



# TCP Capital Corp. Investor Presentation

## Quarter Ended June 30, 2016

# Forward Looking Statements

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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

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## 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 \$15.81 as of 8/2/2016.

# Dividend Stability

- Net investment income<sup>(1)</sup> of \$0.38 per share, out-earning dividend by \$0.02
  - Quarterly dividend of \$0.36 per share paid on June 30, 2016
- Declared Q3 2016 regular quarterly dividend of \$0.36 per share
  - Payable on September 30, 2016 to holders of record as of September 16, 2016

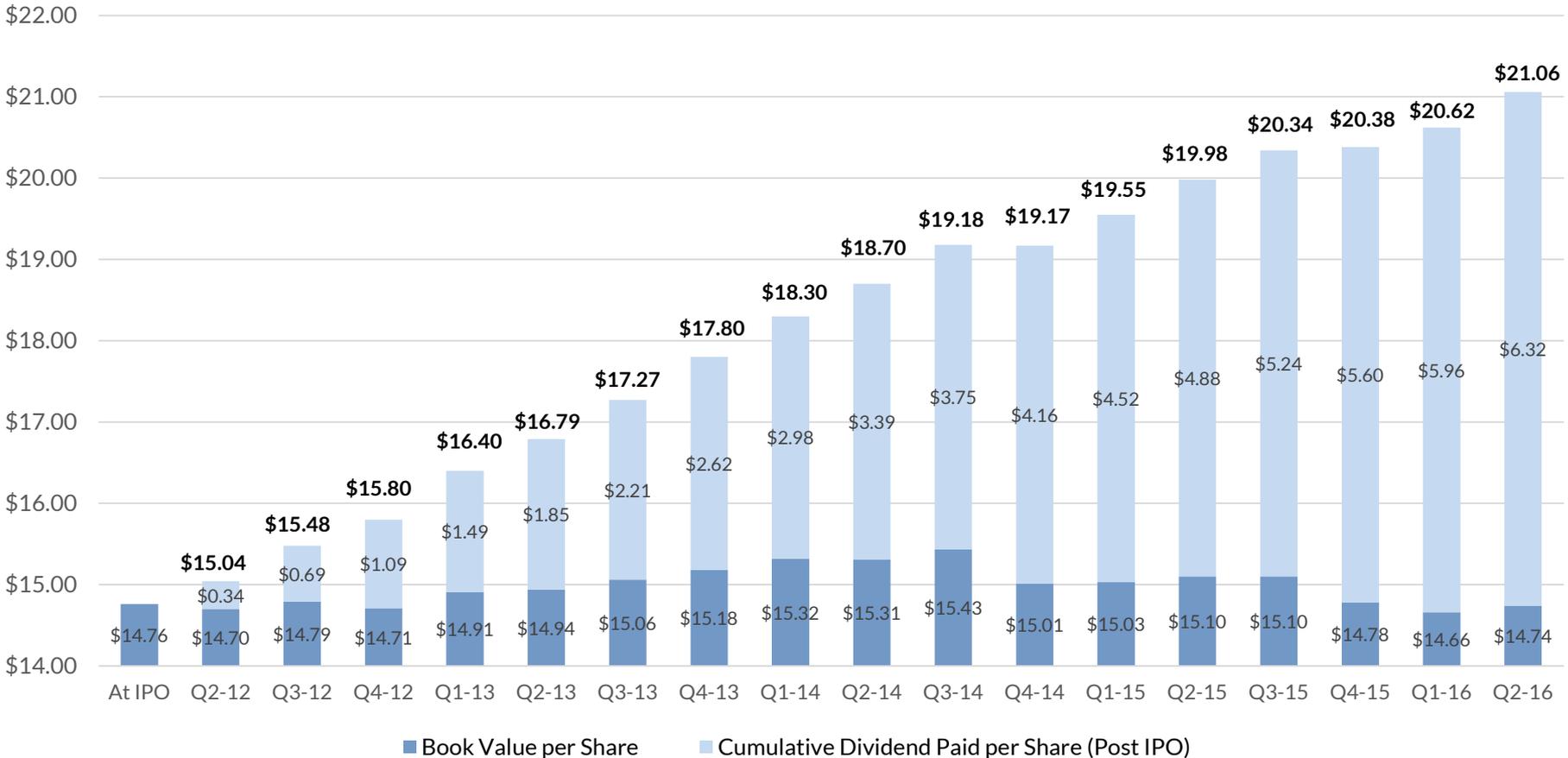
	2012 <sup>(2)</sup>			2013				2014				2015				2016		
Per Share	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	ITD Total
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	6.07
Net investment income	0.40	0.43	0.59	0.49	0.38	0.40	0.38	0.39	0.40	0.38	0.38	0.37	0.44	0.40	0.43	0.38	0.38	7.02
Regular Dividend Coverage	118%	123%	169%	<b>140%</b>	<b>104%</b>	<b>110%</b>	<b>106%</b>	<b>107%</b>	<b>111%</b>	<b>104%</b>	<b>106%</b>	<b>103%</b>	<b>122%</b>	<b>110%</b>	<b>118%</b>	<b>106%</b>	<b>106%</b>	116%
Special dividend			0.05	0.05			0.05		0.05		0.05							0.25

