connection with a merger, consolidation, transfer or lease of our assets substantially as an entirety, or otherwise (an Event ), that materially and adversely affects the powers, rights, preferences, privileges or voting power of the holders of the Series 6 Preferred Shares; provided, however, that the amendment of our articles of incorporation (A) to authorize or create or increase the authorized amount of any shares ranking junior to or on a parity with the Series 6

Preferred Shares or (B)  
with respect to the  
occurrence of any Event,  
so long as we are the  
surviving

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entity and the Series 6 Preferred Shares remain outstanding with the terms thereof unchanged or the surviving entity is a domestic corporation which substitutes Series 6 Preferred Shares for other preferred stock having substantially the same rights and terms as the Series 6 Preferred Shares, shall not in either case be deemed to materially and adversely affect the powers, rights, preferences, privileges or voting powers of the holders of Series 6 Preferred Shares.

The affirmative vote of the holders of at least a majority of the voting power entitled to be cast by the holders of the Series 6 Preferred Shares and the Parity Voting Securities, voting together as a single class, is also required to amend our articles of incorporation to increase the authorized amount of our preferred stock (unless junior to the Series 6 Preferred Shares).

In addition, if and when dividends on the Series 6 Preferred Shares have not been declared or paid for at least six dividend payment periods, whether or not consecutive, all holders of Series 6 Preferred Shares, together with all holders of the other Parity Voting Securities, voting together as a single class without regard to class or series, will be entitled to elect a total of two additional members to our Board of Directors by a plurality of votes (assuming the presence of a quorum), and not cumulatively. Each holder of record of Parity Voting Securities will be



entitled to one vote for each \$25.00 of liquidation preference. This voting right will vest and any such nominated directors will serve until all accrued and unpaid dividends on the outstanding Series 6 Preferred Shares and Parity Voting Securities have been paid or a sufficient sum set aside for payment thereof.

*Florida law.* Without limiting the provisions described above, under Florida law, holders of our preferred stock, including the Series 6 Preferred Shares, will be entitled to vote as a single class on any amendment to our articles of incorporation, whether or not they are entitled to vote thereon by our articles of incorporation, if the amendment would:

(1) effect an exchange or reclassification of all or part of the shares of such class into shares of another class;

(2) effect an exchange or reclassification, or create a right of exchange, of all or part of the shares of another class into shares of such class;

(3) change the designation, rights, preferences or limitations of all or part of the shares of such class;

(4) change the shares of all or part of such class into a different number of shares of the same class;

(5) create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior or superior to the shares of such class;

(6) increase the rights, preferences, or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior or superior to the shares of such class;

(7) limit or deny an existing preemptive right of all or part of the shares of such class; or

(8) cancel or otherwise affect rights to distributions or dividends that have accrued but not yet been declared on all or part of the shares of such class.

Any such amendment requires the affirmative vote of a majority of the votes cast by the holders of preferred stock with respect to the amendment. However, if the amendment would create dissenters' rights of appraisal, adoption of the amendment requires the affirmative vote of a majority of the votes entitled to be cast by the holders of preferred stock.

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**Description of Series 7 Preferred Stock**

The Series 7 Preferred Shares have the same terms as the Series 6 Preferred Shares except for the following:

1. Holders of the Series 7 Preferred Shares will be entitled to receive, when and as declared by our Board of Directors, out of funds legally available for payment of dividends, cumulative preferential cash dividends at the rate of 6.000% per annum of the \$25.00 per share liquidation preference (equivalent to \$1.50 per annum per Series 7 Preferred Share).
2. We may not redeem the Series 7 Preferred Shares prior to August 23, 2017, except as described under  
-Special Optional Redemption and  
-Restrictions on Ownership of Capital Stock.
3. The Share Cap for conversion rights for the Series 7 Preferred Shares is 1.0419. The aggregate number of our common shares issuable in connection with the exercise of the Change of Control Conversion Right and in respect of the Series 7 Preferred Shares initially offered will not exceed 3,125,700 common shares (or

equivalent Alternative Conversion Consideration, as applicable) and subject to the provisions for the receipt of Alternative Conversion Consideration.

**Description of Common Stock of Regency Centers Corporation**

Holders of our common stock are entitled to one vote per share on all matters submitted to a vote of shareholders. All actions submitted to a vote of shareholders are voted on by holders of common stock voting together as a single class. Holders of common stock are not entitled to cumulative voting in the election of directors.

Holders of common stock are entitled to receive dividends in cash or in property on an equal share-for-share basis, if and when dividends are declared on the common stock by our board of directors, subject to any preference in favor of outstanding shares of preferred stock.

In the event of the liquidation of our company, all holders of common stock will participate on an equal share-for-share basis with each other in our net assets available for distribution after payment of our liabilities and payment of any liquidation preferences in favor of outstanding shares of preferred stock.

Holders of common stock are not entitled to preemptive rights, and the common stock is not subject to redemption.

The rights of holders of common stock are subject to the rights of holders of any preferred stock that we have designated or may designate in the future. The rights of preferred shareholders may adversely affect the rights of the common shareholders.

#### **Special Common Stock**

Under our articles of incorporation, our board of directors is authorized, without further shareholder action, to provide for the issuance of up to 10,000,000 shares of special common stock from time to time in one or more classes or series. As of February 18, 2014, no shares of special common stock were outstanding.

The following is a description of the general terms and provisions of our special common stock. We will describe the particular terms of any class or series of special common stock we offer in the applicable prospectus supplement. You should review our articles of incorporation and the applicable amendment to our articles creating any special common stock we offer (which will be described in more detail in the applicable prospectus supplement).

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The special common stock will bear dividends in such amounts as our board may determine with respect to each class or series.

Dividends on any class or series of special common stock must be pari passu with dividends on our common stock. This means that we cannot pay dividends on the special common stock without also paying dividends on an equal basis on our common stock. Upon the liquidation, dissolution or winding up of the company, the special common stock will participate on an equal basis with the common stock in liquidating distributions.

Shares of special common stock will have one vote per share and vote together with the holders of common stock (and not separately as a class except where otherwise required by law), unless the board of directors creates classes or series with more limited voting rights or without voting rights. The board will have the right to determine whether shares of special common stock may be converted into shares of any other class or series or be redeemed, and, if so, the redemption price and the other terms and conditions of redemption, and to determine such other rights as may be allowed by law. Holders of special common stock will not be entitled, as a matter of right, to preemptive rights.

Because we expect special common stock to be closely held as a general rule, we anticipate that most classes or series

would be convertible into common stock for liquidity purposes.

The special common stock offered hereby will be issued in one or more classes or series. The applicable prospectus supplement will describe the following terms of the class or series of special stock offered thereby:

1. the designation of the class or series and the number of shares offered;
2. the initial public offering price at which the class or series will be issued;
3. the dividend rate (or method of calculation);
4. any redemption or sinking fund provisions;
5. any conversion or exchange rights;
6. any voting rights;
7. any listing of the special common stock on any securities exchange;
8. a discussion of federal income tax considerations applicable to the class or series;

9. any limitations on issuance of any class or series of stock ranking senior to or on a parity with the class or series as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs;

10. any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT for federal tax purposes; and

11. any other specific terms, preferences, rights, limitations or restrictions of the class or series.

**Transfer Agent**

The transfer agent for our common stock is Wells Fargo Bank, N.A., South St. Paul, MN.



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**Description of Preferred  
Stock of Regency Centers  
Corporation**

**General**

The following is a description of the general terms and provisions of our preferred stock. We will describe the particular terms of any class or series of preferred stock we offer in the applicable prospectus supplement. You should review our articles of incorporation and the applicable amendment to our articles creating any preferred stock we offer (which will be described in more detail in the applicable prospectus supplement).

Our board of directors has the ability to issue from time to time up to 30,000,000 shares of preferred stock in one or more classes or series, without shareholder approval. The board of directors may, by adopting an amendment to our articles of incorporation, designate for the class or series:

the number of shares  
and name of the class  
or series;

the dividend rights and  
preferences, if any;

liquidation preferences  
and the amounts  
payable on liquidation  
or dissolution;

redemption terms, if any;

the voting powers of the series, including the right to elect directors, if any;

the terms upon which the class or series may be converted into any other class or series of our stock, including our common stock; and

any other terms that are not prohibited by law.

It is impossible for us to state the actual effect on existing shareholders if the board of directors designates any class or new series of preferred stock. The effects of such a designation will not be determinable until the rights accompanying the class or series have been designated. The issuance of preferred stock could adversely affect the voting power, cash available for dividends, liquidation rights or other rights held by owners of common stock or other series of preferred stock. The board of directors' authority to issue preferred stock without shareholder approval could make it more difficult for a third party to acquire control of our company, and could discourage any such attempt.

#### **Preferred Stock Offered**

The preferred stock that may be offered will be issued in one or more classes or series. The preferred stock will have the dividend, liquidation,

redemption, voting and other rights described below. The applicable prospectus supplement will describe the following terms of the class or series of preferred stock offered thereby:

1. the designation of the class or series and the number of shares offered;
2. the liquidation preference of the class or series;
3. the initial public offering price at which the class or series will be issued;
4. the dividend rate (or method of calculation), the dates on which dividends will be payable and the dates from which dividends will begin to accumulate, if any;
5. any redemption or sinking fund provisions;
6. any conversion or exchange rights;

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- 7. any voting rights;
  
- 8. any listing of the preferred stock on any securities exchange;
  
- 9. a discussion of federal income tax considerations applicable to the class or series;
  
- 10. the relative ranking and preferences of the class or series as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs;
  
- 11. any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the class or series as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs; and
  
- 12. any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT for federal tax purposes.

**Rank**

The preferred stock will, with respect to dividend rights and rights upon our liquidation, dissolution and winding up, rank prior to

the common stock (including any special common stock) and all other classes and series of our equity securities hereafter authorized, issued or outstanding, other than any classes or series of our equity securities which by their terms specifically provide for a ranking on a parity with (the parity stock ) or senior to (the senior stock ) the preferred stock as to dividend rights and rights upon our liquidation, dissolution or winding up. We sometimes refer collectively to the common stock and the other classes and series of equity securities that are not senior stock or parity stock as the junior stock. The preferred stock will be on a parity with our Series 6 and Series 7 preferred stock if our board of directors specifically makes it on a parity with these series of preferred stock. Otherwise, the preferred stock will be junior to these series of preferred stock. The preferred stock will be junior to all our outstanding debt. The preferred stock will be subject to future creation of senior stock, parity stock and junior stock to the extent not expressly prohibited by the amendment to our articles of incorporation that designates the class or series of preferred stock.

#### **Dividends**

Holders of preferred stock will be entitled to receive, when, as and if declared by our board of directors, out of our assets legally available therefor, dividends or distributions in cash, property or our other assets or securities or from any other source as our board of directors

determines, in its discretion, and at such dates and at such rates per share per year as described in the applicable prospectus supplement. The dividend rate may be fixed or variable, or both. Each declared dividend will be payable to holders of record as they appear at the close of business on our books on record dates determined by our board of directors.

Dividends on a class or series of preferred stock may be cumulative or non-cumulative. If dividends on a class or series of preferred stock are non-cumulative and if our board of directors fails to declare a dividend for a dividend period with respect to the class or series, then holders of the class or series will have no right to receive a dividend for that dividend period, and we will have no obligation to pay the dividend for that period, whether or not dividends are declared payable on any future dividend payment dates. If dividends on a class or series of preferred stock are cumulative, the dividends on the shares will accrue from and after the date set forth in the applicable prospectus supplement.

