



TCP CAPITAL CORP.

**TCP Capital Corp. Investor Presentation**

Quarter Ended March 31, 2015

# Forward Looking Statements

Prospective investors considering an investment in TCP Capital Corp. should consider the investment objectives, risks and expenses of the Company carefully before investing. This information and other information about the Company are available in the Company's filings with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Prospective investors should read these materials carefully before investing

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Securities Exchange Act. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in general economic conditions or changes in the conditions of the industries in which the Company makes investments, risks associated with the availability and terms of financing, changes in interest rates, availability of transactions, and regulatory changes. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the "Risks" section of the company's prospectus dated July 2, 2014 and its prospectus supplement dated March 13, 2015 and the company's subsequent periodic filings with the SEC. Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Forward-looking statements are made as of the date of this presentation, or as of the prior date referenced in this presentation, and are subject to change without notice. The Company has no duty and does not undertake any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

## TCPC

- Business development company (BDC)
- Trades on NASDAQ: “TCPC”
- Expects to distribute most of its earnings as dividends<sup>(1)</sup>
- 9.1% current dividend yield<sup>(2)</sup>

## Investment Objective

We seek to generate high total returns through current income and capital appreciation, with an emphasis on principal protection

## Leveraged Loans

Focused on direct origination of senior secured loans to stable middle-market borrowers:

- Contractual first claim ahead of subordinated debt and equity
- Assets pledged as collateral
- Interest payments typically floating rate

(1) There can be no assurance that dividends will continue at current rates or that quarterly cash distributions will be made.

(2) Based on a closing price of \$15.87 as of 5/1/2015.

# Q1 2015 Highlights and Recent Achievements

- Deployed \$107 million in 9 investments
- Net investment income<sup>(1)</sup> of \$0.37 per share
  - Quarterly dividend of \$0.36 per share paid on March 31, 2015
- Declared Q2 2015 regular quarterly dividend of \$0.36 per share
  - Payable on June 30, 2015 to holders of record as of June 16, 2015

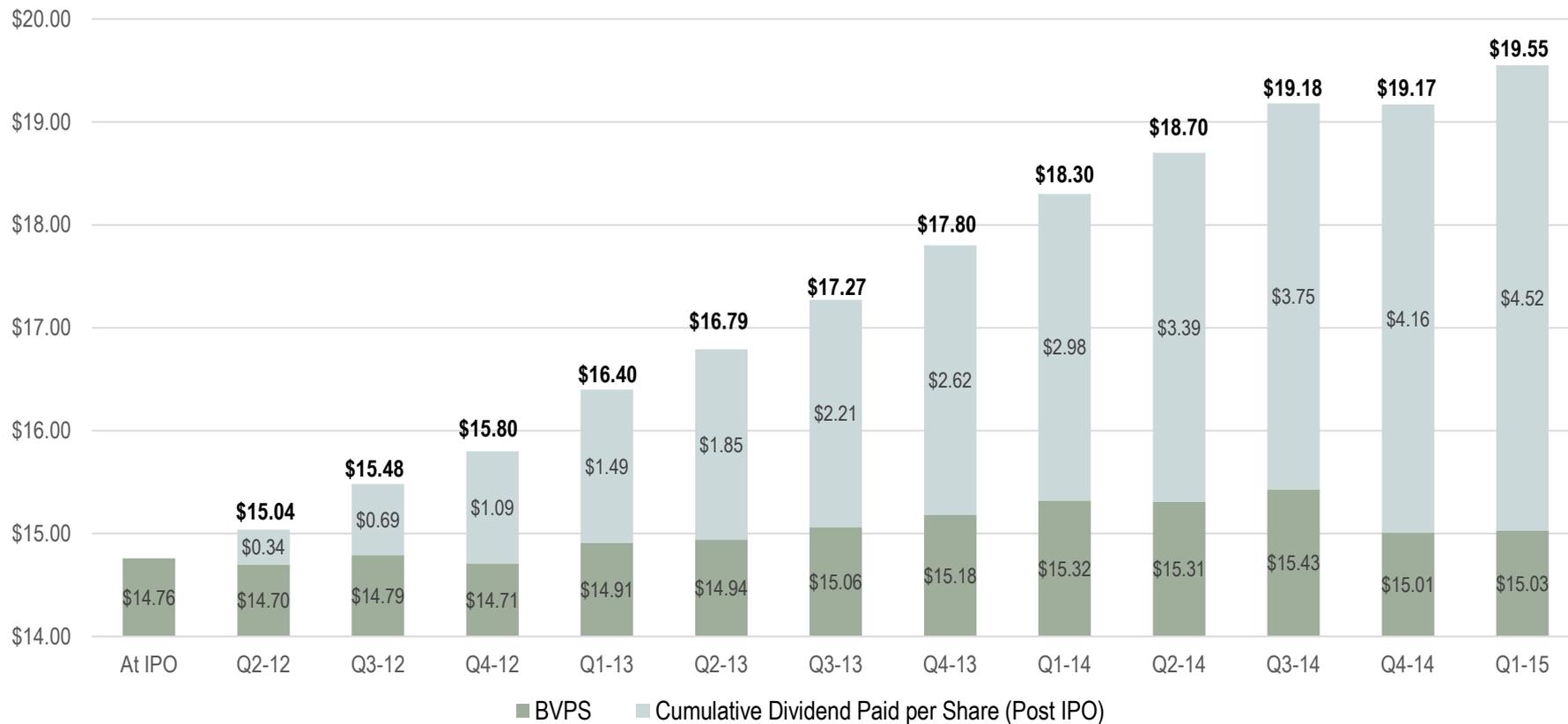
Per Share	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	ITD Total
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	4.88
Special dividend			0.05	0.05			0.05		0.05		0.05			

