



# TCP Capital Corp. Investor Presentation

## Quarter Ended December 31, 2015

# 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>
- 10.7% 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 \$13.48 as of 2/26/2016.

# 2015 Highlights and Recent Achievements

- Out-earned our dividends by \$0.19 per share
- Expanded and extended existing credit facilities:
  - TCPC Funding Facility commitment increased to \$350 million; accordion feature expanded to \$400 million
  - TCPC Funding Facility maturity date extended to March 6, 2020
  - \$116 million SVCP Revolver maturity extended to July 31, 2018
  - \$100.5 million preferred interests expiring on July 31, 2016 converted to Term Loan with maturity date of July 31, 2018
- Received investment grade rating from S&P
- Board of directors renewed our \$50 million share repurchase plan

# Dividend Stability

- Net investment income<sup>(1)</sup> of \$0.43 per share, out-earning dividend by \$0.07
  - Quarterly dividend of \$0.36 per share paid on December 31, 2015
- Declared Q1 2016 regular quarterly dividend of \$0.36 per share
  - Payable on March 31, 2016 to holders of record as of March 17, 2016

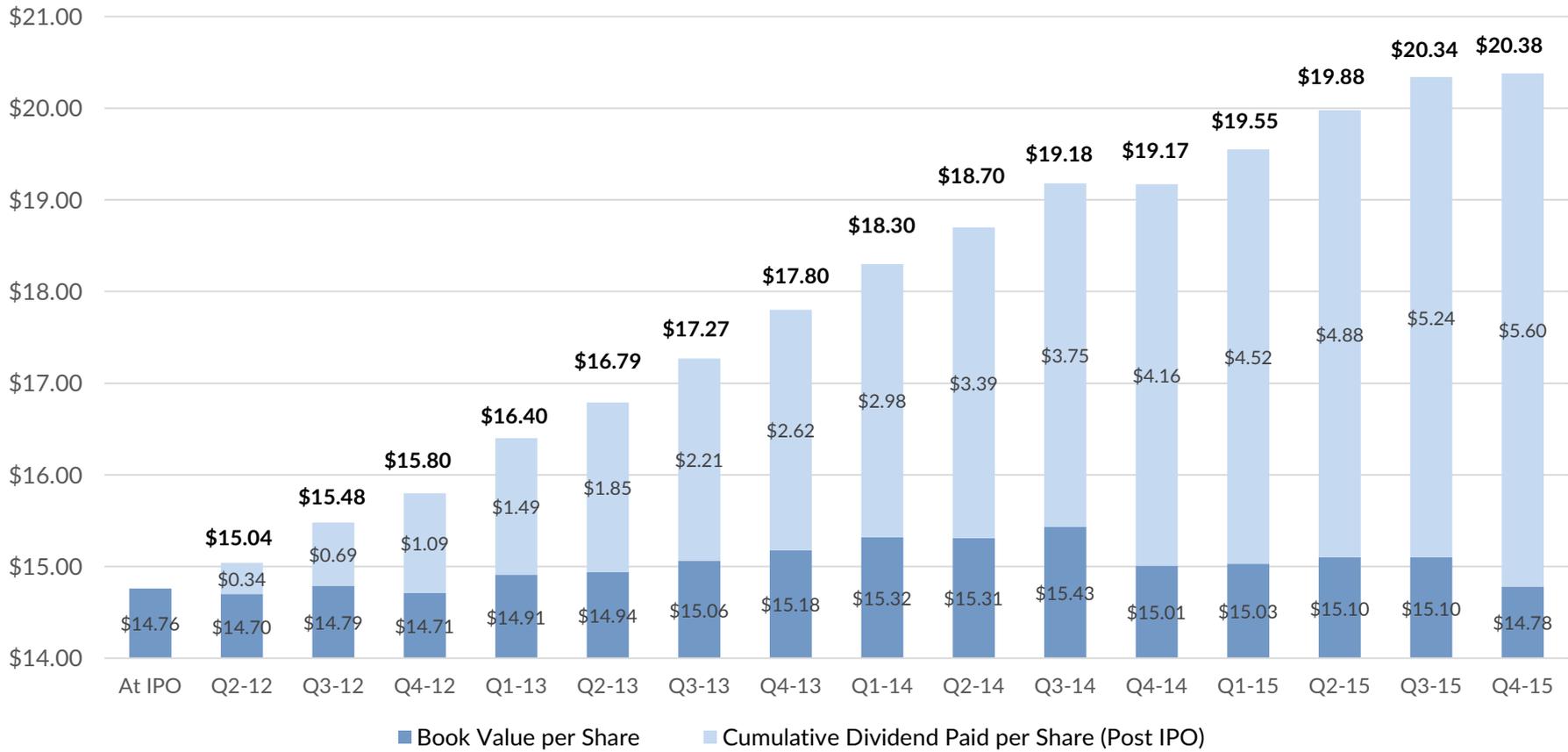
	2012 <sup>(2)</sup>			2013				2014				2015				
Per Share	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ITD Total
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	5.35
Net investment income	0.40	0.43	0.59	0.49	0.38	0.40	0.38	0.39	0.40	0.38	0.38	0.37	0.44	0.40	0.43	6.24
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>	117%
Special dividend			0.05	0.05			0.05		0.05		0.05					0.25