(1) After incentive compensation on net investment income.

(2) Incentive fees were waived prior to January 1, 2013.

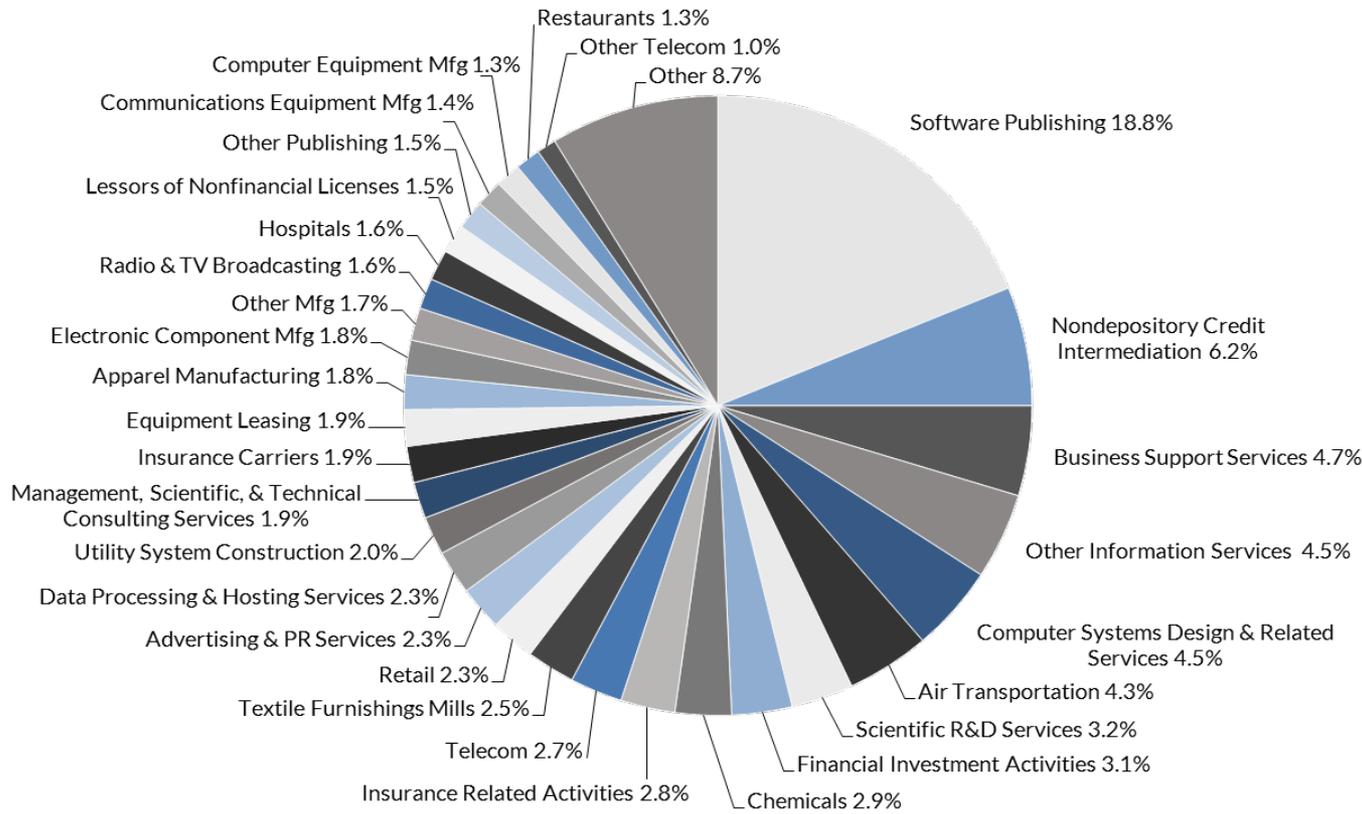
# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