No full dividends will be declared or paid or set apart for payment on any class or series of preferred stock ranking, as to dividends, on a parity with or junior to the class or series of preferred stock offered by the applicable prospectus supplement for any period unless full dividends for the immediately preceding dividend period on such preferred stock (including any accumulation of

unpaid dividends for prior  
dividend periods, if  
dividends on such  
preferred stock are  
cumulative) have been or  
are contemporaneously  
declared and paid or are  
declared and a sum

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sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) on such preferred stock and any of our parity stock ranking on a parity as to dividends with such preferred stock, dividends on such preferred stock and dividends on such parity stock will be declared pro rata so that the amount of dividends declared per share on such preferred stock and such parity stock will in all cases bear to each other the same ratio that accrued dividends for the then-current dividend period per share on such preferred stock (including any accumulation of unpaid dividends for prior dividend periods, if dividends on such preferred stock are cumulative) and accrued dividends, including required or permitted accumulations, if any, on shares of such parity stock, bear to each other. No interest, or sum of money in lieu of interest, will be payable with respect to any dividend payment(s) on preferred stock that may be in arrears.

Unless full dividends on the class or series of preferred stock offered by the applicable prospectus supplement have been declared and paid or set apart for payment for the immediately preceding dividend period (including any accumulation of unpaid dividends for prior dividend periods, if dividends on such preferred stock are cumulative):



we may not declare, set aside or pay any cash dividend or distribution (other than in shares of junior stock) on the junior stock;

we may not, directly or indirectly, repurchase, redeem or otherwise acquire any shares of our junior stock (or pay any amounts into a sinking fund for the redemption of any shares of our junior stock) except by conversion into or exchange for junior stock; and

we may not, directly or indirectly, repurchase, redeem or otherwise acquire any such preferred stock or any stock ranking on parity with such preferred stock (or pay any amounts into a sinking fund for the redemption of any shares of any such stock) otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of such preferred stock and such parity stock (except by conversion into or exchange for junior stock).

The limitations described above will not apply to:

payments in lieu of fractional shares in connection with a merger, stock dividend or similar event; or

any redemption  
necessary in order to  
preserve our status as  
a REIT.

Any dividend payment  
made on a class or series of  
preferred stock will first be  
credited against the earliest  
accrued but unpaid  
dividend due with respect  
to shares of the class or  
series.

### **Liquidation**

In the event of a voluntary  
or involuntary liquidation,  
dissolution or winding up  
of our affairs, the holders  
of a class or series of  
preferred stock will be  
entitled, subject to the  
rights of creditors, but  
before any distribution or  
payment to the holders of

any preferred stock  
junior on our  
liquidation, dissolution  
or winding up, or

our common stock  
(including any special  
common stock),  
to receive a liquidating  
distribution in the amount  
of the liquidation  
preference per share as set  
forth in the applicable  
prospectus supplement,  
plus accrued and unpaid  
dividends for the  
then-current dividend  
period (including any  
accumulation of unpaid  
dividends for prior  
dividend periods, if  
dividends on the class or  
series of preferred stock are  
cumulative). The  
liquidation preference is  
not indicative of the price  
at which the preferred  
stock will actually trade on  
or after the date of

issuance.

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If the amounts available for distribution with respect to a class or series of preferred stock and all other outstanding parity stock are not sufficient to satisfy the full liquidation rights of all such parity stock outstanding, then the holders of each class or series will share ratably in any such distribution of assets in proportion to the full respective preferential amounts (which may include accumulated dividends) to which they are entitled. Unless otherwise provided in the applicable prospectus supplement, after payment of the full amount of the liquidating distribution, the holders of preferred stock will not be entitled to any further participation in any distribution of our assets.

**Redemption**

The terms, if any, on which preferred stock of any class or series may be redeemed will be set forth in the applicable prospectus supplement. These terms will include:

whether the shares are redeemable at our election or the election of the holder or are mandatorily redeemable on a specified date or the occurrence of a specified event;

the redemption price (or the manner of calculating the redemption price), including any premium over the

liquidation preference  
per share;

whether the  
redemption price will  
be payable in cash or  
other consideration;

the redemption date or  
dates;

redemption notice  
requirements;

other procedures for  
redemption, including  
the manner for  
selecting shares to be  
redeemed if fewer  
than all shares of the  
class or series are to  
be redeemed; and

when, where and how  
we must make a  
deposit of the  
redemption price in  
order for the shares  
called for redemption  
to be deemed no  
longer outstanding and  
the date as of which  
they will cease to be  
deemed outstanding if  
we comply with these  
provisions.

#### **Conversion Rights**

The terms and conditions,  
if any, upon which shares  
of any class or series of  
preferred stock will be  
convertible into our  
common stock will be set  
forth in the applicable  
prospectus supplement.  
These terms will include:

the number of shares  
of common stock into  
which the preferred  
stock is convertible;

the conversion price  
(or manner of  
calculating the  
conversion price);

the conversion period;

provisions as to  
whether conversion  
will be at the option of  
the holders of the  
preferred stock or at  
our option;

the events requiring an  
adjustment of the  
conversion price; and

provisions affecting  
conversion in the  
event of the  
redemption of such  
preferred stock.

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**Voting**

The preferred stock of a class or series will not be entitled to vote, except (1) as described in the applicable prospectus supplement or (2) as required by Florida law.

If we apply to list a class or series of preferred stock on the New York Stock Exchange, the class or series will have the voting rights then required as a condition of listing. Voting rights required by the New York Stock Exchange as of the date of this prospectus include the following rights:

The affirmative vote of the holders of at least two-thirds of the voting power entitled to be cast by the holders of the listed class or series of preferred stock and all other preferred shares upon which like voting rights have been conferred and are exercisable, voting together as a single class, will be necessary to effect either of the following:

designate, create or increase the authorized amount of any class or series of shares ranking senior to the listed class or series; but no such vote will be required if:

at or prior to the time of the action with respect to which such vote would be required, provision is made for the redemption of all outstanding shares of the listed class or series and no portion of the redemption price will be paid from the proceeds of such senior stock; or

the holders of the listed class or series have previously voted to grant authority to the board of directors to create such senior shares in accordance with Florida law; or

amend, alter or repeal the articles of incorporation in a manner that would materially and adversely affect existing terms of the preferred stock.

The affirmative vote of the holders of at least a majority of the voting power entitled to be cast by the holders of the listed class or series preferred stock and the parity voting securities, voting together as a single class, will be required to amend the articles of incorporation to increase the authorized amount of preferred stock (unless junior to the listed class or



series).

If and when dividends on the listed class or series of preferred stock have not been declared or paid for at least six dividend payment periods, whether or not consecutive, all holders of the class or series, together with all holders of the other parity voting securities, voting together as a single class without regard to class or series, must be entitled to elect a total of two members of the board of directors. This voting right must vest and any directors so elected must have the right to serve until all accumulated and unpaid dividends on the outstanding shares of the listed class or series and other parity voting securities have been paid or a sufficient sum set aside for payment thereof.

Under Florida law in effect on this date of this prospectus, holders of our preferred stock will be entitled to vote as a single class on any amendment to our articles of incorporation, whether or not our articles expressly give them voting rights, if the amendment would:

effect an exchange or reclassification of all or part of the shares of the class into shares of another class;

effect an exchange or reclassification, or create a right of

exchange, of all or  
part of the shares of  
another class into  
shares of the class;

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change the designation, rights, preferences or limitations of all or part of the shares of the class;

change the shares of all or part of the class into a different number of shares of the same class;

create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior or superior to the shares of the class;

increase the rights, preferences, or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior or superior to the shares of the class;

limit or deny an existing preemptive right of all or part of the shares of the class; or

cancel or otherwise affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the shares of the class.

Any such amendment would require the affirmative vote of a

majority of the votes cast by the holders of preferred stock with respect to the amendment. However, if the amendment would create dissenters' rights of appraisal, adoption of the amendment would require the affirmative vote of a majority of the votes entitled to be cast by the holders of preferred stock. If the amendment would affect a series of preferred stock in one or more of the ways described above in a substantially different way than any other series, the series so affected will be entitled to vote as a separate class on the amendment.

**No Other Rights**

The shares of a class or series of preferred stock will not have any preferences, voting powers or relative, participating, optional or other special rights except as set forth above or described in the applicable prospectus supplement, set forth in the applicable amendment to our articles designating the class or series or as otherwise required by law.

**Transfer Agent**

The transfer agent for each series of preferred shares will be Wells Fargo Bank, N.A., South St. Paul, MN, unless a different transfer agent is named in the applicable prospectus supplement.

**Description of Depository  
Shares of Regency  
Centers Corporation**

We may, at our option, elect to offer fractional interests in shares of preferred stock rather than a full share of preferred stock. In that event,

receipts ( depositary receipts ) will be issued for depositary shares, each of which will represent a fraction of a share of a particular class or series of preferred stock, as described in the applicable prospectus supplement.

Any class or series of preferred stock represented by depositary shares will be deposited under a deposit agreement between us and the depositary. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary for the depositary shares and summarize the material provisions of the deposit agreement. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fraction of a share of preferred stock represented by such depositary share, to all the rights and preferences of the preferred stock represented thereby, including dividend and liquidation rights and any right to convert the preferred stock into shares of our capital stock of a different class or series.

We will describe the particular terms of any depositary shares we offer in the applicable prospectus supplement. You should review the documents pursuant to which the depositary shares will be issued, which will be described in more detail in the applicable prospectus supplement.

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**Description of Warrants  
of Regency Centers  
Corporation**

We may issue warrants, in one or more series, for the purchase of our common stock, preferred stock or depositary shares. Warrants may be issued independently or together with our common stock, preferred stock or depositary shares and may be attached to or separate from any offered securities.

A prospectus supplement accompanying this prospectus relating to a particular series of warrants to issue shares of stock will describe the terms of those warrants, including:

the title and the aggregate number of warrants,

the stock for which each warrant is exercisable,

the date or dates on which the right to exercise such warrants commence and expire,

the price or prices at which such warrants are exercisable,

the currency or currencies in which such warrants are exercisable,

the periods during which and places at which such warrants are exercisable,

the terms of any mandatory or optional call provisions,

the price or prices, if any, at which the warrants may be redeemed at the option of the holder or will be redeemed upon expiration,

the identity of the warrant agent, and

the exchanges, if any, on which such warrants may be listed.

You should read the particular terms of the documents pursuant to which the warrants will be issued, which will be described in more detail in the applicable prospectus supplement.

**Description of Purchase  
Contracts of Regency  
Centers Corporation**

We may issue purchase contracts obligating holders to purchase from us, and us to sell to the holders, debt or equity securities issued by us, Regency Centers, L.P. or securities of third parties or any combination of such securities at a future date or dates. The purchase contracts may require us to make periodic payments to the holders of purchase contracts. These payments may be unsecured or prefunded on a basis to be specified in the prospectus supplement relating to the purchase

contracts.

The applicable prospectus supplement will describe the terms of any purchase contract. The purchase contracts will be issued pursuant to documents to be issued by us. You should read the particular terms of the documents, which will be described in more detail in the applicable prospectus supplement.

**Description of Units of  
Regency Centers  
Corporation**

We may issue units consisting of one or more purchase contracts, warrants, shares of preferred stock, depositary shares, shares of common stock, debt securities of Regency Centers, L.P. or any combination of such securities. The applicable prospectus supplement will describe the terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be traded separately. You should read the particular terms of the documents pursuant to which the units will be issued, which will be described in more detail in the applicable prospectus supplement.



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**SELLING SECURITY  
HOLDERS**

Information about selling security holders, where applicable, will be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make with the SEC under the Securities Exchange Act of 1934 which are incorporated by reference.

**PLAN OF  
DISTRIBUTION**

We may sell the securities on a delayed or continuous basis through one or more agents, underwriters or dealers, directly to one or more purchasers, through a combination of any of these methods of sale, or in any other manner, as provided in the applicable prospectus supplement. We will identify the specific plan of distribution, including any underwriters, dealers, agents or direct purchasers and their compensation in a prospectus supplement.