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

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

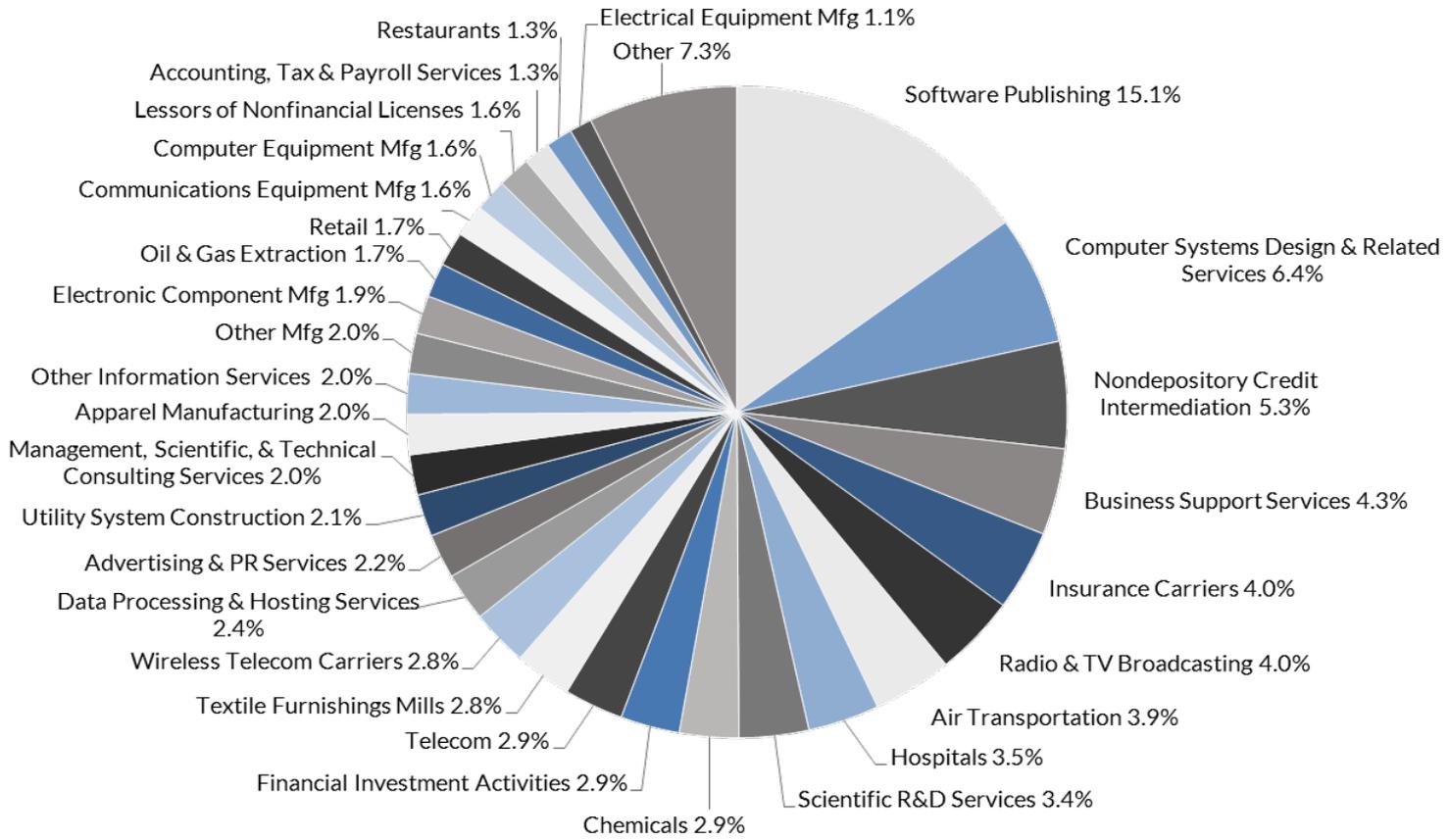
# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



