



## PennantPark Floating Rate Capital Ltd. Announces Financial Results for the Quarter and Fiscal Year Ended September 30, 2012

November 14, 2012

NEW YORK, NY--(Marketwire - Nov 14, 2012) - PennantPark Floating Rate Capital Ltd. (NASDAQ: PFLT) announced today financial results for its quarter and fiscal year ended September 30, 2012.

### HIGHLIGHTS

Fiscal year ended September 30, 2012

(\$ in millions, except per share amounts)

#### Assets and Liabilities:

Investment portfolio	\$ 171.8
Net assets	\$ 95.7
Net asset value per share	\$ 13.98
Credit Facility Drawn (cost \$75.5)	\$ 75.1

Yield on debt investments at year-end 8.6 %

#### Operating Results:

	Year Ended	Quarter Ended
Net investment income	\$ 6.3	\$ 1.5
Core net investment income per share <sup>(1)</sup>	\$ 0.96	\$ 0.27
Capital gain incentive fee accrued but not paid per share	\$ 0.04	\$ 0.04
GAAP net investment income per share	\$ 0.92	\$ 0.23
Distributions declared per share	\$ 0.91	\$ 0.24

#### Portfolio Activity:

Purchases of investments	\$ 128.7	\$ 28.8
Sales and repayments of investments	\$ 71.5	\$ 14.5
Number of new portfolio companies invested	47	11
Number of existing portfolio companies invested	7	3
Number of portfolio companies at end of year/quarter	61	61

<sup>(1)</sup> Core net investment income is a non-GAAP financial measure. The Company believes that core net investment income provides useful information to investors and management because it reflects the Company's financial performance excluding the charges related to performance based incentive fee on net unrealized gains accrued under GAAP but not payable unless such net unrealized gains are realized. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

### CONFERENCE CALL AT 11:00 A.M. ET ON NOVEMBER 15, 2012

PennantPark Floating Rate Capital Ltd. ("we," "our," "us" or "Company") will host a conference call at 11:00 a.m. (Eastern Time) on Thursday, November 15, 2012 to discuss its financial results. All interested parties are welcome to participate. You can access the conference call by dialing (888) 437-9445 approximately 5-10 minutes prior to the call. International callers should dial (719) 325-2455. All callers should reference PennantPark Floating Rate Capital Ltd. An archived replay of the call will be available through November 29, 2012 by calling (888) 203-1112. International callers please dial (719) 457-0820. For all phone replays, please reference conference ID #4565013.

### PORTFOLIO AND INVESTMENT ACTIVITY

As of September 30, 2012, our portfolio totaled \$171.8 million and consisted of \$150.2 million of senior secured loans, \$12.0 million of second lien secured debt and \$9.6 million of subordinated debt and preferred and common equity investments. Our portfolio consisted of 85% floating rate investments (including 81% with a London Interbank Offered Rate, or LIBOR, or prime floor) and 15% fixed-rate investments. Our overall portfolio consisted of 61 companies with an average investment size of \$2.8 million, had a weighted average yield on debt investments of 8.6%, and was invested 87% in senior secured loans, 7% in second lien secured debt and 6% in subordinated debt and preferred and common equity investments.

As of September 30, 2011, our portfolio totaled \$110.7 million and consisted of \$91.4 million of senior secured loans, \$12.2 million of second lien secured debt and \$7.1 million of subordinated debt and preferred and common equity investments. Our portfolio consisted of 84% floating rate investments (including 78% with a LIBOR or prime floor) and 16% fixed-rate investments. Our overall portfolio consisted of 38 companies with an average investment size of \$2.9 million, had a weighted average yield on debt investments of 8.0%, and was invested 83% in senior secured loans,

11% in second lien secured debt and 6% in subordinated debt and preferred and common equity investments.