# Portfolio Highlights as of June 30, 2016

- \$1.2 billion portfolio fair value
- 80% of debt portfolio is floating rate
- 96% of portfolio is senior secured debt
- 11.0% weighted average effective yield on debt portfolio<sup>(1)</sup>

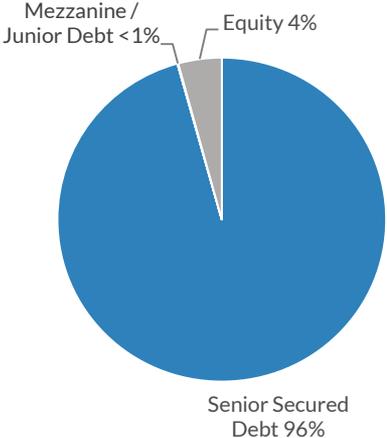


(1) Weighted average annual effective yield includes amortization of deferred debt origination and exit fees and accretion of original issue discount, but excludes market discount, any repayment and make-whole fee income, and any debt investments on non-accrual status.

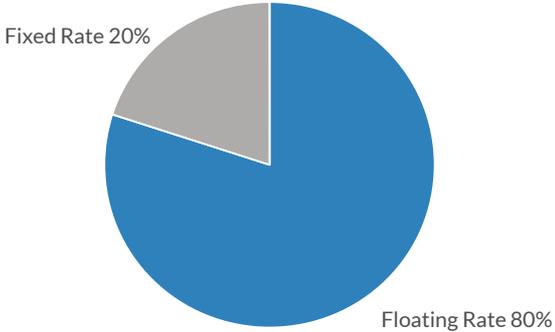
# Conservatively Positioned Portfolio

As of June 30, 2016

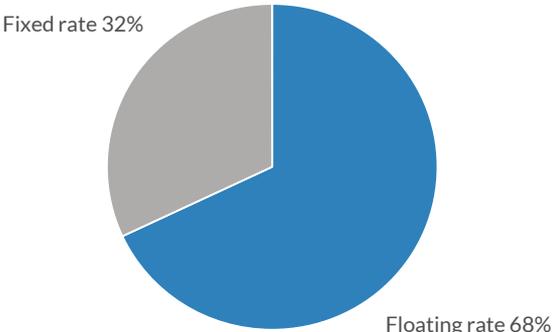
**Portfolio by Asset Type**



**Debt Portfolio by Interest Type**



**Leverage by Interest Type**



**Positive annual impact on net income of base rate changes in interest rates:<sup>(1)</sup>**

Basis Point Change	Net Income	Net Income Per Share
Up 300 basis points	+\$14,703,204	\$0.29
Up 200 basis points	+\$9,143,951	\$0.18
Up 100 basis points	+\$3,622,423	\$0.07
Down 100 basis points	+\$300,300	\$0.01

(1) Please refer to page [62] of the Company's 10-Q as of June 30, 2016.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>
Senior secured debt	\$ 1,176,581	\$ 1,173,244	\$ 1,129,571	\$ 1,227,621	\$ 1,170,828
Mezzanine/subordinated debt	-	65	965	57	57
Equity	54,920	53,836	52,384	41,483	41,090
Total investments	1,231,501	1,227,145	1,182,920	1,269,161	1,211,975