We may distribute the securities from time to time in one or more transactions:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to prevailing market

prices; or

at negotiated prices.

In connection with the sale of the securities, underwriters may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agent. Underwriters may sell the securities to or through dealers, and dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

If we use an underwriter in the sale of the securities being offered by this prospectus, we will execute an underwriting agreement with the underwriter at the time of sale and we will provide the name of any underwriter in the applicable prospectus supplement. We will describe in the applicable prospectus supplement any underwriting compensation we pay to underwriters or agents in connection with the offering of the securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers. Dealers and agents participating in the distribution of the securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions. We may

enter into agreements with any underwriters, dealers and agents which may entitle them to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act, and to reimbursement for certain expenses.

Unless we specify otherwise in the related prospectus supplement, each series of securities offered will be a new issue with no established trading market. We may elect to list any series of securities on any exchange, but we are not obligated to do so. It is possible that one or more underwriters or agents may make a market in a series of offered securities, but will not be obligated to do so and may discontinue any market making at any time without notice. Therefore, we cannot assure you as to the liquidity of the trading market for the securities.

If indicated in the applicable prospectus supplement, we may authorize underwriters, dealers or other persons acting as our agents to solicit offers by certain institutions or other suitable persons to purchase the securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in the prospectus supplement. We may make delayed delivery with various institutions, including commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. Delayed



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be subject to the condition that the purchase of the securities covered by the delayed delivery contracts will not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which the purchaser is subject. The underwriters and agents will not have any responsibility with respect to the validity or performance of these contracts.

To facilitate an offering of a series of the securities, certain persons participating in the offering may engage in transactions that stabilize, maintain, or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover the over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above

that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

Certain of the underwriters, dealers or agents and their respective associates may be customers of, and/or engage in transactions with and perform services for, us in the ordinary course of business.

**CERTAIN MATERIAL  
FEDERAL INCOME  
TAX  
CONSIDERATIONS**

The following is a general summary of certain material United States federal income tax considerations that may be relevant to the purchase, ownership and disposition of the securities offered by this prospectus. This summary is for general information only and is not intended to be, nor should it be construed as, tax advice.

The information in this summary is based on:

the Internal Revenue Code of 1986, as amended (the "Code");

current, temporary and proposed Treasury Regulations promulgated under the Code;

the legislative history of the Code;

administrative interpretations and practices of the Internal Revenue

Service ( IRS ) and

court decisions;  
in each case, as of the date  
of this prospectus. In  
addition, the administrative  
interpretations and  
practices of the IRS include  
its practices and policies as  
expressed in private letter  
rulings that are not binding  
on the IRS except with  
respect to the particular  
taxpayers who requested  
and received those rulings.  
Future legislation, Treasury  
Regulations, administrative  
interpretations and  
practices and/or court  
decisions may adversely  
affect the tax  
considerations described in  
this prospectus. Any such  
change could apply  
retroactively to transactions  
preceding the date of the  
change. We have not  
requested and do not intend  
to request a ruling from the  
IRS concerning the  
treatment of the securities,  
and the statements in this  
prospectus are not binding  
on the IRS or any court.  
Thus, we can provide no  
assurance that the tax  
considerations contained in  
this summary will not be  
challenged by the IRS or  
will be sustained by a court  
if so challenged.

Prospective investors are  
urged to consult their tax  
advisors regarding the tax  
consequences to them of:

the acquisition,  
ownership and sale or  
other disposition of  
the securities offered  
under this prospectus,  
including the federal,  
state, local, foreign  
and other tax  
consequences; and

potential changes in  
the tax laws.



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This general discussion of certain United States federal income tax considerations may be relevant to prospective investors who acquire the securities upon their initial issuance at the issue price (which will be set forth on the cover of the related prospectus supplement) for cash and hold the securities as a capital asset, which generally consists of property held for investment, as defined in Code Section 1221. This discussion does not address any state, local or foreign tax consequences associated with the ownership of the securities or any federal tax consequences arising out of any tax other than income tax. In addition, this summary does not consider all of the rules which may be relevant in determining the United States federal income tax treatment of an investment in the securities based on a prospective investor's particular circumstances. For example, this general discussion does not address tax considerations which may be applicable to prospective investors receiving special treatment under the United States federal income tax laws, including:

broker-dealers or dealers in securities or currencies;

S corporations;

banks, thrifts or other financial institutions;

regulated investment  
companies or REITs;

insurance companies;

tax-exempt  
organizations;

persons subject to the  
alternative minimum  
tax provisions of the  
Code.

persons who hold the  
securities as part of a  
hedge, straddle,  
conversion, integrated  
or other risk reduction  
or constructive sale  
transaction;

persons who hold the  
securities through a  
partnership or other  
pass-through entity;

traders in securities  
that elect to use a  
mark-to-market  
method of accounting  
for their securities  
holdings;

persons deemed to sell  
the securities under  
the constructive sale  
provisions of the  
Code;

persons whose  
functional currency is  
not the U.S. dollar;

except to the extent  
specifically discussed  
below, non-United  
States holders (as

defined below);

United States  
expatriates; or

holders who receive  
our securities through  
the exercise of  
employee stock  
options or otherwise  
as compensation.

**General REIT Discussion**

Regency Centers  
Corporation made an  
election to be taxed as a  
REIT under Sections 856  
through 860 of the Code  
commencing with its  
taxable year ended  
December 31, 1993.  
Regency Centers  
Corporation believes that it  
has been organized and  
operated in such a manner  
as to qualify for taxation as  
a REIT under the Code for  
such taxable year and all  
subsequent taxable years to  
date, and it intends to  
continue to operate in such  
a manner in the future.  
However, no assurance can  
be given that Regency  
Centers Corporation will  
operate in a manner so as  
to qualify or remain  
qualified as a REIT.

The following sets forth  
only a summary of the  
material aspects of the  
Code sections that govern  
the federal income tax  
treatment of a REIT and its  
shareholders.

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It is the opinion of Foley & Lardner LLP that Regency Centers Corporation has been organized in conformity with the requirements for qualification and taxation as a REIT commencing with Regency Centers Corporation's taxable year that ended December 31, 1993 and for all subsequent taxable years to date, and its method of operation will enable it to continue to be taxed as a REIT. It must be emphasized that this opinion is based on various assumptions and is conditioned upon certain representations made by Regency Centers Corporation as to factual matters including, but not limited to, those set forth below in this discussion of Certain Material Federal Income Tax Considerations, those concerning its business and properties, and certain matters relating to the Regency Centers Corporation's manner of operation, is not binding on the IRS and speaks as of the date issued. Foley & Lardner LLP is not aware of any facts or circumstances that are inconsistent with these representations and assumptions. The qualification and taxation as a REIT depends upon Regency Centers Corporation's ability to meet, through actual annual (and in some cases quarterly) operating results, the various income, asset, distribution, stock ownership and other tests discussed below, the results of which will not be reviewed by nor be under the control of Foley & Lardner LLP. Accordingly,

no assurance can be given that the actual results of Regency Centers Corporation's operation for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of failure to qualify as a real estate investment trust, see Failure to Qualify.

#### **Taxation of Regency Centers Corporation**

As a REIT, Regency Centers Corporation generally is not subject to federal corporate income tax on its net income that is currently distributed to shareholders. This treatment substantially eliminates the double taxation (at the corporate and shareholder levels) that generally results from an investment in a corporation. Accordingly, income generated by us generally will be subject to taxation solely at the shareholder level upon distribution. However, Regency Centers Corporation will be subject to federal income tax in the following circumstances.

First, Regency Centers Corporation will be taxed at regular corporate rates on any REIT taxable income, including net capital gains that we do not distribute to shareholders during, or within the applicable time period after, the calendar year in which it is earned.

Second, under certain circumstances, Regency Centers Corporation may be subject to the corporate alternative minimum tax on its items of tax preference which it does not distribute or allocate to its shareholders.

Third, if Regency Centers Corporation has (i) net income from the sale or other disposition of foreclosure property (which is, in general, property acquired by Regency Centers Corporation by foreclosure or otherwise on default of a loan secured by the property) which is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying net income from foreclosure property, it will be subject to tax on such income at the highest corporate rate.

Fourth, if Regency Centers Corporation has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property), such income will be subject to a 100% tax.

Fifth, if Regency Centers Corporation fails to satisfy either the 75% gross income test or the 95% gross income test discussed below, but still maintains its qualification as a REIT because other requirements are met, Regency Centers Corporation will pay a 100% tax on (1) the gross income attributable to the greater of the amount by which Regency Centers Corporation fails, respectively, the 75% or 95% gross income test, multiplied, in either case, by (2) a fraction intended to reflect Regency Centers Corporation's profitability.

Sixth, if Regency Centers Corporation fails, in more than a de minimis fashion, to satisfy one or more of

the asset tests for any quarter of a taxable year, but nonetheless continues to qualify as a REIT because Regency Centers Corporation qualifies under certain relief provisions, it may be required to pay a tax of the greater of \$50,000 or a tax computed at the highest corporate rate on the amount of net income generated by the assets causing the failure from the date of failure until the assets are disposed of or it otherwise returns to compliance with the asset test.

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Seventh, if Regency Centers Corporation fails to satisfy one or more of the requirements for REIT qualification (other than the income tests or the asset tests), it nevertheless may avoid termination of its REIT's election in such year if the failure is due to reasonable cause and not due to willful neglect, but it would also be required to pay a penalty of \$50,000 for each failure to satisfy the REIT qualification requirements.

Eighth, if Regency Centers Corporation should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior years, it will be subject to a 4% non-deductible excise tax on the excess of such required distribution over the amounts actually distributed.

Ninth, Regency Centers Corporation will be subject to a 100% penalty tax on some payments it receives (or on certain expenses deducted by a taxable REIT subsidiary) if arrangements among Regency Centers Corporation, its tenants, and its taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties.

Tenth, if Regency Centers Corporation acquires any asset from a C corporation (that is, a corporation generally subject to full corporate level tax) in a



transaction in which the basis of the asset in Regency Centers Corporation's hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation, and it recognizes gain on the disposition of such asset during the 10-year period (or such other period as may be provided from time to time in the Code) beginning on the date on which such asset was acquired by it, then, to the extent of such property's built-in gain (the excess of the fair market value of such property at the time of acquisition by it over the adjusted basis in the property at such time), such gain will be subject to tax at the highest regular corporate rate applicable. The rule described above with respect to the recognition of built-in gain will apply assuming that an election is not made pursuant to Section 1.337(d)-7 of the Treasury Regulations to treat the asset as having been sold by the C corporation for fair market value immediately before the acquisition by it.

Eleventh, Regency Centers Corporation may elect to retain and pay income tax on our net long-term capital gain. In that case, a U.S. shareholder would be taxed on its proportionate share of our undistributed long-term capital gain (to the extent that we made a timely designation of such gain to the shareholders) and would receive a credit or refund for its proportionate share of the tax we paid. A non-U.S. shareholder would be taxed in the manner described below in U.S. Taxation of Non-U.S. Shareholders.

Twelfth, Regency Centers Corporation may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's shareholders.

In addition, Regency Realty Group, Inc. and its subsidiaries (collectively, the Management Company ) (which is treated as a separate entity for federal income tax purposes, although its results are consolidated with those of the Company for financial reporting purposes) is taxed on its income at regular corporate rates. Moreover, notwithstanding our status as a REIT, we may also have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner that they are treated for U.S. federal income tax purposes.

