

**HARVEST CAPITAL CREDIT CORPORATION DECLARES FIRST DIVIDENDS FOLLOWING ITS IPO REPRESENTING AN ANNUALIZED YIELD OF 9% AND ANNOUNCES MARCH 31, 2013 FINANCIAL RESULTS**

**NEW YORK, June 10, 2013** — Harvest Capital Credit Corporation (“Harvest Capital” or the “Company”) (NASDAQ: HCAP), announced that its Board of Directors has declared a dividend of \$0.09 per share for the month of May. The dividend is payable on June 27, 2013 to shareholders of record on June 20, 2013. The Company also announced a dividend for the month of June in the amount of \$0.1125 per share, payable on July 18, 2013 to shareholders of record on July 11, 2013. These dividends equate to an annualized dividend yield of 9% based upon its \$15.00 per share IPO price, with the May dividend prorated from the closing of the IPO on May 6, 2013 to the end of the month.

**March 31, 2013 Financial Results**

Harvest Capital also announced financial results for its first quarter ended March 31, 2013.

**FINANCIAL HIGHLIGHTS**

	Q1 '13		Q1 '12	
	Amount	Per share (1,2)	Amount	Per share (1,2)
Core net investment income (3)	\$868,005	\$0.74	\$217,774	\$0.46
Net investment income ("NII")	\$764,942	\$0.65	\$206,371	\$0.43
Net unrealized gains	\$515,313	\$0.44	\$57,014	\$0.12
Net income	\$1,280,255	\$1.09	\$263,385	\$0.55
Weighted average shares outstanding	1,172,688		475,518	

- (1) All per share amounts are basic and diluted.
- (2) The Company acquired all of the interests of Harvest Capital Credit LLC (“HCC LLC”) on May 2, 2013 and did not have any operations prior to the acquisition. As such, we are presenting the historical financial results of HCC LLC as our financial results. When we acquired HCC LLC, we issued shares of our common stock in exchange for all of HCC LLC's outstanding membership interests at a rate of .9913 shares for each membership interest. As a result of this transaction, we have retroactively applied the aforementioned exchange/conversion rate to all unit measurements relating to HCC LLC's membership interests for both periods presented and have replaced all references to membership interests of HCC LLC herein with shares of common stock of the Company.

- (3) Core Net Investment Income and Core Net Investment Income per share are non-GAAP financial measures that are calculated by excluding accrued capital gains incentive fees of \$0.1 million (\$0.09 per share) that are included in Net Investment Income for GAAP purposes. Such accrued fees are related to unrealized gains as of March 31, 2013. The capital gains incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized and unrealized capital losses for such year. As a result, the capital gains incentive fee that will be paid by the Company for its 2013 fiscal year cannot be determined prior to the end of the year and will only be paid with respect to excess, if any, of the Company's realized capital gains through December 31, 2013, over all realized and unrealized capital losses through December 31, 2013. Reconciliations of Core Net Investment Income and Core Net Investment Income per share to the most directly comparable GAAP financial measure are set forth in Schedule 1 hereto.

## PORTFOLIO ACTIVITY

	<u>03/31/13</u>	<u>12/31/12</u>
Portfolio investments at fair value	\$43,477,808	\$41,511,317
Total assets	\$44,881,106	\$49,745,038
Net assets	\$20,270,353	\$19,806,327
Shares outstanding	1,172,688	1,172,688
Net assets per share	\$17.29	\$16.89

	<u>Q1 '13</u>	<u>Q4 '12</u>
Portfolio Activity during the period:		
New commitments	\$1,100,000	\$19,486,111
Exits of commitments	\$0	\$5,130,000

	<u>03/31/13</u>	<u>12/31/12</u>
Portfolio as of the end of the period		
Number of portfolio company investments	13	13
Weighted average yield of debt investments:		
at fair value (1)	18.0%	17.6%
at cost (2)	18.2%	17.7%

- (1) Computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and other deferred fees earned on accruing debt investments, divided by (b) total debt investments at fair value.
- (2) Computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and other deferred fees earned on accruing debt investments, divided by (b) total debt investments at amortized cost.

## OPERATING RESULTS

For the quarter ended March 31, 2013 the Company reported a 98% increase in net income, a 61% increase in Core Net Investment Income and a 51% increase in Net Investment Income compared to

the quarter ended March 31, 2012. Net income for the quarter ended March 31, 2013 was \$1,280,255 or \$1.09 per share compared to \$263,385 or \$0.55 per share for the quarter ended March 31, 2012. Core Net Investment Income was \$868,005 or \$0.74 per share for the quarter ended March 31, 2013 compared to \$217,774 or \$0.46 per share for the quarter ended March 31, 2012. Net Investment Income was \$764,942 or \$0.65 per share for the quarter ended March 31, 2013 compared to \$206,371 or \$0.43 per share for the quarter ended March 31, 2012.