- TCPC Funding Facility commitment increased to \$300 million; accordion feature expanded to \$350 million

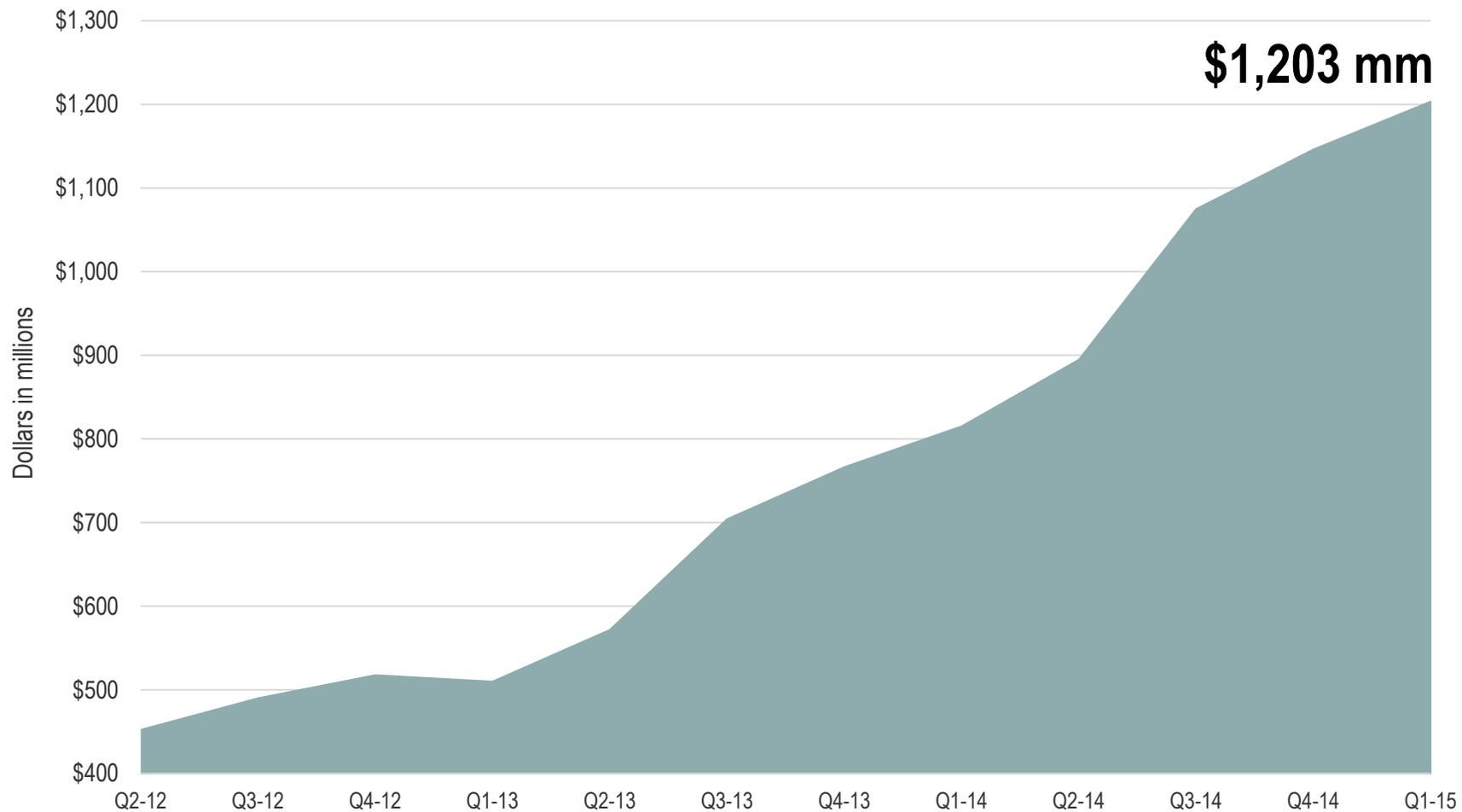
(1) After preferred dividends and incentive compensation on net investment income.

# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid

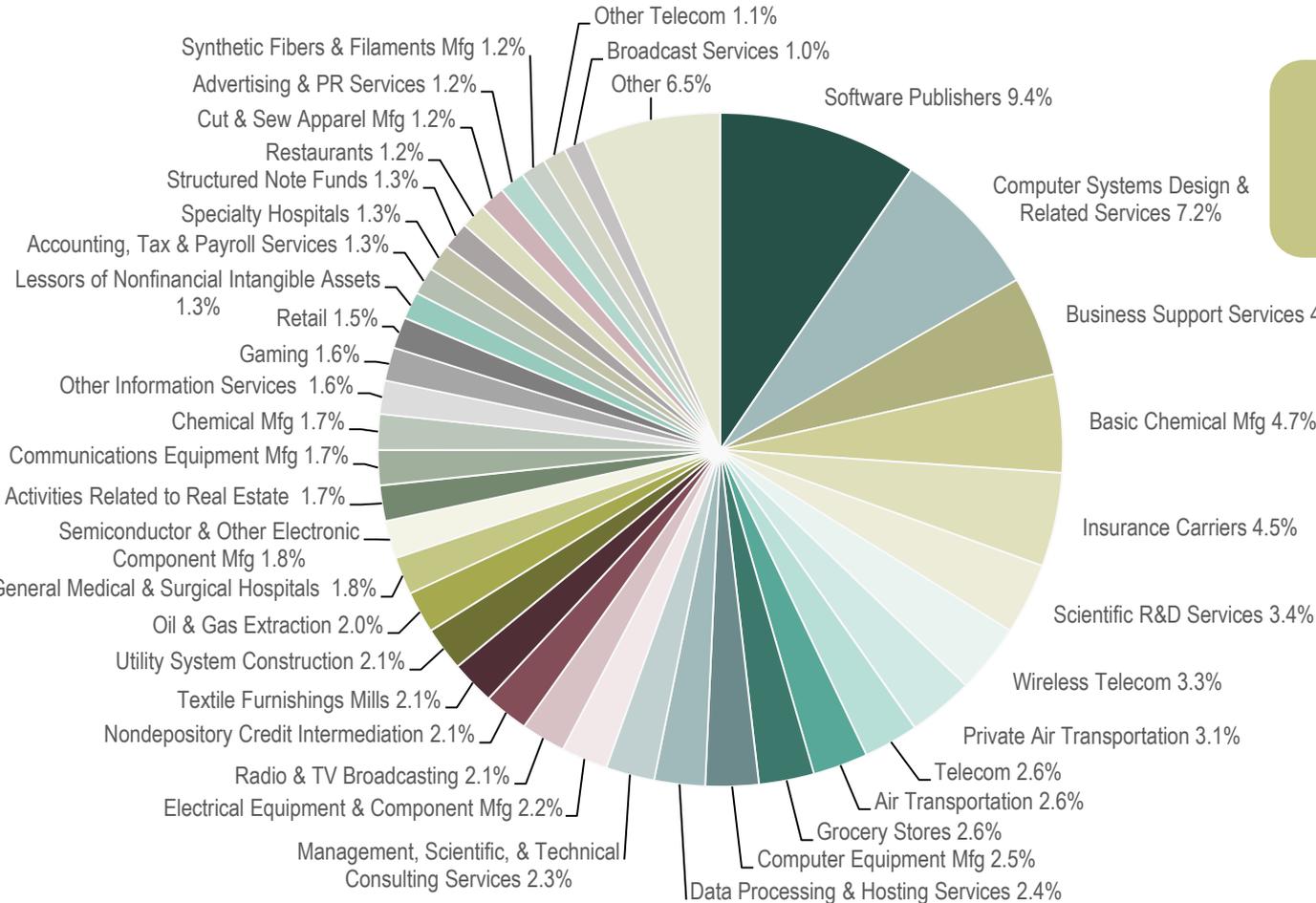


# Portfolio Growth Since IPO



# Portfolio Highlights as of March 31, 2015

## Investment by Industry



- **\$1.2 billion portfolio fair value**
- **10.9% average effective yield**
- **79% of debt is floating rate**