**Requirements for Qualification as a REIT**

A REIT is defined in the Code as a corporation, trust or association:

1. which is managed by one or more trustees or directors;
2. the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

3. which would be taxable as a domestic corporation, but for Sections 856 through 859 of the Code;

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4. which is neither a financial institution nor an insurance company subject to certain provisions of the Code;

5. the beneficial ownership of which is held by 100 or more persons (determined without reference to any rules of attribution);

6. not more than 50% in value of the outstanding stock of which is owned during the last half of each taxable year, directly or indirectly, by or for five or fewer individuals (as defined in the Code to include certain entities);

7. which meets certain income and asset tests described below and

8. which makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year which has not been terminated or revoked.

Conditions (1) to (4), inclusive, must be met during the entire taxable year and condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Regency Centers Corporation has previously issued sufficient shares to allow it to satisfy conditions (5) and (6).  
Regency Centers

Corporation's articles of incorporation provide restrictions regarding the transfer of its shares which are intended to assist the Company in continuing to satisfy the stock ownership requirements described in (5) and (6) above.

Moreover, if Regency Centers Corporation complies with regulatory rules pursuant to which it is required to send annual letters to certain of its shareholders requesting information regarding the actual ownership of its stock, but does not know, or exercising reasonable diligence would not have known, whether it failed to meet the requirement that it not be closely held, it will be treated as having met the five or fewer requirement. If Regency Centers Corporation were to fail to comply with these regulatory rules for any year, it would be subject to a \$25,000 penalty. If Regency Centers Corporation's failure to comply was due to intentional disregard of the requirements, the penalty would be increased to \$50,000. However, if Regency Centers Corporation's failure to comply was due to reasonable cause and not willful neglect, no penalty would be imposed.

In addition, Regency Centers Corporation must satisfy all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status, use a calendar year for federal income tax purposes, and comply with the recordkeeping requirements of the Code and regulations promulgated thereunder.

Regency Centers Corporation owns, and intends to continue to own, its properties through its operating partnership, Regency Centers, L.P. (the Partnership ), of which Regency Centers Corporation is the general partner and the principal limited partner. The former owners of certain Partnership properties and certain investment funds also are limited partners. The Partnership presently owns certain of its properties indirectly through other partnerships and limited liability companies (collectively with the Partnership, the Property Partnerships ), of which the partners are the Partnership and certain third parties. In the case of a REIT which is a partner in a partnership either directly or indirectly through a qualified REIT subsidiary, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and asset tests. Thus, Regency Centers Corporation's proportionate share of the assets, liabilities and items of income of the Property Partnerships (other than certain properties held by the Management Company), is treated as assets, liabilities and items of income of Regency Centers Corporation for purposes of applying the requirements described

below.

Regency Centers Corporation believes that each of the Property Partnerships in which it owns an interest, directly or through another partnership or limited liability company, will be treated as partnerships or disregarded for federal income tax purposes and will not be taxable as corporations. If any of these entities were

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treated as a corporation, it would be subject to an entity level tax on its income and Regency Centers Corporation could fail to meet the REIT income and asset tests. For a discussion of the tax consequences of failure to qualify as a real estate investment trust, see Failure to Qualify.

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, the separate existence of that subsidiary will be disregarded for federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a taxable REIT subsidiary (discussed below), all of the capital stock of which is owned by the REIT. All assets, liabilities and items of income, deduction and credit of the qualified REIT subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of Regency Centers Corporation will not be subject to federal corporate income taxation, although it may be subject to state and local taxation in some states. Although in the past Regency Centers Corporation owned some of its properties indirectly through qualified REIT subsidiaries, at the present time, Regency Centers Corporation does not utilize any qualified REIT subsidiaries.

A taxable REIT subsidiary of Regency Centers Corporation is a corporation in which it directly or indirectly owns stock and that elects,



together with Regency Centers Corporation, to be treated as a taxable REIT subsidiary under Section 856(l) of the Code. In addition, if a taxable REIT subsidiary of Regency Centers Corporation owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a taxable REIT subsidiary of Regency Centers Corporation. A taxable REIT subsidiary is a corporation subject to federal income tax, and state and local income tax where applicable, as a regular C corporation.

Generally, a taxable REIT subsidiary can perform some impermissible tenant services without causing Regency Centers Corporation to receive impermissible tenant services income under the REIT income tests. However, several provisions regarding the arrangements between a REIT and its taxable REIT subsidiaries are intended to ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to Regency Centers Corporation. In addition, a REIT will be obligated to pay a 100% penalty tax on some payments that it receives or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's tenants and the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties.

The Management Company has made an election to be treated as a taxable REIT subsidiary of Regency Centers Corporation.

***Income Tests***

In order for Regency Centers Corporation to maintain its qualification as a REIT, it must satisfy two gross income requirements annually. First, at least 75% of Regency Centers Corporation's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including rents from real property, gains on the disposition of real estate, dividends paid by another REIT and interest on obligations secured by mortgages on real property or on interests in real property or from certain types of temporary investments.

Second, at least 95% of Regency Centers Corporation's gross income (excluding gross income from prohibited transactions and certain real estate liability hedges) for each taxable year must be derived from any combination of income qualifying under the 75% test, dividends, and from interest, and gain from the sale or disposition of stock or securities.

Rents received by Regency Centers Corporation qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if the following conditions are met.



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First, the amount of rent must not be based in whole or in part on the income or profits derived by any person from such property, although an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Regency Centers Corporation does not anticipate charging rent for any portion of any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a percentage of receipts for sales, which is permitted by the Code).

Second, rents received from a related party tenant will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary and at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Regency Centers Corporation does not anticipate receiving rents from such a tenant. Additionally, pursuant to the articles of incorporation, Related Tenant Owners are prohibited from acquiring constructive ownership of more than 9.8% by value of

Regency Centers  
Corporation.

Third, rent attributable to personal property leased in connection with a lease of real property will not qualify if it is greater than 15% of the total rent received under the lease.

Fourth, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, Regency Centers Corporation is generally only allowed directly to provide services that are usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant. Accordingly, the Company may not provide impermissible services to tenants (except through a taxable REIT subsidiary, or through an independent contractor that bears the expenses of providing the services and from whom Regency Centers Corporation derives no revenue) without giving rise to impermissible tenant service income, which is nonqualifying income for purposes of the income tests. For this purpose, the amount that Regency Centers Corporation would be deemed to have received for performing any impermissible services will be the greater of the actual amount so received or 150% of the direct cost to Regency Centers Corporation of providing those services. If impermissible tenant service income exceeds 1% of Regency Centers Corporation's total income from a property, all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant

service income from a property does not exceed 1% of Regency Centers Corporation's total income from the property, the services will not taint the other income from the property (that is, they will not cause the rent paid by tenants of that property to fail to qualify itself as rents from real property), but the impermissible tenant service income will not qualify as rents from real property. Regency Centers Corporation provides certain services with respect to the properties that it believes complies with the usually or customarily rendered requirement. Regency Centers Corporation will hire independent contractors from whom it derives no income to perform such services or utilize the Management Company to perform such services, to the extent that the performance of such services by Regency Centers Corporation would cause amounts received from its tenants to be excluded from rents from real property.

The term interest generally does not include any amount received or accrued (directly or indirectly) if the determination of such amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely by reason of being based on a fixed percentage or percentages of receipts or sales. Regency Centers Corporation does not expect to derive significant amounts of interest that would fail to qualify under the 75% and 95% gross income tests.

Regency Centers Corporation's share of any dividends received from corporate subsidiaries (and from other corporations in which it owns an interest) will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test.

Regency Centers Corporation does not anticipate that it will receive sufficient dividends to cause it to exceed the limit on nonqualifying income under the 75% gross income test.

From time to time, Regency Centers Corporation or the Partnership have entered, and in the future may enter, into hedging transactions with respect to one or more of its assets or liabilities. These hedging activities may include

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entering into interest rate swaps, caps, and floors, options to purchase such items, and futures and forward contracts. Income and gain from hedging transactions are excluded from gross income for purposes of both the 75% and 95% gross income tests. A hedging transaction means either (1) any transaction entered into in the normal course of our trade or business primarily to manage the risk of interest rate changes, price changes, or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets and (2) any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain). We are required to clearly identify any such hedging transaction before the close of the day on which it was acquired or entered into and to satisfy other identification requirements. Regency Centers Corporation and the Partnership intend to structure any hedging transactions in a manner that does not jeopardize Regency Centers Corporation's qualification as a REIT.

The Management Company receives fees in consideration of the performance of management and administrative services with respect to properties



that are not owned by Regency Centers Corporation and earns income from the acquisition, development and resale of real estate. Distributions received by Regency Centers Corporation from the Management Company of its earnings do not qualify under the 75% gross income test. Regency Centers Corporation believes that the aggregate amount of the distributions from the Management Company together with all other non-qualifying income in any taxable year will not cause it to exceed the limits on non-qualifying income under the 75% and 95% gross income tests.

Regency Centers Corporation believes that it has satisfied the 75% and 95% gross income tests for taxable years ended prior to the date of this prospectus and intends to operate in such a manner so as to satisfy such tests in the future. If Regency Centers Corporation fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions generally will be available if Regency Centers Corporation's failure to meet those tests is due to reasonable cause and not willful neglect; and following its identification of such failure for any taxable year, a schedule of the sources of Regency Centers Corporation's income is filed in accordance with regulations prescribed by the Secretary of the Treasury. It is not possible to state whether in all

circumstances Regency Centers Corporation would be entitled to the benefit of those relief provisions. Even if the relief provisions apply, Regency Centers Corporation would pay a 100% tax on (1) the gross income attributable to the greater of the amount by which it fails, respectively, the 75% or 95% gross income test, multiplied, in either case, by (2) a fraction intended to reflect its profitability.

If Regency Centers Corporation has net income from prohibited transactions, that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While Regency Centers Corporation has undertaken a significant number of asset sales in recent years, it does not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise.

#### *Asset Tests*

To maintain its qualification as a REIT, Regency Centers Corporation, at the close of each quarter of its taxable year, must also satisfy four tests relating to the nature of its assets. First, at least 75% of the value of Regency Centers Corporation's total assets must be represented by real

estate assets (including (i) its allocable share of real estate assets which are held by the Partnership or other Property Partnerships or which are held by qualified REIT subsidiaries of Regency Centers Corporation and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (at least five years) debt offering of Regency Centers Corporation), cash, cash items and government securities. Second, not more than 25% of the value of Regency Centers Corporation's total assets may be represented by securities other than those in the 75% asset class. Third, except for equity investments in REITs, qualified REIT subsidiaries, or taxable

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REIT subsidiaries or other securities that qualify as real estate assets for purposes of the 75% test described above, (a) the value of any one issuer's securities that Regency Centers Corporation owns may not exceed 5% of the value of Regency Centers Corporation's total assets; (b) Regency Centers Corporation may not own more than 10% of any one issuer's outstanding voting securities; and (c) Regency Centers Corporation may not own more than 10% of the value of the outstanding securities of any one issuer. Fourth, no more than 20% of Regency Centers Corporation's total value (for taxable years beginning after July 30, 2008, 25% of Regency Centers Corporation's total value) may be comprised of securities of one or more taxable REIT subsidiaries.

For purposes of the 10% value test, the term securities does not include:

Straight debt securities, which is defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, and (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors. Straight debt securities do not include any securities issued by a partnership or a corporation in which the Company or

any controlled taxable REIT subsidiary hold non- straight debt securities that have an aggregate value of more than 1% of the issuer's outstanding securities. However, straight debt securities include debt subject to the following contingencies:

a contingency relating to the time of payment of interest or principal, as long as either (i) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield, or (ii) neither the aggregate issue price nor the aggregate face amount of the issuer's debt obligations held by us exceeds \$1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and

a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice.

Any loan to an individual or an estate.

Any section 467 rental agreement, other than an agreement with a

related party tenant.

Any obligation to pay  
rents from real  
property.

Certain securities  
issued by governmental  
entities.

Any security issued by  
a REIT.