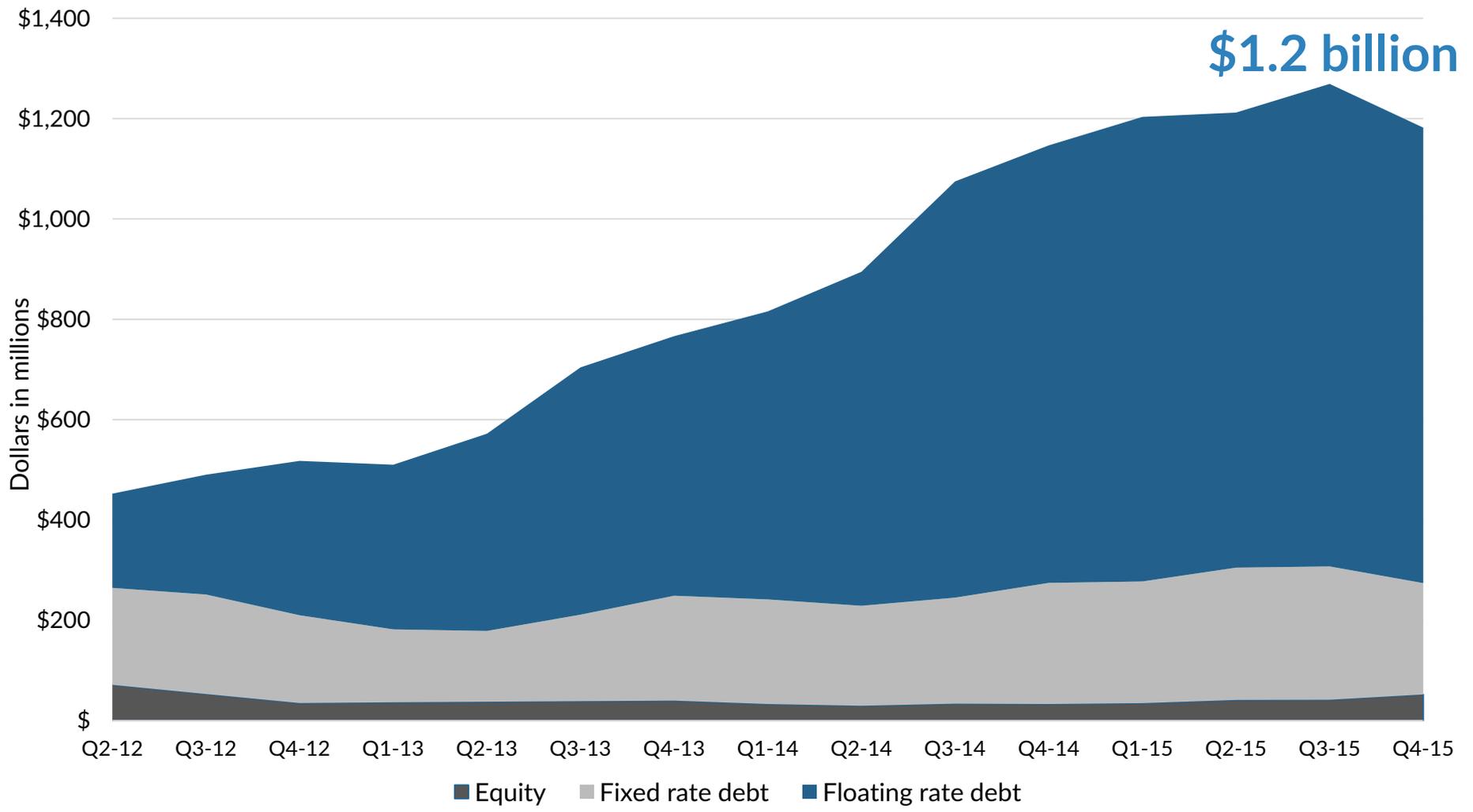
# Portfolio Highlights as of December 31, 2015