<b>Portfolio Activity</b> <i>(in thousands)</i>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>
Gross new commitments	\$ 119,118	\$ 114,059	\$ 77,580	\$ 120,578	\$ 195,948
Exits (includes repayments)	119,906	66,140	(150,553)	(65,328)	(189,745)
Net commitments	(788)	47,919	(72,973)	55,250	6,203

# Quarterly Operating Results

	Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Investment income					
Interest income	\$ 34,763	\$ 32,874	\$ 39,159	\$ 33,813	\$ 37,485
Lease income	650	776	375	355	331
Other income	182	939	82	1,331	1,122
Total investment income	<u>35,595</u>	<u>34,589</u>	<u>39,616</u>	<u>35,499</u>	<u>38,938</u>
Expenses					
Interest and other debt expenses	5,834	5,545	5,409	4,823	4,506
Management and advisory fees	4,656	4,504	4,912	4,704	4,618
Administrative expenses	416	422	423	395	390
Legal fees, professional fees and due diligence expenses	731	503	846	426	1,263
Other expenses	824	745	1,111	896	892
Total expenses	<u>12,461</u>	<u>11,719</u>	<u>12,701</u>	<u>11,244</u>	<u>11,669</u>
Net investment income before taxes	<u>23,134</u>	<u>22,870</u>	<u>26,915</u>	<u>24,255</u>	<u>27,269</u>
Excise taxes	-	-	877	-	-
Net investment income	<u>23,134</u>	<u>22,870</u>	<u>26,038</u>	<u>24,255</u>	<u>27,269</u>
Net realized and unrealized gain (loss)	2,675	(6,823)	(18,739)	(1,886)	(2,215)
Gain on repurchase of Series A preferred interests	-	-	-	-	1,675
Dividends on preferred equity facility	-	-	-	(62)	(350)
Incentive allocation distributions	(4,627)	(4,574)	(5,208)	(4,839)	(5,384)
Net increase in net assets to common equity	<u>\$ 21,182</u>	<u>\$ 11,473</u>	<u>\$ 2,091</u>	<u>\$ 17,468</u>	<u>\$ 20,996</u>
Earnings per share	\$ 0.43	\$ 0.24	\$ 0.04	\$ 0.36	\$ 0.43
Net investment income per share <sup>(1)</sup>	\$ 0.38	\$ 0.38	\$ 0.43	\$ 0.40	\$ 0.44
Regular dividend per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Weighted average common shares outstanding	49,224,367	48,746,521	48,877,803	48,957,567	48,903,081
Ending common shares outstanding	50,705,049	48,694,292	48,834,734	48,934,498	48,959,494

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

# Financial Highlights

(\$ per share)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net investment income before taxes <sup>(1)</sup>	\$ 0.47	\$ 0.47	\$ 0.55	\$ 0.50	\$ 0.55
Excise taxes	-	-	(0.02)	-	-
Incentive compensation on NII	(0.09)	(0.09)	(0.11)	(0.10)	(0.11)
Net investment income, after incentive <sup>(1)</sup>	0.38	0.38	0.43	0.40	0.44
Net realized & unrealized gains (losses)	0.05	(0.14)	(0.39)	(0.04)	(0.04)
Gain on repurchase of Series A preferred interests	-	-	-	-	0.03
Net increase in net assets to common equity	0.43	0.24	0.04	0.36	0.43
Regular dividend paid	0.36	0.36	0.36	0.36	0.36
Net asset value	14.74	14.66	14.78	15.10	15.10
	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>
Total fair value of investments (000s)	\$ 1,231,501	\$ 1,227,145	\$ 1,182,920	\$ 1,269,161	\$ 1,211,975
Number of portfolio companies	89	90	88	91	87
Average investment size (000s)	\$ 13,837	\$ 13,635	\$ 13,442	\$ 13,947	\$ 13,931
Debt/equity ratio	0.61 <sup>(2)</sup>	.69x <sup>(2)</sup>	.64x <sup>(2)</sup>	.73x <sup>(2)</sup>	.70x
Debt/equity ratio, net of cash <sup>(3)</sup>	0.58 <sup>(2)</sup>	.66x <sup>(2)</sup>	.60x <sup>(2)</sup>	.69x <sup>(2)</sup>	.65x

(1) After preferred dividends.