Any debt instrument  
issued by an entity  
treated as a partnership  
for federal income tax  
purposes to the extent  
of Regency Centers  
Corporation's interest as  
a partner in the  
partnership.

Any debt instrument  
issued by an entity  
treated as a partnership  
for federal income tax  
purposes not described  
in the preceding bullet  
points if at least 75% of  
the partnership's gross  
income, excluding  
income from prohibited  
transactions, is  
qualifying income for  
purposes of the 75%  
gross income test.

The Partnership owns  
100% of the outstanding  
capital stock of the  
Management Company.  
Regency Centers  
Corporation believes that  
the aggregate value of the  
Management Company  
does not presently exceed  
25% (or for taxable years  
before 2009, did not  
exceed 20%) of the  
aggregate value of  
Regency Centers  
Corporation's gross assets.  
As of each relevant testing  
date prior to the election to  
treat the Management

Company as a taxable REIT subsidiary, which election first became available as of January 1, 2001, Regency Centers Corporation believes it did not own more than 10% of the voting securities of the Management Company. In addition, Regency Centers Corporation believes that as of each relevant testing date prior to the

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election to treat the Management Company as a taxable REIT subsidiary of Regency Centers Corporation, its pro rata share of the value of the securities, including debt, of the Management Company did not exceed 5% of the total value of its assets. No independent appraisals have been obtained to support Regency Centers Corporation's estimate of value, however, and Foley & Lardner LLP, in issuing its opinion on Regency Centers Corporation's qualification as a REIT, is relying on the Regency Centers Corporation's representation as to the limited value of the stock interests in the Management Company.

After initially meeting the asset tests at the close of any quarter, Regency Centers Corporation will not lose its status as a REIT if it fails to satisfy the 25%, 20%, and 5% asset tests and the 10% value limitation at the end of a later quarter solely by reason of changes in the relative values of its assets. If the failure to satisfy the 25%, 20%, or 5% asset tests or the 10% value limitation results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. Regency Centers Corporation intends to maintain adequate records of the value of its assets to maintain compliance with the asset tests and would attempt to take any



available actions within 30 days after the close of any quarter in an effort to cure any noncompliance with the 25%, 20%, or 5% asset tests or 10% value limitation of which it becomes aware within that period. If Regency Centers Corporation failed to cure noncompliance with the asset tests within this time period, it would cease to qualify as a REIT. See Failure to Qualify.

If Regency Centers Corporation fails to satisfy one or more of the asset tests for any quarter of a taxable year, it nevertheless may qualify as a REIT for such year if it qualifies for relief under certain provisions of the Code. Those relief provisions generally are available for failures of the 5% asset test and the 10% asset test if (i) the failure is due to the ownership of assets that do not exceed the lesser of 1% of Regency Centers Corporation's total assets or \$10 million, and the failure is corrected within six months following the quarter in which it was discovered, or (ii) the failure is due to ownership of assets that exceed the amount in (i) above, the failure is due to reasonable cause and not due to willful neglect, Regency Centers Corporation files a schedule with a description of each asset causing the failure in accordance with regulations prescribed by the Secretary of the Treasury, the failure is corrected within six months following the quarter in which it was discovered, and Regency Centers Corporation pays a tax consisting of the greater of \$50,000 or a tax computed at the highest corporate rate on the amount of net income

generated by the assets causing the failure from the date of failure until the assets are disposed of or the Company otherwise returns to compliance with the asset test. Regency Centers Corporation may not qualify for the relief provisions in all circumstances.

#### **Annual Distribution Requirements**

Regency Centers Corporation, in order to qualify as a REIT, is required to distribute dividends (other than capital gains dividends) to its shareholders in an amount at least equal to:

- (a) the sum of (i) 90% of its REIT taxable income (computed without regard to the dividends paid deduction and its net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property; minus
- (b) the sum of certain items of non-cash income. Such distribution must be paid in the taxable year to which it relates, or in the following taxable year if declared before Regency Centers Corporation timely files its tax return for such prior year and if paid on or before the first regular dividend payment date after such declaration. To the extent that Regency Centers Corporation does not distribute (or is not treated as having distributed) all of its net capital gain or distributes (or is treated as having distributed) at least 90%, but less than 100%, of its REIT taxable income, as adjusted, it will be subject to tax thereon at regular ordinary and capital gains corporate tax rates.

Regency Centers Corporation may elect to retain, rather than distribute

as a capital gain dividend, its net long-term capital gains. If Regency Centers Corporation makes this election, a Capital Gains Designation, it would pay tax on its retained net long-term capital gains. In addition, to the extent Regency Centers Corporation makes a Capital Gains Designation, a U.S. Shareholder generally would:

- (i) include its proportionate share of its undistributed long-term capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of its taxable year falls (subject to certain limitations as to the amount that is includable); (ii) be deemed to have paid the capital gains tax imposed on Regency Centers Corporation on the designated amounts included in

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the U.S. Shareholder's long-term capital gains; (iii) receive a credit or refund for the amount of tax deemed paid by it; (iv) increase the adjusted basis of its shares by the difference between the amount of includable gains and the tax deemed to have been paid by it; and (v) in the case of a U.S. Shareholder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be prescribed by the IRS. If Regency Centers Corporation should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year (other than capital gain income that it elects to retain and pay tax on) and (iii) any undistributed taxable income from prior periods (other than capital gains from such years it elected to retain and pay tax on), Regency Centers Corporation will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

Regency Centers Corporation intends to make timely distributions sufficient to satisfy this annual distribution requirement in the future. It is possible that Regency Centers Corporation, from time to time, may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due to timing differences between the

actual receipt of income and the actual payment of deductible expenses and the inclusion of such income and deduction of such expenses in arriving at the taxable income of Regency Centers Corporation, or if the amount of nondeductible expenses such as principal amortization or capital expenditures exceeds the amount of noncash deductions. In the event that such timing differences occur, in order to meet the 90% distribution requirement, Regency Centers Corporation may find it necessary to arrange for short-term, or possibly long-term, borrowings to permit the payment of required dividends or to pay dividends in the form of taxable stock dividends.

Under certain circumstances, Regency Centers Corporation may be able to rectify a failure to meet the distribution requirement for a certain year by paying deficiency dividends to shareholders in a later year, which may be included in its deduction for dividends paid for the earlier year. Thus, Regency Centers Corporation may be able to avoid being taxed on amounts distributed as deficiency dividends; however, it will be required to pay to the IRS interest based upon the amount of any deduction taken for deficiency dividends.

**Relief from Other Failures of the REIT Qualification Provisions**

If Regency Centers Corporation fails to satisfy one or more of the requirements for REIT qualification (other than

the income tests or the asset tests), it nevertheless may avoid termination of its REIT election in such year if the failure is due to reasonable cause and not due to willful neglect and it pays a penalty of \$50,000 for each failure to satisfy the REIT qualification requirements. Regency Centers Corporation may not qualify for this relief provision in all circumstances.

#### **Failure to Qualify**

If Regency Centers Corporation fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, Regency Centers Corporation will be subject to tax (including any applicable corporate alternative minimum tax) on its taxable income at regular corporate rates. Such a failure could have an adverse effect on the market value and marketability of the common stock. Distributions to shareholders in any year in which Regency Centers Corporation fails to qualify will not be deductible by it nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable as dividends. Shareholders taxed as individuals may be eligible for the reduced U.S. federal income tax rate of up to 20% on such dividends. Subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, Regency Centers Corporation will also be

disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether Regency Centers Corporation would be entitled to such statutory relief.

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**Taxation of Taxable  
Domestic Shareholders**

As used in this section, the term U.S. shareholder means a holder of shares who is (i) a citizen or resident of the United States, (ii) a domestic corporation or other entity treated as a corporation for federal income tax purposes, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source; or (iv) a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons have authority to control all substantial decisions of the trust. If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our shares, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our shares, you are urged to consult your tax advisor regarding the consequences of the ownership and disposition of our shares by the partnership.

So long as Regency Centers Corporation qualifies as a REIT, distributions to U.S. shareholders out of its current or accumulated earnings and profits that are not designated as capital gain dividends generally will be taxable as ordinary income and will not be eligible for the dividends received deduction generally



available for corporations. In addition, dividends paid to a U.S. shareholder will generally not qualify for the 20% tax rate for qualified dividend income. The maximum tax rate for qualified dividend income received by U.S. shareholders taxed at individual rates is 20%. The maximum tax rate on qualified dividend income is lower than the maximum tax rate on ordinary income, which is 39.6%. However, dividends, other than capital gain dividends, that are (i) attributable to income on which Regency Centers Corporation was subject to tax in the previous taxable year at the corporate level, either because it did not distribute such income or such income consists of gains from certain assets acquired from C corporations, including as a result of the conversion of a C corporation to a REIT, or (ii) attributable to dividends received by Regency Centers Corporation from non-REIT corporations, such as taxable REIT subsidiaries, during the current taxable year will be taxable, to the extent designated by Regency Centers Corporation, to individual stockholders at the current maximum rate of 20% applicable to qualified dividend income. Distributions in excess of Regency Centers Corporation's current and accumulated earnings and profits will not be taxable to a U.S. shareholder to the extent that the distributions do not exceed the adjusted tax basis of the shareholder's shares. Rather, the distributions will reduce the adjusted tax basis of the shares. Distributions that exceed the U.S. shareholder's

adjusted tax basis in Regency Centers Corporation's shares will be taxable as capital gains. If Regency Centers Corporation declares a dividend in October, November, or December of any year with a record date in one of these months and pays the dividend on or before January 31 of the following year, Regency Centers Corporation will be treated as having paid the dividend, and the shareholder will be treated as having received the dividend, on December 31 of the year in which the dividend was declared. Shareholders may not include in their own income tax returns any of our net operating losses or capital losses.

Regency Centers Corporation may elect to designate distributions of its net capital gain as capital gain dividends. Capital gain dividends are taxed to shareholders as gain from the sale or exchange of a capital asset held for more than one year, without regard to how long the U.S. shareholder has held Regency Centers Corporation's shares. Designations that Regency Centers Corporation makes only will be effective to the extent that they comply with Revenue Ruling 89-81, which requires that distributions made to different classes of shares be composed proportionately of dividends of a particular type. If Regency Centers Corporation designates any portion of a dividend as a capital gain dividend, a U.S. shareholder will receive an Internal Revenue Service Form 1099-DIV indicating the amount that will be taxable to the shareholder as

capital gain. Corporate shareholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income.

Instead of paying capital gain dividends, Regency Centers Corporation may designate all or part of its net capital gain as undistributed capital gain. Regency Centers Corporation will be subject to tax at regular corporate rates on any undistributed capital gain. A U.S. shareholder (1) will include in its income as long-term capital gains its proportionate share of such undistributed capital gains; (2) will be deemed to have paid its proportionate share of the tax paid by Regency Centers Corporation on such undistributed capital gains and receive a credit or refund to the extent that the tax the Company paid exceeds the U.S. shareholder's tax liability on the undistributed capital gain; and (3) in the case of a U.S. shareholder that is a corporation, appropriately

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adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be prescribed by the IRS. A U.S. shareholder will increase the basis in its common shares by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. Regency Centers Corporation's earnings and profits will be adjusted appropriately.

Regency Centers Corporation will classify portions of any designated capital gain dividend or undistributed capital gain as either: (1) a 20% rate gain distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of 20%; or (2) an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of 25%.

In addition, dividends paid to, and capital gains recognized by, certain U.S. shareholders that are individuals, estates or trusts may be subject to a 3.8% Medicare tax.