- \$1.2 billion portfolio fair value
- 80% of debt portfolio is floating rate
- 96% of portfolio is senior secured debt
- 10.9% 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.

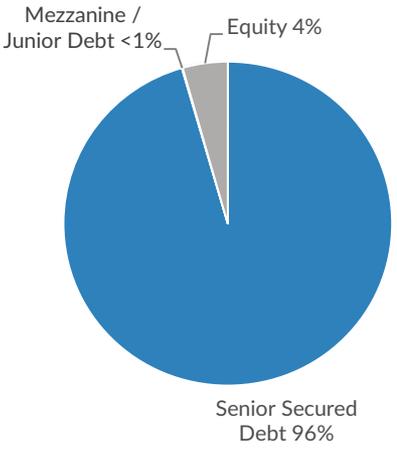
# Portfolio Growth Since IPO



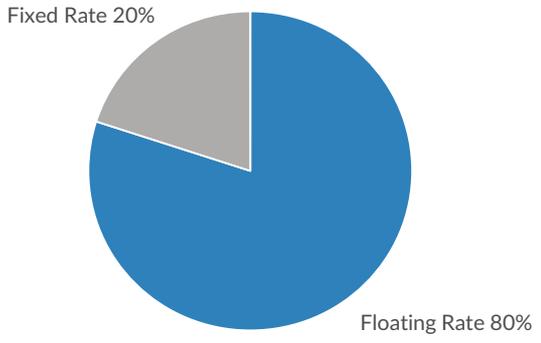
# Conservatively Positioned Portfolio

As of December 31, 2015

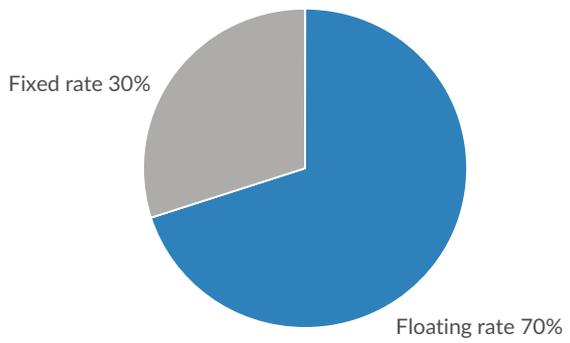
**Portfolio by Asset Type**



**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	+\$14,420,872	\$0.30
Up 200 basis points	+\$8,511,191	\$0.17
Up 100 basis points	+\$2,647,917	\$0.05
Down 100 basis points	+\$ 630,361	\$0.01

(1) Please refer to page 67 of the Company's 10-K as of December 31, 2015.