# Financial Highlights

(\$ per share)	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net investment income before taxes <sup>(1)</sup>	\$ 0.46	\$ 0.50	\$ 0.47	\$ 0.50	\$ 0.48
Excise taxes	-	(0.02)	-	-	-
Incentive compensation on NII	(0.09)	(0.10)	(0.09)	(0.10)	(0.10)
Net investment income, after incentive <sup>(1)</sup>	0.37	0.38	0.38	0.40	0.38
Net realized & unrealized gains (losses)	0.01	(0.56)	(0.11)	(0.09)	0.14
Incentive allocation reserve	-	0.02	0.02	0.02	(0.02)
Net increase in net assets from operations	0.38	(0.16)	0.29	0.33	0.50
Quarterly dividend paid	0.36	0.36	0.36	0.36	0.36
Special dividend paid	-	0.05	-	0.05	-
Net asset value	15.03	15.01	15.43	15.31	15.32

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Total fair value of investments (000s)	\$ 1,203,345	\$ 1,146,536	\$ 1,074,797	\$ 894,669	\$ 815,658
Number of portfolio companies	84	84	82	74	70
Average investment size (000s)	\$ 14,326	\$ 13,649	\$ 13,107	\$ 12,090	\$ 11,652
Debt/equity ratio	.71x	.63x	.69x	.69x	.53x
Debt/equity ratio, net of cash <sup>(2)</sup>	.66x	.58x	.66x	.63x	.48x

(1) After preferred dividends.

(2) Net of trades pending settlement.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q1 2015</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>
Senior secured debt	\$ 1,168,613	\$ 1,113,537	\$ 1,041,130	\$ 864,188	\$ 773,780
Senior unsecured debt	-	-	-	-	7,560
Mezzanine/subordinated debt	57	56	15	1,007	1,402
Equity	34,675	32,943	33,652	29,474	32,916
Total investments	1,203,345	1,146,536	1,074,797	894,669	815,658

<b>Select Portfolio Data</b> <i>(in thousands)</i>	<b>Q1 2015</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>
Gross new commitments	\$ 106,822	\$ 183,474	\$ 207,059	\$ 168,596	\$ 110,386
Exits (includes repayments)	(50,433)	(88,014)	(22,574)	(87,930)	(66,877)
Net commitments	56,389	95,460	184,485	80,666	43,510

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	<b>3/31/2015</b> (unaudited)	<b>12/31/2014</b> (audited)	<b>9/30/2014</b> (unaudited)	<b>6/30/2014</b> (unaudited)	<b>3/31/2014</b> (unaudited)
<b>ASSETS</b>					
Investments at fair value	\$ 1,203,345	\$ 1,146,536	\$ 1,074,797	\$ 894,669	\$ 815,658
Cash and cash equivalents	25,566	27,269	24,144	29,380	27,141
Accrued interest income	12,500	9,504	10,359	8,621	8,998
Receivable for investments sold	5,110	10,961	-	17,397	1,032
Other assets	13,951	11,597	10,306	8,538	4,553
Total assets	<u>1,260,472</u>	<u>1,205,867</u>	<u>1,119,606</u>	<u>958,605</u>	<u>857,382</u>
<b>LIABILITIES</b>					
Debt	\$ 382,798	\$ 328,697	\$ 319,099	\$ 250,501	\$ 157,000
Payable for investments purchased	-	2,050	1,250	8,562	1,515
Incentive allocation payable	4,520	4,303	3,768	3,614	3,486
Interest payable	3,033	1,511	2,482	883	332
Other liabilities	3,332	3,679	3,274	4,557	3,680
Total liabilities	<u>393,683</u>	<u>340,240</u>	<u>329,873</u>	<u>268,117</u>	<u>166,013</u>
Preferred equity interests	134,477	134,498	134,499	134,494	134,494
Non-controlling interest	-	-	701	1,602	2,204
<b>NET ASSETS</b>	<u>\$ 732,312</u>	<u>\$ 731,129</u>	<u>\$ 654,533</u>	<u>\$ 554,392</u>	<u>\$ 554,671</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 15.03</u>	<u>\$ 15.01</u>	<u>\$ 15.43</u>	<u>\$ 15.31</u>	<u>\$ 15.32</u>