Distributions that Regency Centers Corporation makes and gain arising from the sale or exchange by a U.S. shareholder of its shares will not be treated as passive activity income, and as a result, U.S. shareholders generally will not be able to apply any passive losses against this income or gain. In addition, taxable distributions from Regency Centers

Corporation generally will be treated as investment income for purposes of the investment interest limitations. A U.S. shareholder may elect to treat capital gain dividends and capital gains from the disposition of shares as investment income for purposes of the investment interest limitation, in which case the applicable capital gains will be taxed at ordinary income rates.

**Regency Centers**

Corporation will notify shareholders regarding the portions of distributions for each year that constitute ordinary income, return of capital, capital gain or represent tax preference items to be taken into account for purposes of computing the alternative minimum tax liability of the shareholders. U.S. shareholders may not include in their individual income tax returns any of Regency Centers Corporation's net operating losses or capital losses.

**Regency Centers**

Corporation's operating or capital losses would be carried over by Regency Centers Corporation for potential offset against future income, subject to applicable limitations.

Upon any taxable sale or other disposition of shares, a U.S. shareholder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between: (1) the amount of cash and the fair market value of any property received on the sale or other disposition and (2) the holder's adjusted tax basis in the shares for tax purposes.

This gain or loss will be a capital gain or loss. The applicable tax rate will

depend on the shareholder's holding period for the asset (generally, if an asset has been held for more than one year it will produce long-term capital gain) and the shareholder's tax bracket. The maximum tax rate on long-term capital gain applicable to taxpayers taxed at individual rates is 20% for sales and exchanges of assets held for more than one year. The Internal Revenue Service has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for noncorporate shareholders) to a portion of capital gain realized by a noncorporate shareholder on the sale of REIT shares that would correspond to the REIT's unrecaptured Section 1250 gain. Shareholders are urged to consult with their tax advisors with respect to their capital gain tax liability. A corporate U.S. shareholder will be subject to tax at a maximum rate of 35% on capital gain from the sale of the Company's shares. In general, any loss recognized by a U.S. shareholder upon the sale or other disposition of shares that have been held for six months or less, after applying the holding period rules, will be treated as a long-term capital loss, to the extent of distributions received by the U.S. shareholder from Regency Centers Corporation that were required to be treated as long-term capital gains. In addition, individuals, estates or trusts whose income exceeds certain thresholds are also subject to a 3.8% Medicare tax on gain from the sale of our shares.



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**Taxation of Tax-Exempt Shareholders**

Provided that a tax-exempt shareholder has not held its common shares as debt financed property within the meaning of the Code, distributions from Regency Centers Corporation will not be unrelated business taxable income, referred to as UBTI, to a tax-exempt shareholder. Similarly, income from the sale of shares will not constitute UBTI unless the tax-exempt shareholder has held its shares as debt financed property within the meaning of the Code or has used the shares in a trade or business.

However, for tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, or a single parent title-holding corporation exempt under Section 501(c)(2) the income of which is payable to any of the aforementioned tax-exempt organizations, income from an investment in Regency Centers Corporation will constitute UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. These tax-exempt shareholders should consult their tax advisors concerning these set aside and reserve requirements.



Notwithstanding the above, however, a portion of the dividends paid by a pension held REIT are treated as UBTI if received by any trust which is described in Section 401(a) of the Code, is tax-exempt under Code Section 501(a), and holds more than 10%, by value, of the interests in the REIT. Tax-exempt pension funds that are described in Code Section 401(a) are referred to below as pension trusts.

A REIT is a pension held REIT if it meets the following two tests: (1) it qualified as a REIT only by reason of Section 856(h)(3) of the Code, which provides that stock owned by pension trusts will be treated, for purposes of determining if the REIT is closely held, as owned by the beneficiaries of the trust rather than by the trust itself; and (2) either (a) at least one pension trust holds more than 25% of the value of the REIT's stock, or (b) a group of pension trusts each individually holding more than 10% of the value of the REIT's shares, collectively owns more than 50% of the value of the REIT's shares.

The percentage of any REIT dividend from a pension held REIT treated as UBTI is equal to the ratio of UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any year. The provisions requiring pension trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the not

closely held requirement without relying upon the look-through exception for pension trusts. Based on both Regency Centers Corporation's current share ownership and the limitations on transfer and ownership of shares contained in Regency Centers Corporation's organizational documents, we do not expect to be classified as a pension held REIT.

### **U.S. Taxation of Non-U.S. Shareholders**

As used in this section, the terms non-U.S. shareholder means a holder of shares that is not a U.S. person for U.S. federal income tax purposes. Regency Centers Corporation's distributions to a non-U.S. shareholder that are neither attributable to gain from sales or exchanges by Regency Centers Corporation of U.S. real property interests nor designated by Regency Centers Corporation as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of the Company's current or accumulated earnings and profits. These distributions ordinarily will be subject to withholding of U.S. federal income tax on a gross basis at a rate of 30%, or a lower rate as permitted under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. shareholder of a U.S. trade or business. Under some treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from REITs. Applicable certification and disclosure requirements must be satisfied to be exempt from

withholding under the effectively connected income exemption. Dividends that are effectively connected with a trade or business will be subject to tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. shareholders are taxed with respect to these dividends, and are

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generally not subject to withholding. Any dividends received by a corporate non-U.S. shareholder that is engaged in a U.S. trade or business also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.

Distributions in excess of current and accumulated earnings and profits that exceed the non-U.S. shareholder's basis in Regency Centers Corporation's shares will be taxable to a non-U.S. shareholder as gain from the sale of shares, which is discussed below.

Distributions in excess of current or accumulated earnings and profits of the Company that do not exceed the adjusted tax basis of the non-U.S. shareholder in Regency Centers Corporation's shares will reduce the non-U.S. shareholder's adjusted tax basis in the shares and will not be subject to U.S. federal income tax, but will be subject to U.S. withholding tax as described below.

Regency Centers Corporation expects to withhold U.S. income tax at the rate of 30% on any dividend distributions (including distributions that later may be determined to have been in excess of current and accumulated earnings and profits) made to a non-U.S. shareholder unless: (1) a lower treaty rate applies and the non-U.S. shareholder files an Internal Revenue Service Form W-8BEN evidencing eligibility for that reduced treaty rate with Regency Centers

Corporation; or (2) the non-U.S. shareholder files an Internal Revenue Service Form W-8ECI with Regency Centers Corporation claiming that the distribution is effectively connected income. In any event, we may be required to withhold 10% of any such distributions in excess of current and accumulated earnings and profits, even if a lower treaty rate applies and the non-U.S. shareholder is not liable for tax on receipt of such distribution. However, a non-U.S. shareholder may claim a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

Capital gain distributions to the holders of Regency Centers Corporation's common shares that are attributable to Regency Centers Corporation's sale of real property will be treated as ordinary dividends rather than as gain from the sale of a United States real property interest, as long as (i) Regency Centers Corporation's common shares continue to be regularly traded on an established securities market and (ii) the non-U.S. shareholder did not own more than 5% of Regency Centers Corporation's common shares during the taxable year. As a result, non-U.S. shareholders generally would be subject to withholding tax on such capital gain distributions in the same manner as they are subject to withholding tax on ordinary dividends.

If Regency Centers Corporation's common

shares cease to be regularly traded on an established securities market or the non-U.S. shareholder owned more than 5% of Regency Centers Corporation's common shares during the taxable year, capital gain distributions that are attributable to Regency Centers Corporation's sale of real property would be subject to tax under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ( FIRPTA ).

Under FIRPTA, a non-U.S. shareholder is taxed on distributions attributable to gain from sales of U.S. real property interests as if such gain were effectively connected with a U.S. business of the non-U.S. shareholder. A non-U.S. shareholder thus would be taxed on such a distribution at the normal capital gain rates applicable to U.S. shareholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual). A corporate non-U.S. shareholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on distributions subject to FIRPTA. Regency Centers Corporation must withhold and remit to the Internal Revenue Service 35% of any distributions to non-U.S. stockholders that are designated as capital gain dividends, or, if greater, 35% of a distribution that could have been designated as a capital gain dividend. A non-U.S. shareholder may receive a credit against its FIRPTA tax liability for the amount Regency Centers Corporation withholds.

Although the law is not clear on the matter, it appears that amounts Regency Centers Corporation designates as undistributed capital gains in respect of the common shares held by U.S. shareholders generally should be treated for non-U.S. shareholders in the same manner as actual distributions by Regency Centers Corporation of capital gain dividends. Under that approach, the non-U.S. shareholders would be able to offset as a credit against their United States federal income tax liability resulting from reporting the capital gain their proportionate share of the tax paid by Regency Centers Corporation on the undistributed capital gains, and to receive from the Internal Revenue Service a refund to the extent their proportionate share of this tax paid by Regency Centers Corporation were to exceed their actual United States federal income tax liability.

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Gain recognized by a non-U.S. shareholder upon the sale or exchange of Regency Centers Corporation's shares generally would not be subject to United States taxation unless: (1) the investment in Regency Centers Corporation's shares is effectively connected with the conduct of the non-U.S. shareholder's U.S. trade or business, in which case the non-U.S. shareholder will be subject to the same treatment as domestic shareholders as to any gain; (2) the non-U.S. shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's net capital gains for the taxable year; or (3) Regency Centers Corporation's shares constitute a U.S. real property interest within the meaning of FIRPTA, as described below.

Regency Centers Corporation's shares will not constitute a U.S. real property interest if it is a domestically controlled REIT. Regency Centers Corporation will be a domestically-controlled REIT if, at all times during the 5 year period, preceding a sale or exchange of stock, less than 50% in value of its stock is held directly or indirectly by non-U.S. shareholders. Regency Centers Corporation believes that it currently is



a domestically controlled REIT. Because Regency Centers Corporation's shares are publicly traded, however, it cannot guarantee that it is or will remain a domestically controlled REIT. Even if Regency Centers Corporation does not qualify as a domestically controlled REIT at the time a non-U.S. shareholder sells its shares, gain arising from the sale still would not be subject to FIRPTA tax if: (1) the class or series of shares sold is considered regularly traded under applicable treasury regulations on an established securities market, such as the New York Stock Exchange; and (2) the selling non-U.S. shareholder owned, actually or constructively, 5% or less of the outstanding class or series of shares being sold throughout the five-year period ending on the date of the sale or exchange.

If gain on the sale or exchange of Regency Centers Corporation's shares were subject to taxation under FIRPTA, the non-U.S. shareholder would be subject to regular U.S. income tax as to any gain in the same manner as a taxable U.S. shareholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals.

For payments after June 30, 2014, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our shares received by certain non-U.S. shareholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In

addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for payments after December 31, 2016, on proceeds from the sale of our shares received by certain non-U.S. shareholders. If payment of withholding taxes is required, non-U.S. shareholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit or such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

#### **Other Tax Consequences**

Regency Centers Corporation and its security holders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of Regency Centers Corporation and its security holders may not conform to the federal income tax consequences discussed above. Consequently, prospective security holders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the securities.

#### **Backup Withholding**

##### ***U.S. Shareholders***

Regency Centers Corporation will report to its domestic shareholders and to the IRS the amount of dividends paid during

each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding with respect to dividends paid unless such shareholder (a) is a corporation or another form of entity exempt from backup withholding and, when required, demonstrates this fact, or (b) provides a taxpayer identification number, certifies to no loss of exemption from backup

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withholding, and otherwise complies with applicable requirements of the backup withholding rules. A shareholder that does not provide Regency Centers Corporation with a correct taxpayer identification number may also be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the shareholder's income tax liability. In addition, Regency Centers Corporation may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to it.

***Non-U.S. Shareholders***

Generally, information reporting will apply to payments of distributions on Regency Centers Corporation's shares, and backup withholding may apply, unless the payee certifies that it is not a U.S. person or otherwise establishes an exemption.