For the three months ended September 30, 2012, we purchased \$28.8 million in 11 new and three existing portfolio companies with a weighted average yield on debt investments of 8.4%. Sales and repayments of investments totaled \$14.5 million for the same period. This compares to the three months ended September 30, 2011, in which we purchased \$32.7 million in 12 new portfolio companies with a weighted average yield on debt investments of 8.2%. Sales and repayment of investments for the same period totaled \$5.4 million.

For the fiscal year ended September 30, 2012, we purchased \$128.7 million in 47 new and seven existing portfolio companies with a weighted average yield on debt investments of 8.9%. Sales and repayments of investments totaled \$71.5 million for the same period. This compares to the period March 4, 2011 (Commencement of Operations) to September 30, 2011, in which we invested \$147.5 million in 50 new portfolio companies with a weighted average yield on debt investments of 7.6%. Sales and repayments of investments for the same period totaled \$33.2 million.

## **RESULTS OF OPERATIONS**

Set forth below are the results of operations for the three months and fiscal year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011.

### **Investment Income**

Investment income for the three months ended September 30, 2012 and 2011 was \$3.5 million and \$2.0 million, respectively, and was attributable to \$2.9 million and \$1.5 million from senior secured loans, \$0.2 million and \$0.4 million from second lien secured debt investments and \$0.4 million and \$0.1 million from subordinated debt investments, respectively.

Investment income for the year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011 was \$12.1 million and \$2.9 million, respectively, and was attributable to \$9.9 million and \$2.3 million from senior secured loans, \$1.0 million and \$0.5 million from second lien secured debt investments and \$1.2 million and \$0.1 million from subordinated debt investments, respectively. The increase in interest income over the prior year is due to both a full year of operation and the increased size of our portfolio.

### **Expenses**

Expenses for the three months ended September 30, 2012 and 2011 totaled \$1.9 million and \$0.8 million, respectively. Base management fees totaled \$0.4 million and \$0.3 million, performance-based incentive fees totaled \$0.5 million (including \$0.3 million accrued under GAAP and not to be paid) and zero, our senior secured revolving credit facility, or the Credit Facility, expenses totaled \$0.5 million and \$0.2 million, and general and administrative expenses totaled \$0.5 million and \$0.3 million, respectively, for the same periods.

Expenses for the year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011 totaled \$5.8 million and \$2.6 million, respectively. Base management fees totaled \$1.5 million and \$0.4 million, performance-based incentive fees totaled \$0.6 million (including \$0.3 million accrued under GAAP and not to be paid unless the net unrealized capital gains are realized) and zero, Credit Facility expenses totaled \$1.8 million (including \$0.3 million of non-recurring amendment expenses) and \$1.5 million (including \$1.4 million of non-recurring debt-issuance costs), and general and administrative expenses totaled \$1.9 million and \$0.7 million, respectively, for the same periods. We expect our Credit Facility expenses and management fees to continue to increase as a result of growth in our portfolio. Additionally, general and administrative costs increased over the prior year due to a full year of operations.

### **Net Investment Income**

GAAP net investment income totaled \$1.5 million and \$1.2 million, or \$0.23 and \$0.18 per share, for the three months ended September 30, 2012 and 2011, respectively. Core net investment income totaled \$1.8 million, or \$0.27 per share, for the three months ended September 30, 2012.

GAAP net investment income totaled \$6.3 million and \$0.3 million, or \$0.92 and \$0.05 per share, for the year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011. Core net investment income totaled \$6.6 million, or \$0.96 per share, for the year ended September 30, 2012.

### **Net Realized Gains or Losses**

Sales and repayments of investments for the three months ended September 30, 2012 and 2011 totaled \$14.5 million and \$5.4 million, respectively, and realized gains totaled \$0.3 million and less than \$0.1 million, respectively, for the same periods.

Sales and repayments of investments for the year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011 totaled \$71.5 million and \$33.2 million, respectively, and realized gains totaled \$0.9 million and \$0.3 million, respectively, for the same periods. The increase in sales and repayment of investments was due to shorter-term investment opportunities.