# Financial Highlights

(\$ per share)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Net investment income before taxes <sup>(1)</sup>	\$ 0.55	\$ 0.50	\$ 0.55	\$ 0.46	\$ 0.50
Excise taxes	(0.02)	-	-	-	(0.02)
Incentive compensation on NII	(0.11)	(0.10)	(0.11)	(0.09)	(0.10)
Net investment income, after incentive <sup>(1)</sup>	0.43	0.40	0.44	0.37	0.38
Net realized & unrealized gains (losses)	(0.39)	(0.04)	(0.04)	0.01	(0.56)
Gain on repurchase of Series A preferred interests	-	-	0.03	-	-
Incentive allocation reserve	-	-	-	-	0.02
Net increase in net assets to common equity	0.04	0.36	0.43	0.38	(0.16)
Regular dividend paid	0.36	0.36	0.36	0.36	0.36
Special dividend paid	-	-	-	-	0.05
Net asset value	14.78	15.10	15.10	15.03	15.01
	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Total fair value of investments (000s)	\$ 1,182,920	\$ 1,269,161	\$ 1,211,975	\$ 1,203,345	\$ 1,146,536
Number of portfolio companies	88	91	87	84	84
Average investment size (000s)	\$ 13,442	\$ 13,947	\$ 13,931	\$ 14,326	\$ 13,649
Debt/equity ratio	.64x <sup>(2)</sup>	.73x <sup>(2)</sup>	.70x	.71x	.63x
Debt/equity ratio, net of cash <sup>(3)</sup>	.60x <sup>(2)</sup>	.69x <sup>(2)</sup>	.65x	.66x	.58x

(1) After preferred dividends.

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

(3) Net of trades pending settlement.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Q1 2015</b>	<b>Q4 2014</b>
Senior secured debt	\$ 1,129,571	\$ 1,227,621	\$ 1,170,828	\$ 1,168,613	\$ 1,113,537
Mezzanine/subordinated debt	965	57	57	57	56
Equity	52,384	41,483	41,090	34,675	32,943
Total investments	1,182,920	1,269,161	1,211,975	1,203,345	1,146,536

<b>Portfolio Activity</b> <i>(in thousands)</i>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Q1 2015</b>	<b>Q4 2014</b>
Gross new commitments	\$ 77,580	\$ 120,578	\$ 195,948	\$ 106,822	\$ 183,474
Exits (includes repayments)	(150,553)	(65,328)	(189,745)	(50,433)	(88,014)
Net commitments	(72,973)	55,250	6,203	56,389	95,460

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	12/31/2015 (audited)	9/30/2015 (unaudited)	6/30/2015 (unaudited)	3/31/2015 (unaudited)	12/31/2014 (audited)
<b>ASSETS</b>					
Investments at fair value	\$ 1,182,920	\$ 1,269,161	\$ 1,211,975	\$ 1,203,345	\$ 1,146,536
Cash and cash equivalents	35,629	34,583	36,706	25,566	27,269
Accrued interest income	9,613	14,029	9,799	12,500	9,504
Receivable for investments sold	-	1,970	9,631	5,110	10,961
Other assets	15,156	14,094	12,769	13,951	11,597
Total assets	<u>1,243,318</u>	<u>1,333,837</u>	<u>1,280,880</u>	<u>1,260,472</u>	<u>1,205,867</u>
<b>LIABILITIES</b>					
Debt	\$ 502,410	\$ 575,305	\$ 416,900	\$ 382,798	\$ 328,697
Payable for investments purchased	6,425	7,847	12,514	-	2,050
Incentive allocation payable	5,208	4,839	5,384	4,520	4,303
Interest payable	2,911	3,580	2,075	3,033	1,511
Other liabilities	4,386	3,366	3,681	3,332	3,679
Total liabilities	<u>521,341</u>	<u>594,937</u>	<u>440,554</u>	<u>393,683</u>	<u>340,240</u>
Preferred equity interests	-	-	100,898	134,477	134,498
<b>NET ASSETS</b>	<u>\$ 721,977</u>	<u>\$ 738,900</u>	<u>\$ 739,428</u>	<u>\$ 732,312</u>	<u>\$ 731,129</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 14.78</u>	<u>\$ 15.10</u>	<u>\$ 15.10</u>	<u>\$ 15.03</u>	<u>\$ 15.01</u>

