

BDC Industry Review: Fourth Quarter 2013



HMS Income Fund Inc.

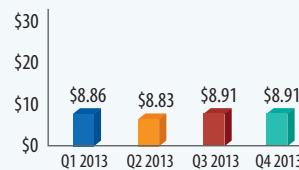
| | |
|-------------------------|----------------|
| Total Assets..... | \$77.6 Million |
| Investments..... | \$66.9 Million |
| Cash & Equivalents..... | \$6.4 Million |
| Other..... | \$4.4 Million |



| | |
|------------------------------------|--------------|
| Public Offering Price: | \$10.00 |
| Current Distribution Rate*: | 7.00% |
| Reinvestment Price Per Share:..... | 90% POP |
| Effective Date:..... | June 4, 2012 |
| Number of Months Effective:..... | 64 |

*Current distribution rate based on public offering price

Historical Price (Net Asset Value)



| | |
|--|---------------------------------|
| Cash & Equivalents to Total Assets Ratio:..... | 8.2% |
| Asset Type: | Diversified Private Debt |
| Number of Companies in Portfolio: | 41 |
| Sponsor/Advisor: | Hines |
| Sub-Advisor:..... | Main Street Capital Corporation |
| Use of Total Return Swap (TRS): | No |
| Assets of TRS: | Not Applicable |

Investment Strategy

Strategy:

Generate current income and to a lesser, extent capital gains primarily through debt and equity investments in privately owned U.S. lower middle market companies as well as upper middle market firms.

Company Size:

Annual revenues of \$10 million to \$150 million (lower middle market) up to \$3 billion (upper middle market)

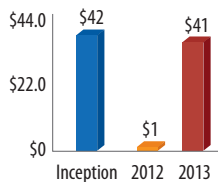
Management

Investments are managed by HMS Adviser, a Hines subsidiary, and sub-advised by Main Street Capital. Main Street provides sourcing, evaluation, negotiation and structuring for HMS's investments.

Hines – A global real estate investment firm that manages or has interests in over \$23 billion of investments. Together with its predecessor, Hines has been investing and managing real estate for over 50 years..

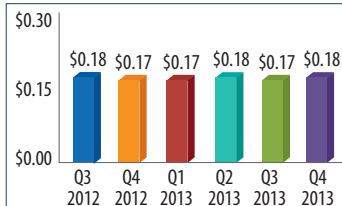
Main Street Capital – A manager of private debt and equity investments, Main Street Capital Corp. is a publicly traded BDC with a market capitalization of roughly \$1.25 billion.

Gross Offering Proceeds



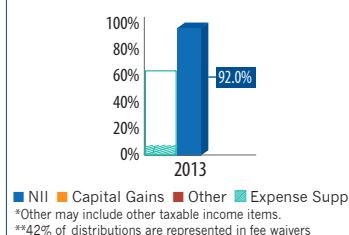
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



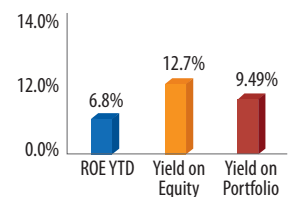
*Does not include special distributions

Sources of Distributions



*Other may include other taxable income items.
**42% of distributions are represented in fee waivers

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

| Industry | 2013 | 2012 |
|----------------------------------|-------|-------|
| IT Services | 11.2% | 12.3% |
| Media | 6.7% | — |
| Specialty Retail | 6.6% | 8.9 |
| Internet Software & Services | 5.9% | — |
| Health Care Providers & Services | 5.6% | 8.7% |

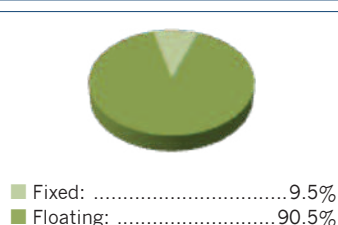
* Short-term Treasury Investments not included

Performance Returns

| | 2013 | 2012 |
|---|-------|--------|
| HMS Income Fund Inc. | 8.47% | 10.85% |
| S&P/LSTA Leveraged Loan Index | 5.25% | — |
| BofA Merrill Lynch High Yield Master II | 7.42% | — |

* Annualized Returns based on NAV plus reinvestment of distributions
** Limited operations for year of 2012, became effective 2/14/12

Floating vs. Fixed Rate Investments



Key Statistics

| | |
|--|-------|
| Fund Operating Expense Ratio..... | 12.5% |
| Interest Coverage Ratio..... | 6.6x |
| Weighted Average Interest Rate | 3.0% |
| Leverage Ratio..... | 18.0% |
| Taxable Income Payout Ratio..... | 107% |
| Net Change in Assets Payout Ratio..... | 86% |
| Expense Support % of Distribution..... | 8% |

Contact Information

www.HinesSecurities.com/BDCS/HMS-Income-Fund/SCDistributors
Hines Securities
 2800 Post Oak Boulevard, Suite 4700, Houston, TX 77056
 888.446.3773

* See additional notes on page 19.

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Additonal BDC Notes

Business Development Corporation of America

- 24% of portfolio is invested in investment funds and vehicles (including CLOs)
- TRS investments performed well, creating \$17.4 million of the \$42.7 million or 41% of the GAAP earnings for the year

CION Investment Corp.

- Surpassed \$150 million in total assets
- Portfolio yields may appear low due to CION's rapid gain in assets during 2013, yields are divided by average assets for the year
- 100% floating rate investments

Corporate Capital Trust

- Direct origination of 15 investments totaling \$704 million for the year
- 1.5% expected additional yield from originated investments
- Added an additional \$320 million in borrowing capacity
- Received a BBB- credit rating from Standard & Poor's

FS Energy and Power Fund

- Shifted portfolio from 39% to 61% variable rate investments from 2012 to end of 2013
- Direct origination investments now represent 25% of the portfolio

FS Investment Corp.

- Listed on the NYSE on April 16, 2014 under the ticker symbol 'FSIC'
- Received a BBB- rating from Standard & Poor's, announced April 1, 2014
- Variable rate investments increased slightly to 72.2% from 69.4% in 2012

FS Investment Corp. II

- Closed to new investors, announced March 25, 2014
- Received a BBB- rating from Standard & Poor's, announced April 1, 2014

HMS Income Fund

- HMS waived over \$1.8 million in management fees and operating expenses
- Portfolio is 100% invested in senior debt
- Continued focus on investing in lower middle market (LMM) companies

Sierra Income Corp.

- Major shift to variable rate investments from 16% to 57% from 2012 to end of 2013
- Nearly 14% of investments are in the Oil and Gas sector