The payment of the proceeds from the disposition of Regency Centers Corporation shares to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and, possibly, backup withholding unless the non-U.S. shareholder certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the shareholder is a U.S. person or that the conditions of any other

exemption are not, in fact, satisfied. The proceeds of the disposition by a non-U.S. shareholder of Regency Centers Corporation shares to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, information reporting generally will apply unless the broker has documentary evidence as to the non-U.S. shareholder's foreign status and has no actual knowledge to the contrary.

Applicable treasury regulations provide presumptions regarding the status of shareholders when payments to the shareholders cannot be reliably associated with appropriate documentation provided to the payer. Because the application of these treasury regulations varies depending on the shareholder's particular circumstances, you are urged to consult your tax advisor regarding the information reporting requirements applicable to you.

**Certain Material Federal  
Income Tax  
Consequences of Debt  
Securities**

As the term is used in this section, a United States holder is a beneficial holder of securities and who is:

an individual citizen  
or resident of the  
United States;

a corporation or other  
entity treated as a  
corporation for United  
States federal income  
tax purposes, created  
or organized in the  
United States or under  
the laws of the United  
States, any state  
thereof or the District  
of Columbia;

an estate, the income  
of which is subject to  
United States federal  
income taxation  
regardless of its  
source; or

a trust that (1) is  
subject to the primary  
supervision of a  
United States court  
and the control of one  
or more United States  
persons or (2) has a  
valid election in effect  
under applicable  
Treasury Regulations  
to be treated as a  
United States person.

If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our debt securities, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our debt securities, you are urged to consult your tax advisor regarding the consequences of the ownership and disposition of our debt securities by the partnership.



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**Taxation of Interest.** The taxation of interest on a debt security depends on whether the interest constitutes qualified stated interest (as defined below). Interest that constitutes qualified stated interest is includible in a United States holder's income as ordinary interest income when actually or constructively received, if such holder uses the cash method of accounting for federal income tax purposes, or when accrued, if such holder uses an accrual method of accounting for federal income tax purposes. Interest that does not constitute qualified stated interest is included in a United States holder's income under the rules described below under Original Issue Discount, regardless of such holder's method of accounting. Notwithstanding the foregoing, interest that is payable on a debt security with a fixed maturity of one year or less from its issue date (a Short-Term Note) is included in a United States holder's income under the rules described below under Short-Term Notes.

*Optional Redemption.* Debt securities issued pursuant to this prospectus may or may not be redeemable. If the debt securities are redeemable, we will specify that in the applicable prospectus supplement. If we redeem or otherwise repurchase the debt securities, we may be obligated to pay additional amounts in excess of stated interest and the principal amount (or, if the debt



securities are issued with OID, the adjusted issue price). Unless specified otherwise in the applicable prospectus supplement related to any such redeemable debt securities, we intend to take the position that any redeemable debt securities should not be treated as contingent payment debt instruments because of this additional payment. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the debt securities, that such additional amounts will be paid. Assuming such position is respected, a United States holder would be required to include in income the amount of any such additional payment at the time such payment is received or accrued in accordance with such United States holder's method of accounting for United States federal income tax purposes. If the IRS successfully challenged our position, and any redeemable debt securities were treated as contingent payment debt instruments, United States holders could be required to accrue interest income at a rate higher than the stated interest rate on the debt securities and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of a debt security. United States holders are urged to consult their tax advisors regarding the potential application to any redeemable debt securities of the contingent payment debt instrument rules and the consequences thereof.

*Fixed Rate Debt Securities.* Interest on a fixed rate debt security will generally constitute

qualified stated interest if the interest is unconditionally payable, or will be constructively received under Code Section 451, in cash or in property (other than debt instruments issued by us) at least annually at a single fixed rate. If a debt security bears interest for one or more accrual periods at a rate below the rate applicable for the remaining term of such debt security (e.g., debt securities with teaser rates or interest holidays), and if the greater of either the resulting foregone interest on such debt security or any true discount on such debt security (i.e., the excess of the debt security's stated principal amount over its issue price) equals or exceeds a specified de minimis amount, then the excess of the stated interest over any qualified stated interest on the debt security is treated as original issue discount rather than qualified stated interest.

**Original Issue**

**Discount.** Original issue discount (OID) with respect to a debt security is the excess, if any, of the debt security's stated redemption price at maturity over the debt security's issue price. A debt security's stated redemption price at maturity is the sum of all payments provided by the debt security (whether designated as interest or as principal) other than payments of qualified stated interest. The issue price of a debt security is the first price at which a substantial amount of the debt securities in the issuance that includes such debt security is sold for money (excluding sales to bond houses, brokers or similar persons or

organizations acting in the capacity of underwriters, placement agents or wholesalers).

As described more fully below, United States holders of debt securities with OID that mature more than one year from their issue date generally will be required to include such OID in income as it accrues in accordance with the constant yield method described below, irrespective of the receipt of the related cash payments. A United States holder's tax basis in a debt security is increased by each accrual of OID and decreased by each payment other than a payment of qualified stated interest.

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The amount of OID with respect to a debt security will be treated as zero if the OID is less than an amount equal to .0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity (or, in the case of a debt security that provides for payment of any amount other than qualified stated interest prior to maturity, the weighted average maturity of the debt security). If the amount of OID with respect to a debt security is less than that amount, the OID that is not included in payments of stated interest is generally included in income as capital gain as principal payments are made. The amount includible with respect to a principal payment equals the product of the total amount of OID and a fraction, the numerator of which is the amount of such principal payment and the denominator of which is the stated principal amount of the debt security.

In the case of OID with respect to a fixed rate debt security, the amount of OID includible in the income of a United States holder for any taxable year is determined under the constant yield method, as follows. First, the yield to maturity of the debt security is computed. The yield to maturity is the discount rate that, when used in computing the present value of all interest and principal payments to be made under the debt security (including payments of qualified stated interest), produces an amount equal to the

issue price of the debt security. The yield to maturity is constant over the term of the debt security and, when expressed as a percentage, must be calculated to at least two decimal places.

Second, the term of the debt security is divided into accrual periods. Accrual periods may be of any length and may vary in length over the term of the debt security, provided that each accrual period is no longer than one year and that each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Third, the total amount of OID on the debt security is allocated among accrual periods. In general, the OID allocable to an accrual period equals the product of the adjusted issue price of the debt security at the beginning of the accrual period and the yield to maturity of the debt security, less the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of a debt security at the beginning of the first accrual period is its issue price. Thereafter, the adjusted issue price of the debt security is its issue price, increased by the amount of OID previously includible in the gross income of any holder and decreased by the amount of any payment previously made on the debt security other than a payment of qualified stated interest. For purposes of computing the adjusted issue price of a debt security, the amount of OID previously includible in the gross income of any holder is determined without regard

to premium and acquisition premium, as those terms are defined below under Premium and Acquisition Premium.

Fourth, the daily portions of OID are determined by allocating to each day in an accrual period its ratable portion of the OID allocable to the accrual period.

A United States holder includes in income in any taxable year the daily portions of OID for each day during the taxable year that such holder held the debt securities. In general, under the constant yield method described above, United States holders will be required to include in income increasingly greater amounts of OID in successive accrual periods.

*Other Rules.* Certain debt securities having OID may be redeemed prior to maturity or may be repayable at the option of the holder. Such debt securities may be subject to rules that differ from the general rules discussed above relating to the tax treatment of OID. Purchasers of such debt securities with a redemption feature are urged to consult their tax advisors with respect to such feature since the tax consequences with respect to OID will depend, in part, on the particular terms and the particular features of the purchased debt security.

The Treasury regulations relating to the tax treatment of OID contain certain language ( aggregation rules ) stating in general that, with some exceptions, if more than one type of debt security is issued in

connection with the same transaction or related transactions, such debt securities may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for

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purposes of calculating and accruing any OID. Unless otherwise provided in the applicable prospectus supplement, we do not expect to treat different types of debt securities as being subject to the aggregation rules for purposes of computing OID.

*Market Discount.* If a United States holder acquires a debt security having a maturity date of more than one year from the date of its issuance and has a tax basis in the debt security that is, in the case of a debt security that does not have OID, less than its issue price (or, in the case of a subsequent purchase, its stated redemption price at maturity), or, in the case of a debt security that has OID, less than its adjusted issue price (as defined above under "Original Issue Discount") as of the date of acquisition, the amount of such difference is treated as market discount for federal income tax purposes, unless such difference is less than .0025 multiplied by the stated redemption price at maturity of the debt security multiplied by the number of complete years to maturity (from the date of acquisition).

Under the market discount rules of the Code, a United States holder is required to treat any principal payment (or, in the case of a debt security that has OID, any payment that does not constitute a payment of qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of, a debt security as ordinary income to the extent of the accrued



market discount that has not previously been included in income. Thus, partial principal payments are treated as ordinary income to the extent of accrued market discount that has not previously been included in income. If such debt security is disposed of by a United States holder in certain otherwise non-taxable transactions, accrued market discount must be included as ordinary income by the United States holder as if the holder had sold the debt security at its then fair market value.

In general, the amount of market discount that has accrued is determined on a ratable basis. A United States holder may, however, elect to determine the amount of accrued market discount on a constant yield to maturity basis. This election is made on a debt security-by-debt security basis and is irrevocable.

With respect to debt securities with market discount, a United States holder may not be allowed to deduct immediately a portion of the interest expense on any indebtedness incurred or continued to purchase or to carry such debt securities. A United States holder may elect to include market discount in income currently as it accrues, in which case the interest deferral rule set forth in the preceding sentence will not apply. This election will apply to all debt instruments acquired by the United States holder on or after the first day of the first taxable year to which the election applies and is irrevocable without the consent of the IRS. A

United States holder's tax basis in a debt security will be increased by the amount of market discount included in the holder's income under the election.

*Premium and Acquisition Premium.* If a United States holder purchases a debt security for an amount in excess of the sum of all amounts payable on the debt security after the date of acquisition (other than payments of qualified stated interest), the holder will be considered to have purchased the debt security with premium equal to the amount of such excess, and generally will not be required to include any OID in income. Generally, a United States holder may elect to amortize the premium as an offset to qualified stated interest income, using a constant yield method similar to that described above (see Original Issue Discount ), over the remaining term of the debt security (where the debt security is not redeemable prior to its maturity date). In the case of debt securities that may be redeemed prior to maturity, the premium is calculated assuming that we or the United States holder will exercise or not exercise the redemption rights in a manner that maximizes the United States holder's yield. A United States holder who elects to amortize bond premium must reduce such holder's tax basis in the debt security by the amount of the premium used to offset qualified stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt instruments owned by the holder on the first day of the taxable year to which such election first applies

and thereafter acquired by the holder and may be revoked only with the consent of the IRS.

If a United States holder purchases a debt security issued with OID at an acquisition premium, the amount of OID that the United States holder includes in gross income is reduced to reflect the acquisition premium. A debt security is purchased at an acquisition premium if its adjusted basis, immediately after its

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purchase, is (a) less than or equal to the sum of all amounts payable on the debt security after the purchase date other than payments of qualified stated interest and (b) greater than the debt security's adjusted issue price (as described above under "Original Issue Discount").

If a debt security is purchased at an acquisition premium, the United States holder reduces the amount of OID otherwise includible in income during an accrual period by an amount equal to (i) the amount of OID otherwise includible in income multiplied by (ii) a fraction, the numerator of which is the excess of the adjusted basis of the debt security immediately after its acquisition by the purchaser over the adjusted issue price of the debt security and the denominator of which is the excess of the sum of all amounts payable on the debt security after the purchase date, other than payments of qualified stated interest, over the debt security's adjusted issue price.

As an alternative to reducing the amount of OID otherwise includible in income by this fraction, the United States holder may elect to compute OID accruals by treating the purchase as a purchase at original issuance and applying the constant yield method described above.