# Quarterly Operating Results

	Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Investment income					
Interest income	\$ 39,159	\$ 33,813	\$ 37,485	\$ 31,556	\$ 30,623
Lease income	375	355	331	292	325
Other income	82	1,331	1,122	967	1,187
Total investment income	<u>39,616</u>	<u>35,499</u>	<u>38,938</u>	<u>32,815</u>	<u>32,135</u>
Expenses					
Management and advisory fees	4,912	4,704	4,618	4,359	4,142
Interest and other debt expenses	5,409	4,823	4,506	4,105	3,812
Administrative expenses	423	395	390	393	393
Legal fees, professional fees and due diligence expenses	846	426	1,263	306	527
Other expenses	1,111	896	892	712	577
Total expenses	<u>12,701</u>	<u>11,244</u>	<u>11,669</u>	<u>9,875</u>	<u>9,451</u>
Net investment income before taxes	<u>26,915</u>	<u>24,255</u>	<u>27,269</u>	<u>22,940</u>	<u>22,684</u>
Excise taxes	877	-	-	-	809
Net investment income	<u>26,038</u>	<u>24,255</u>	<u>27,269</u>	<u>22,940</u>	<u>21,875</u>
Net realized and unrealized gain (loss)	(18,739)	(1,886)	(2,215)	436	(24,967)
Gain on repurchase of Series A preferred interests	-	-	1,675	-	-
Dividends on preferred equity facility	-	(62)	(350)	(342)	(360)
Incentive allocation distributions	(5,208)	(4,839)	(5,384)	(4,520)	(4,303)
Incentive allocation reserve	-	-	-	-	701
Net increase (decrease) in net assets to common equity	<u>\$ 2,091</u>	<u>\$ 17,468</u>	<u>\$ 20,996</u>	<u>\$ 18,514</u>	<u>\$ (7,054)</u>
Earnings per share	\$ 0.04	\$ 0.36	\$ 0.43	\$ 0.38	\$ (0.16)
Net investment income per share <sup>(1)</sup>	\$ 0.43	\$ 0.40	\$ 0.44	\$ 0.37	\$ 0.38
Regular dividend per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Special dividend per share	\$ -	\$ -	\$ -	\$ -	\$ 0.05
Weighted average common shares outstanding	48,877,803	48,957,567	48,903,081	48,711,437	44,998,625
Ending common shares outstanding	48,834,734	48,934,498	48,959,494	48,723,549	48,710,627

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

# Best-In-Class Advisory Fee Structure

	Typical Externally Managed BDCs <sup>(1)</sup>	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</b>	<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>
<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 (infinite), annualized 8% total return</u> hurdle</li> <li>Ordinary Income: 20% subject to a <u>cumulative (infinite), annualized 8.0% total return</u> hurdle</li> </ul>
		<p>✓ Subject to cumulative high water mark</p>

(1) Source: SEC filings.

# Diversified Sources of Funding

As of December 31, 2015

Source	Capacity	Drawn Amount	Pricing	Maturity
Current leverage:				
■ SVCP Facility				
■ Revolver	\$116.0mm	\$24.0mm	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	\$108.0mm	\$106.1mm	5.25%	Dec-19
■ TCPC Funding Facility	\$350.0mm	\$229.0mm	L + 2.50% <sup>(2)</sup>	Mar-20
■ SBA Debentures	\$75.0mm <sup>(3)</sup>	\$42.8mm	2.84% <sup>(4)</sup>	2024/2025
<b>Total</b>	<b>\$749.5mm</b>	<b>\$502.4mm</b>	<b>3.20%</b> <sup>(5)</sup>	

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

- (1) Rate increases to L + 2.50% on July 30, 2016.  
(2) Rate is L + 2.25% subject to certain draw requirements.  
(3) Anticipated total SBA leverage of \$150 million.  
(4) Weighted average interest rate, excluding fees of 0.36%.  
(5) Combined weighted-average interest rate on amounts outstanding.

# Contact Information

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