# Quarterly Operating Results

	For the Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>Investment Income</b>					
Interest income	\$ 31,556	\$ 30,623	\$ 26,643	\$ 23,925	\$ 19,735
Dividend income	-	-	-	-	1,969
Lease income	292	325	337	342	330
Other income	967	1,187	210	320	635
Total investment income	<u>32,815</u>	<u>32,135</u>	<u>27,190</u>	<u>24,587</u>	<u>22,669</u>
<b>Expenses</b>					
Management and advisory fees	4,359	4,142	3,513	3,105	2,886
Interest expense	3,223	2,998	2,536	1,020	457
Administrative expenses	393	393	393	379	257
Amortization of deferred debt issuance costs	560	579	545	429	373
Legal fees, professional fees and due diligence expenses	306	527	269	355	204
Other expenses	1,034	812	734	873	701
Total expenses	<u>9,875</u>	<u>9,451</u>	<u>7,990</u>	<u>6,161</u>	<u>4,878</u>
Net investment income before taxes	<u>22,940</u>	<u>22,684</u>	<u>19,200</u>	<u>18,426</u>	<u>17,791</u>
Excise taxes	-	809	-	-	-
Net investment income	<u>22,940</u>	<u>21,875</u>	<u>19,200</u>	<u>18,426</u>	<u>17,791</u>
Net realized and unrealized gain (loss)	436	(24,967)	(4,505)	(3,012)	5,180
Dividends on preferred equity facility	(342)	(360)	(362)	(356)	(359)
Incentive allocation distributions	(4,520)	(4,303)	(3,768)	(3,614)	(3,486)
Incentive allocation reserve	-	701	901	602	(1,036)
Net increase (decrease) in net assets resulting from operations	<u>\$ 18,514</u>	<u>\$ (7,054)</u>	<u>\$ 11,466</u>	<u>\$ 12,046</u>	<u>\$ 18,090</u>
Earnings per share	\$ 0.38	\$ (0.16)	\$ 0.29	\$ 0.33	\$ 0.50
Net investment income per share <sup>(1)</sup>	\$ 0.37	\$ 0.40	\$ 0.38	\$ 0.40	\$ 0.39
Regular dividends per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Special dividends per share	\$ -	\$ 0.05	-	\$ 0.05	-
Weighted average common shares outstanding	48,711,437	44,998,625	40,079,914	36,200,021	36,199,917

(1) After dividends and incentive compensation, before taxes.

# Best-In-Class Advisory Fee Structure

	Select Externally Managed BDCs	TCP Capital Corp.
<b>Base Management Fee</b>	<ul style="list-style-type: none"> <li>1.5% - 2.0% on gross assets</li> </ul>	<ul style="list-style-type: none"> <li>1.5% on gross assets (less cash and cash equivalents)</li> </ul>
<b>Incentive Fee Hurdle (on Ordinary Income)</b>	<ul style="list-style-type: none"> <li>1.75% - 2.00% quarterly return on NAV</li> </ul>	<ul style="list-style-type: none"> <li>2.00% quarterly return on NAV</li> </ul>
<b>Incentive Compensation</b>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation</li> <li>Ordinary Income: 20% subject to quarterly hurdle rate calculated quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation, subject to a <u>cumulative, annualized 8% total return</u> hurdle; paid quarterly</li> <li>Ordinary Income: 20% subject to a <u>cumulative, annualized 8.0% total return</u> hurdle; paid quarterly</li> </ul>
		<ul style="list-style-type: none"> <li>✓ Subject to high water mark</li> </ul>

Source: SEC filings.

# Diversified Sources of Funding

**TCPC**

Funding Sources	Pricing	Maturity
▪ \$134m Preferred Interests	L + 0.85%	July 2016
▪ \$116m Operating Company Credit Facility	L + 2.50%	July 2016
▪ \$300m TCPC Funding I Credit Facility	L + 2.25% <sup>1</sup>	Mar 2019
▪ \$75m SBA Leverage Program <sup>2</sup>	2.846% <sup>3</sup>	2024/2025
▪ \$108m Convertible Senior Unsecured Notes	5.25%	Dec 2019

(1) Subject to certain draw requirements.

(2) Anticipated total SBA leverage of \$150 million.

(3) Weighted average interest rate, excluding fees of 0.36%.

# Contact Information

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