As of March 31, 2013, total assets were \$44.9 million, net assets were \$20.3 million and the net asset value per share was \$17.29. Net assets per share increased in the first quarter by over 2% from \$16.89 at December 31, 2012.

In the first quarter of 2013, the Company made a \$0.1 million equity investment in an existing portfolio company and increased its debt investment by \$1.0 million in another existing portfolio company.

“We are very pleased with our operating results for the quarter and excited to build on positive momentum from our successful IPO in May 2013,” said Richard P. Buckanavage, President and CEO.

Our historical expense structure will change as a result of our completion of the IPO as follows:

- The base management fee payable to our investment adviser prior to the IPO was calculated at an annual rate of 2.0% of our gross assets, including assets acquired with the use of borrowings. However, our investment adviser had agreed to waive the base management fee payable to it prior to the IPO with respect to any assets acquired by us through the use of borrowings under our secured revolving credit facility until such time that the facility has been repaid in full and terminated. Moreover, our investment adviser received a base management fee prior to the IPO with respect to cash and cash equivalents held by us. Subsequent to the IPO, the base management fee is calculated based on our gross assets (which includes assets acquired with the use of leverage, but excludes cash and cash equivalents) at an annual rate of 2.0% on gross assets up to and including \$350 million, 1.75% on gross assets above \$350 million and up to and including \$1 billion, and 1.5% on gross assets above \$1 billion. Moreover, the waiver agreement described above with respect to assets acquired by us through the use of borrowings under the secured revolving credit facility was terminated in connection with our IPO. As a result, a base management fee will be payable to our investment adviser on all assets acquired by us through the use of borrowings, including under the facility.
- Subsequent to the IPO, we expect to experience an increase in our operating expenses due to the regulatory and other costs associated with being a publicly traded business development company.

### **Credit Quality**

The Company employs an investment rating system to categorize its investments. In addition to various risk management and monitoring tools, the Company grades the credit risk of all investments on a scale of 1 to 5 no less frequently than quarterly. Under this system, an investment with a grade of 1 involves the least amount of risk and indicates performance from the portfolio company that exceeds underwritten expectations. Investments graded 2 involve a level of risk that is similar to the risk at the time of origination or acquisition. The portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup our investment are

neutral to favorable. All investments in new portfolio companies are initially assessed a grade of 2. Investments graded 3 indicate that the portfolio company is performing below expectations and requires closer monitoring. Investments graded 4 indicate performance below expectations where a high risk of principal loss exists; however, payments are generally not more than 90 days past due. An investment grade of 5 indicates that the risk to our ability to recoup our investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 5, most or all of the debt covenants are out of compliance and payments are substantially delinquent.

As of March 31, 2013, the weighted average grade of the investments in our portfolio was 1.79. Also, as of March 31, 2013, all loans were either rated 1 or 2 and no loans were on non-accrual status.

### **Liquidity and Capital Resources**

As of March 31, 2013 we had \$528.7 thousand of unrestricted cash and had \$22.2 million in outstanding indebtedness under our secured revolving credit facility. As of June 10, 2013, we had \$42.1 million of cash and no outstanding borrowings under our secured revolving credit facility given that we used a portion of the net proceeds from our IPO to repay all of the outstanding indebtedness under the facility. The credit facility provides, subject to certain conditions and limitations, up to an aggregate of \$50 million of revolving borrowings until April 1, 2014.

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2013**

On May 2, 2013, the Company acquired HCC LLC through a merger with and into it, and the holders of membership interests in HCC LLC received shares of the Company's common stock in exchange for their interests in HCC LLC.

On May 6, 2013, the Company completed its IPO pursuant to which the Company sold 3,400,000 shares raising \$51.0 million in gross proceeds. Net proceeds from the IPO were approximately \$49.7 million. The shares began trading on May 5, 2013 on NASDAQ under the ticker symbol HCAP.

On May 17, 2013, the IPO underwriters exercised in full their option to purchase an additional 433,333 shares of our common stock at the initial public offering price of \$15.00 per share. Net proceeds from the exercise of the overallotment option were \$6.1 million.

On May 30, 2013, the Company closed on a \$5.5 million senior secured debt investment in an operator of pet food and supply retail stores. The investment carries an interest rate of 14.75% of which 12% is cash interest and 2.75% is PIK interest. The Company funded \$5.0 million at closing and has a \$0.5 million delayed draw commitment available to the borrower until May 30, 2014.

### **About Harvest Capital Credit Corporation**

Harvest Capital Credit Corporation (NASDAQ: HCAP) provides customized financing solutions to privately held small and mid-sized companies in the U.S., generally targeting companies with annual revenues between \$10 million and \$100 million and annual EBITDA between \$2 million and \$15 million. The Company's investment objective is to generate both current income and capital appreciation primarily by making direct investments in the form of subordinated debt and, to a lesser extent, senior debt as well as minority equity investments. Harvest Capital Credit Corporation is externally managed and has elected to be treated as a business development company under the Investment Company Act of 1940.