*Short-Term Notes.* A Short-Term Note will be treated as having been issued with OID if the

stated redemption price at maturity exceeds the issue price of the debt security. United States holders that report income for federal income tax purposes on an accrual method and certain other United States holders, including banks and dealers in securities, are required to include OID in income on such Short-Term Notes on a straight-line basis, unless an election is made to accrue the OID according to a constant yield method based on daily compounding. Any interest payable on the obligation (other than OID) is included in gross income as it accrues.

United States holders of Short-Term Notes who use the cash method of accounting and certain other United States holders are not required to accrue OID for federal income tax purposes, unless the holder elects to do so, with the consequence that the reporting of such income is deferred until it is received. In the case of a United States holder that is not required, and does not elect, to include OID in income currently, any gain realized on the sale, exchange or retirement of a Short-Term Note is ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, United States holders that are not required, and do not elect, to include OID in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a

Short-Term Note in an amount not exceeding the deferred interest income with respect to such Short-Term Note (which includes both the accrued OID and accrued interest that is payable but has not been included in gross income), until such deferred interest income is realized. A United States holder of a Short-Term Note may elect to apply the foregoing rules (except for the rule characterizing gain on sale, exchange or retirement as ordinary) with respect to acquisition discount rather than OID. Acquisition discount is the excess of the stated redemption price at maturity of the Short-Term Note over the United States holder's basis in the Short-Term Note. This election applies to all obligations acquired by the taxpayer on or after the first day of the first taxable year to which such election applies, unless revoked with the consent of the IRS. A United States holder's tax basis in a Short-Term Note is increased by the amount included in such holder's income on such a debt security.

*Election to Treat All Interest as OID.* United States holders may elect to include in gross income all interest that accrues on a debt security, including any stated interest, acquisition discount, OID, market discount, de minimis OID, de minimis market discount and unstated interest (as adjusted by amortizable bond premium and acquisition premium), by using the constant yield method described above under Original Issue Discount. Such an election for a debt security with amortizable bond premium

will result in a deemed election to amortize bond premium for all debt instruments owned on the first day of the taxable year to which such election first applies and all debt instruments later acquired by the United States holder with amortizable bond premium and may be revoked only with the permission of the IRS. Similarly, such an election for a debt security with market discount will result in a deemed election to accrue market discount in income currently for such debt security and for all other debt instruments acquired by the United States holder with market discount on or after the first day

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of the taxable year to which such election first applies, and may be revoked only with the permission of the IRS. A United States holder's tax basis in a debt security will be increased by each accrual of the amounts treated as OID under the constant yield election described in this paragraph.

**Integration of Debt Securities with Other Financial**

**Instruments.** Any United States holder of debt securities that also acquires or has acquired any financial instrument which, in combination with such debt securities, would permit the calculation of a single yield to maturity, may in certain circumstances treat such debt securities and such financial instrument as an integrated debt instrument for purposes of the Code, with a single determination of issue price and the character and timing of income, deductions, gains and losses. For purposes of determining OID, none of the payments under the integrated debt instrument will be treated as qualified stated interest.

**Sale or Exchange of Debt Securities.**

A United States holder generally will recognize gain or loss upon the sale or exchange of a debt security equal to the difference between the amount realized upon such sale or exchange and the United States holder's adjusted basis in the debt security. The adjusted basis in the debt security generally will equal the cost of the debt security, increased by OID,



acquisition discount or market discount previously included in respect thereof, and reduced (but not below zero) by any payments on the debt security other than payments of qualified stated interest and by any premium that the United States holder has taken into account. To the extent attributable to accrued but unpaid qualified stated interest, the amount realized by the United States holder will be treated as a payment of interest. Generally, any gain or loss will be capital gain or loss, except as provided under Market Discount and Short-Term Notes .

**Tax Rates.** Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 39.6% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than 12 months) of individuals is 20%. These rates are subject to change by new legislation at any time.

In addition, individuals, estates and trusts whose income exceeds certain thresholds are also subject to a 3.8% Medicare tax on certain net investment income from a variety of sources. For this purpose, net investment income generally includes, among other things, interest on and capital gains from the sale or other disposition of debt securities. United States holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of debt securities.

**Information Reporting  
and Backup**

**Withholding.** Backup withholding at the applicable statutory rate may apply when United States holders receive interest payments on a debt security (including any OID) or proceeds from the sale or other disposition of a debt security. Certain holders including, among others, corporations, financial institutions and certain tax-exempt organizations, are generally not subject to backup withholding. In addition, backup withholding will not apply to any United States holder that provides a social security or other taxpayer identification number in the prescribed manner unless:

the IRS notifies us or our paying agent that the taxpayer identification number provided is incorrect;

the United States holder fails to report interest (including any OID) and dividend payments received on the holder's tax return and the IRS notifies us or our paying agent that backup withholding is required; or

the United States holder fails to certify under penalty of perjury that backup withholding does not apply to the holder. A United States holder of debt securities who does not provide us or our paying agent with his or her correct taxpayer identification number may

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be subject to penalties imposed by the IRS. If backup withholding does apply to a United States holder, that holder may request a refund of the amounts withheld or use the

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amounts withheld as a credit against the holder's United States federal income tax liability as long as the United States holder provides the required information to the IRS. United States holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedures for obtaining the exemption.

We will be required annually to furnish the IRS and holders of debt securities information relating to the amount of interest paid on the debt securities, and information reporting may also apply to payments of proceeds from the sale of the debt securities by those holders. Some United States holders generally are not subject to information reporting.

**Non-United States Holders** This section applies to non-United States holders of the debt securities. The term non-United States holder means a beneficial owner of a debt security that is not a United States holder, as defined above.

The rules governing United States federal income taxation of the purchase, ownership and disposition of our debt securities by non-United States holders are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of United States federal income taxation that may be relevant to a non-United States holder in light of its particular

circumstances and does not address any state, local or foreign tax consequences. We urge non-United States holders to consult their tax advisors to determine the impact of federal, state, local and foreign income tax laws on the purchase, ownership and disposition of our debt securities, including any reporting requirements.

*Payments of Interest.*

Interest (including any OID) paid to a non-United States holder will not be subject to United States federal income or withholding tax if the interest is not effectively connected with the non-United States holder's conduct of a trade or business within the United States, and the non-United States holder:

does not actually or constructively own a 10% or greater interest in our capital or profits;

is not a controlled foreign corporation with respect to which we are a related person within the meaning of Code Section 864(d)(4);

is not a bank that received such debt securities on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

provides the appropriate

certification as to the holder's foreign status. This certification requirement generally can be met by providing a properly executed IRS Form W-8BEN or appropriate substitute form to us or our paying agent. If the debt securities are held through a financial institution or other agent acting on behalf of the non-United States holder, such holder may be required to provide appropriate documentation to the agent. The agent will then generally be required to provide appropriate certifications to us or our paying agent, either directly or through other intermediaries. Special certification rules apply to foreign partnerships, estates and trusts, and in certain circumstances, certifications as to the foreign status of partners, trust owners or beneficiaries may have to be provided to us or our paying agent.

If a non-United States holder does not qualify for an exemption under these rules, interest income from the debt securities may be subject to withholding tax at the rate of 30% (or lower applicable treaty rate) at the time such interest is paid. The payment of interest effectively connected with a United States trade or business, however, would not be subject to a 30% withholding tax so long as the non-United States holder provides us or our paying agent an adequate certification (currently on IRS Form W-8ECI), but

such interest would be subject to United States federal income tax on a net basis at the rates applicable to United States persons generally. In addition, if the payment of interest is effectively connected with a foreign corporation's conduct of a United

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States trade or business, that foreign corporation may also be subject to a 30% (or lower applicable treaty rate) branch profits tax. To claim the benefit of a tax treaty, a non-United States holder must provide a properly executed IRS Form W-8BEN before the payment of interest and the non-United States holder may be required to obtain a United States taxpayer identification number and provide documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

*Optional Redemption.* If we redeem or otherwise repurchase the debt securities, we may be obligated to pay additional amounts in excess of stated interest and the principal amount (or, if the debt securities are issued with OID, the adjusted issue price). We intend to treat any such amounts paid to a non-United States holder pursuant to any such redemption or repurchase as additional amounts paid for the debt securities, subject to the rules described below in *Sale, Exchange or Other Taxable Disposition of Debt Securities*.

*Sale, Exchange or Other Taxable Disposition of Debt Securities.* A non-United States holder generally will not be subject to United States federal income tax on any amount that constitutes capital gain upon a sale, exchange, redemption, retirement or other taxable disposition of a debt security, unless either of the following is true:



the investment in the debt securities is effectively connected with the non-United States holder's conduct of a United States trade or business; or

the non-United States holder (i) is a nonresident alien individual holding the debt securities as a capital asset, (ii) is present in the United States for 183 or more days in the taxable year within which the sale, exchange or other taxable disposition takes place, and (iii) certain other requirements are met.

If you are a holder described in the first bullet point above, the net gain derived from the retirement or disposition of your debt securities generally would be subject to United States federal income tax at the rate applicable to United States persons generally (or lower applicable treaty rate). In addition, foreign corporations may be subject to a 30% (or lower applicable treaty rate) branch profits tax if the investment in the debt securities is effectively connected with the foreign corporation's conduct of a United States trade or business. If you are a holder described in the second bullet point above, you will be subject to a flat 30% United States federal income tax on the gain derived from the retirement or disposition of your debt securities, which may be offset by United States source capital losses, even though you are not considered a resident of the United States.

*Backup Withholding and Information*

*Reporting.* Backup withholding and information reporting generally will not apply to payments made to a non-United States holder with respect to the debt securities, provided that we do not have actual knowledge or reason to know that the non-United States holder is a U.S. person and the holder has given us the statement described above under

Non-United States Holders Payments of Interest. In addition, a non-United States holder will not be subject to backup withholding or information reporting with respect to the proceeds of the sale of debt securities within the United States or conducted through certain U.S.-related financial intermediaries, if the payor receives the statement described above and does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, or the non-United States holder otherwise establishes an exemption. However, we may be required to report annually to the IRS and to a non-United States holder the amount of, and the tax withheld with respect to, any interest (including any OID) paid to the non-United States holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-United States holder resides.

A non-United States holder generally will be entitled to

credit any amounts withheld under the backup withholding rules against the holder's United States federal income tax liability, provided that the required information is furnished to the IRS in a timely manner. Non-United States holders of debt securities should consult their tax advisors regarding the application of backup withholding and information reporting in their particular situation, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

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For payments after June 30, 2014, a U.S. withholding tax at a 30% rate will be imposed on interest paid on our debt securities received by certain non-United States holders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for payments after December 31, 2016, on proceeds from the sale of our debt securities received by certain non-United States holders. If payment of withholding taxes is required, non-United States holders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such interest and proceeds will be required to seek a refund from the IRS to obtain the benefit or such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

**Tax Consequences of Floating Rate, Variable Rate and Contingent Payment Debt Securities.**

A description of the material federal income tax consequences of the acquisition, ownership and disposition of variable rate, floating rate or contingent payment debt securities that we may issue in the future will be set forth in the prospectus supplement relating to the offering of such debt securities.

**LEGAL MATTERS**

The validity of the securities to which this prospectus relates and certain tax matters described under Certain Material Federal Income Tax Considerations will be passed upon for us by Foley & Lardner LLP, Jacksonville, Florida. Attorneys with Foley & Lardner LLP representing us with respect to this offering beneficially owned approximately 1,200 shares of our common stock as of the date of this prospectus.

#### **EXPERTS**

The consolidated financial statements and schedule of Regency Centers Corporation and Regency Centers, L.P. as of December 31, 2013 and 2012, and for each of the years in the three-year period ended December 31, 2013, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2013 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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**3,100,000  
Shares**

**Regency  
Centers  
Corporation**

**Common Stock**

**PROSPECTUS  
SUPPLEMENT**

**March 17, 2016**

**J.P. Morgan**