### **Unrealized Appreciation or Depreciation on Investments and Credit Facility**

For the three months ended September 30, 2012 and 2011, we reported unrealized appreciation (depreciation) on investments of \$2.0 million and \$(4.0) million, respectively. Net change in unrealized appreciation on our Credit Facility totaled \$0.1 million and zero, respectively, for the same periods.

For the fiscal year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011, we reported unrealized appreciation (depreciation) on investments of \$4.4 million and \$(4.1) million, respectively. Net change in unrealized depreciation on our Credit Facility totaled \$0.4 million and zero, respectively, for the same periods. Net change in unrealized appreciation on investments over the prior year was the result of changes in the overall leveraged finance markets.

### **Net Increase or Decrease in Net Assets Resulting from Operations**

Net increase (decrease) in net assets resulting from operations totaled \$4.0 million and \$(2.8) million, or \$0.58 and \$(0.41) per share, for the three months ended September 30, 2012 and 2011, respectively.

Net increase (decrease) in net assets resulting from operations totaled \$12.0 million and \$(3.5) million, or \$1.75 and \$(0.51) per share, for the year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are derived from proceeds of our initial public offering, our Credit Facility, cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our Credit Facility, the rotation of our portfolio and proceeds from public and private offerings of securities to finance our investment objectives.

On September 30, 2012 and 2011, there was \$75.5 million and \$24.7 million, respectively, in outstanding borrowings under our Credit Facility, with a weighted average interest rate of 2.47% and 2.53%, exclusive of the fee on undrawn commitments of 0.375% and 0.500%, respectively.

Our operating activities used cash of \$47.8 million for the fiscal year ended September 30, 2012, and our financing activities provided net cash proceeds of \$44.7 million for the same period. Our operating activities used cash primarily for net investing that was provided from net draws under the Credit Facility.

Our operating activities used cash of \$113.7 million for the period from March 4, 2011 (Commencement of Operations) to September 30, 2011, and our financing activities provided net cash proceeds of \$120.7 million for the same period. Our operating activities used cash primarily for investing that was provided primarily from proceeds from our initial public offering of common stock and draws under our Credit Facility.

## DISTRIBUTIONS

During the fiscal year ended September 30, 2012 and the period from March 4, 2011 (Commencement of Operations) to September 30, 2011, we declared distributions of \$0.91 and \$0.25 per share, respectively, for total distributions of \$6.2 million and \$1.7 million, respectively. For the three months ended September 30, 2012 and 2011, we declared distributions of \$0.24 and \$0.20 per share, respectively, for total distributions of \$1.6 million and \$1.4 million, respectively. Distributions are paid from taxable earnings and may include a return of capital and/or capital gains. The specific tax characteristics of the distributions will be reported to stockholders on Form 1099-DIV after the end of the calendar year and in our periodic reports filed with the Securities and Exchange Commission.

## AVAILABLE INFORMATION

The Company makes available on its website its report on Form 10-K filed with the Securities and Exchange Commission and stockholders may find the report on its website at [www.pennantpark.com](http://www.pennantpark.com).

## PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Investments at fair value		
Non-controlled, non-affiliated investments, at fair value (cost--\$171,578,009 and \$114,829,621, respectively)	\$ 171,834,400	\$ 110,724,241
Cash equivalents	3,845,803	6,987,450
Interest receivable	1,388,867	732,695
Receivable for investments sold	986,278	2,467,500
Prepaid expenses and other assets	311,313	163,374
<b>Total assets</b>	<b>178,366,661</b>	<b>121,075,260</b>
<b>Liabilities</b>		
Distributions payable	548,053	479,547
Payable for investments purchased	3,357,500	990,000
Unfunded investments	--	2,323,250
Credit Facility payable (cost--\$75,500,000 and \$24,650,000, respectively)	75,122,500	24,650,000
Interest payable on Credit Facility	161,550	150,246
Management fee payable	424,747	266,432
Performance-based incentive fees payable	506,314	--
Accrued other expenses	447,120	143,680
Deferred sales load	2,055,000	--
<b>Total liabilities</b>	<b>82,622,784</b>	<b>29,003,155</b>
<b>Net Assets</b>		
Common stock, 6,850,667 shares are issued and outstanding. Par value \$0.001 per share and 100,000,000 shares authorized.	6,851	6,851
Paid-in capital in excess of par value	95,192,222	97,251,174
Distributions in excess of net investment income	(1,313,000 )	(1,392,528 )