**Forward Looking Statements**

Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company 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.

**Harvest Capital Credit LLC**  
Statements of Assets and Liabilities

	March 31, 2013 (unaudited)	December 31, 2012
<b>ASSETS:</b>		
Investments, at fair value:		
Affiliate investments (cost of \$1,537,655 and \$1,514,642, respectively)	\$ 1,537,655	\$ 1,514,642
Non-control/non-affiliate investments (cost of \$38,420,948 and \$37,092,783, respectively)	38,837,769	37,419,638
Equity/warrants in affiliate investments (cost of \$401,514 and \$401,514, respectively)	259,360	401,514
Equity/warrants in non-control/non-affiliate investments (cost of \$644,774 and \$544,774, respectively)	2,843,024	2,175,524
Total investments at fair value (cost of \$41,004,891 and \$39,553,714, respectively)	43,477,808	41,511,318
Cash	528,735	7,639,801
Interest receivable	355,090	166,592
Deferred financing costs	171,135	180,786
Other assets	348,338	246,541
Total assets	\$ 44,881,106	\$ 49,745,038
<b>LIABILITIES:</b>		
Revolving line of credit - related party	\$ 22,226,666	\$ 28,226,666
Accrued interest payable - related party	460,557	304,293
Accounts payable and accrued expenses	1,747,159	1,231,006
Other liabilities	15,596	15,971
Total liabilities	24,449,978	29,777,936
Commitments and contingencies		
Mezzanine equity	160,775	160,775
<b>NET ASSETS:</b>		
Common stock, 10,000,000 shares authorized, and 1,172,688 and 1,172,688 issued and outstanding, respectively	17,266,955	17,266,955
Capital in excess of common stock	203,389	254,677
Net realized gains on investments	327,091	327,091
Net unrealized appreciation on investments	2,472,918	1,957,604
Total net assets	20,270,353	19,806,327
Total liabilities and net assets	\$ 44,881,106	\$ 49,745,038
Common stock issued and outstanding	1,172,688	1,172,688
Net asset value per common share	\$ 17.29	\$ 16.89

**Harvest Capital Credit LLC**  
Statement of Operations (unaudited)

	<u>Three Months Ended March 31, 2013</u>	<u>Three Months Ended March 31, 2012</u>
<b>Investment Income:</b>		
Interest:		
Cash - affiliate investments	\$ 49,327	\$ -
Cash - non-control/non-affiliate investments	1,342,452	418,733
PIK - affiliate investments	14,012	-
PIK - non-control/non-affiliate investments	268,419	64,761
Fee amortization, net	<u>111,875</u>	<u>16,544</u>
Total interest income	1,786,085	500,038
Other income	<u>-</u>	<u>26,500</u>
<b>Total investment income</b>	<b><u>1,786,085</u></b>	<b><u>526,538</u></b>
<b>Expenses:</b>		
Interest expense - revolving line of credit	457,977	140,864
Interest expense - unused line of credit	8,877	22,717
Interest expense - deferred financing costs	<u>9,651</u>	<u>8,853</u>
Total interest expense	476,505	172,434
General and administrative	97,223	42,076
Base management fees	77,351	24,811
Incentive management fees	320,063	65,846
Administrative services expense	<u>50,001</u>	<u>15,000</u>
<b>Total expenses</b>	<b><u>1,021,143</u></b>	<b><u>320,167</u></b>
<b>Net investment income</b>	<b>764,942</b>	<b>206,371</b>
Net increase in unrealized appreciation on investments	<u>515,313</u>	<u>57,014</u>
<b>Total net unrealized gains on investments</b>	<b><u>515,313</u></b>	<b><u>57,014</u></b>
<b>Net increase in net assets resulting from operations</b>	<b><u>\$ 1,280,255</u></b>	<b><u>\$ 263,385</u></b>
Net investment income per share (basic and diluted)	\$ 0.65	\$ 0.43
Net increase in net assets resulting from operations per share (basic and diluted)	\$ 1.09	\$ 0.55
Weighted average shares outstanding (basic and diluted)	1,172,688	475,518

## SCHEDULE 1

### Reconciliations of Net Investment Income to Core Net Investment Income

	Q1 '13		Q1 '12	
	Amount	Per share (1)	Amount	Per share (1)
Net investment income	\$764,942	\$0.65	\$206,371	\$0.43
Plus: incentive fees attributed to net unrealized appreciation	\$103,063	\$0.09	\$11,403	\$0.03
Core net investment income	\$868,005	\$0.74	\$217,774	\$0.46

(1) Per share data has been adjusted for the conversion rate of 0.9913 shares for each unit.

#### Investor & Media Relations Contacts

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Source: Harvest Capital Credit Corporation