(2) Excludes SBIC debt following receipt of exemptive relief on July 13, 2015.

(3) Net of trades pending settlement.

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	6/30/2016 (unaudited)	3/31/2016 (unaudited)	12/31/2015 (audited)	9/30/2015 (unaudited)	6/30/2015 (unaudited)
<b>ASSETS</b>					
Investments at fair value	\$ 1,231,501	\$ 1,227,145	\$ 1,182,920	\$ 1,269,161	\$ 1,211,975
Cash and cash equivalents	38,314	22,691	35,629	34,583	36,706
Accrued interest income	9,306	12,296	9,613	14,029	9,799
Receivable for investments sold	27,667	-	-	1,970	9,631
Other assets	8,824	9,093	10,951	14,094	12,769
Total assets	<u>1,315,612</u>	<u>1,271,225</u>	<u>1,239,113</u>	<u>1,333,837</u>	<u>1,280,880</u>
<b>LIABILITIES</b>					
Debt	\$ 516,661	\$ 539,595	\$ 498,206	\$ 575,305	\$ 416,900
Payable for investments purchased	40,952	5,286	6,425	7,847	12,514
Incentive allocation payable	4,627	4,574	5,208	4,839	5,384
Interest payable	2,996	4,151	2,911	3,580	2,075
Other liabilities	3,185	3,558	4,386	3,366	3,681
Total liabilities	<u>568,421</u>	<u>557,164</u>	<u>517,136</u>	<u>594,937</u>	<u>440,554</u>
Preferred equity interests	-	-	-	-	100,898
<b>NET ASSETS</b>	<u>\$ 747,191</u>	<u>\$ 714,061</u>	<u>\$ 721,977</u>	<u>\$ 738,900</u>	<u>\$ 739,428</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 14.74</u>	<u>\$ 14.66</u>	<u>\$ 14.78</u>	<u>\$ 15.10</u>	<u>\$ 15.10</u>

# Best-In-Class Advisory Fee Structure

	Typical Externally Managed BDCs <sup>(1)</sup>	TCP Capital Corp.
Base Management Fee	<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>
Incentive Fee Hurdle	<ul style="list-style-type: none"> <li>2.00% quarterly return on NAV</li> </ul>	<ul style="list-style-type: none"> <li>2.00% quarterly return on NAV</li> </ul>
Incentive Compensation	<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 (infinite), annualized 8% total return hurdle</u></li> <li>Ordinary Income: 20% subject to a <u>cumulative (infinite), annualized 8.0% total return hurdle</u></li> </ul>
		<p>✓ Subject to cumulative high water mark</p>

(1) Source: SEC filings.

# Diversified Sources of Funding

As of June 30, 2016

Source	Capacity	Drawn Amount	Available	Pricing	Maturity
Current leverage:					
■ SVCP Facility					
■ Revolver	\$116.0mm	\$78.0mm	\$38.0mm	L + 1.75% <sup>(1)</sup>	Jul-18
■ Term Loan	\$100.5mm	\$100.5mm	-	L + 1.75% <sup>(1)</sup>	Jul-18
■ Convertible Senior Unsecured Notes	\$106.3mm <sup>(2)</sup>	\$106.3mm	-	5.25%	Dec-19
■ TCPC Funding Facility	\$350.0mm	\$175.0mm	\$175.0mm	L + 2.50% <sup>(3)</sup>	Mar-20
■ SBA Debentures	\$75.0mm <sup>(4)</sup>	\$61.0mm	\$14.0mm	2.81% <sup>(5)</sup>	2024-2026
Total leverage	\$747.8mm	\$520.8mm	\$227.0mm	<b>3.28%</b> <sup>(6)</sup>	
Cash			38.3mm		
Net settlements			(13.3)mm		
Unamortized debt issuance costs		(4.1)mm			
Net		\$516.7mm	\$252.0mm		

The Company is rated BBB- by Standard & Poor's with outlook stable

(1) Rate increases to L + 2.50% on July 30, 2016.

(2) \$108 million par. Carrying value shown.

(3) Rate is L + 2.25% subject to certain draw requirements.

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

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

(6) Combined weighted-average interest rate on amounts outstanding.

# Contact Information

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