Accumulated net realized gain on investments	1,223,913	311,988
Net unrealized appreciation (depreciation) on investments	256,391	(4,105,380 )
Net unrealized appreciation on Credit Facility	377,500	--
<b>Total net assets</b>	<b>\$ 95,743,877</b>	<b>\$ 92,072,105</b>
<b>Total liabilities and net assets</b>	<b>\$ 178,366,661</b>	<b>\$ 121,075,260</b>
<b>Net asset value per share</b>	<b>\$ 13.98</b>	<b>\$ 13.44</b>

**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Year Ended September 30, 2012</b>	<b>For the period from March 4, 2011 (Commencement of Operations) to September 30, 2011</b>
<b>Investment income:</b>		
From non-controlled, non-affiliated investments:		
Interest	\$ 11,856,483	\$ 2,946,599
Other income	242,065	--
<b>Total income</b>	<b>12,098,548</b>	<b>2,946,599</b>
<b>Expenses:</b>		
Base management fee	1,494,616	365,433
Performance-based incentive fees	564,540	--
Interest and expenses on the Credit Facility	1,482,339	155,913
Administrative services expenses	583,613	182,995
Other general and administrative expenses	1,310,084	556,076
<b>Expenses before Credit Facility costs and excise tax expense</b>	<b>5,435,192</b>	<b>1,260,417</b>
Credit Facility issuance costs	311,648	1,366,043
Excise tax	42,027	--
<b>Total expenses</b>	<b>5,788,867</b>	<b>2,626,460</b>
<b>Net investment income</b>	<b>6,309,681</b>	<b>320,139</b>
<b>Realized and unrealized gain (loss) on investments and Credit Facility:</b>		
Net realized gain on non-controlled, non-affiliated investments	911,925	311,988
Net change in unrealized appreciation (depreciation) on:		
Non-controlled, non-affiliated investments	4,361,772	(4,105,380 )
Credit Facility appreciation	377,500	--
<b>Net change in unrealized appreciation (depreciation) on investments and Credit Facility</b>	<b>4,739,272</b>	<b>(4,105,380 )</b>
<b>Net realized and unrealized gain (loss) from investments and Credit Facility</b>	<b>5,651,197</b>	<b>(3,793,392 )</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 11,960,878</b>	<b>\$ (3,473,253 )</b>
Net increase (decrease) in net assets resulting from operations per common share	\$ 1.75	\$ (0.51 )
Net investment income per common share	\$ 0.92	\$ 0.05

**ABOUT PENNANTPARK FLOATING RATE CAPITAL LTD.**

PennantPark Floating Rate Capital Ltd. is a business development company which primarily invests in U.S. middle-market private companies in the form of floating rate senior secured loans. From time to time, the Company may also invest in mezzanine debt and equity investments. PennantPark Floating Rate Capital Ltd. is managed by PennantPark Investment Advisers, LLC.

**FORWARD-LOOKING STATEMENTS**

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this press release are forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in filings with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

We may use words such as "anticipates," "believes," "expects," "intends," "seeks," "plans," "estimates" and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. You should not place undue influence on such forward-looking statements as such statements speak only as of the date on which they are made. We do not undertake to update our forward-looking statements unless required by law.

**CONTACT:**

Aviv Efrat

PennantPark Floating Rate Capital Ltd.

Reception: (212) 905-1000

[www.pennantpark.com](http://www.pennantpark.com)