



# TCP Capital Corp. Investor Presentation

## Quarter Ended September 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>
- 9.3% 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 \$15.49 as of 11/1/2016.

# Dividend Stability

- Net investment income<sup>(1)</sup> of \$0.39 per share, out-earning dividend by \$0.03
  - Quarterly dividend of \$0.36 per share paid on September 30, 2016
- Declared Q4 2016 dividend of \$0.36 per share
  - Payable on December 30, 2016 to holders of record as of December 16, 2016

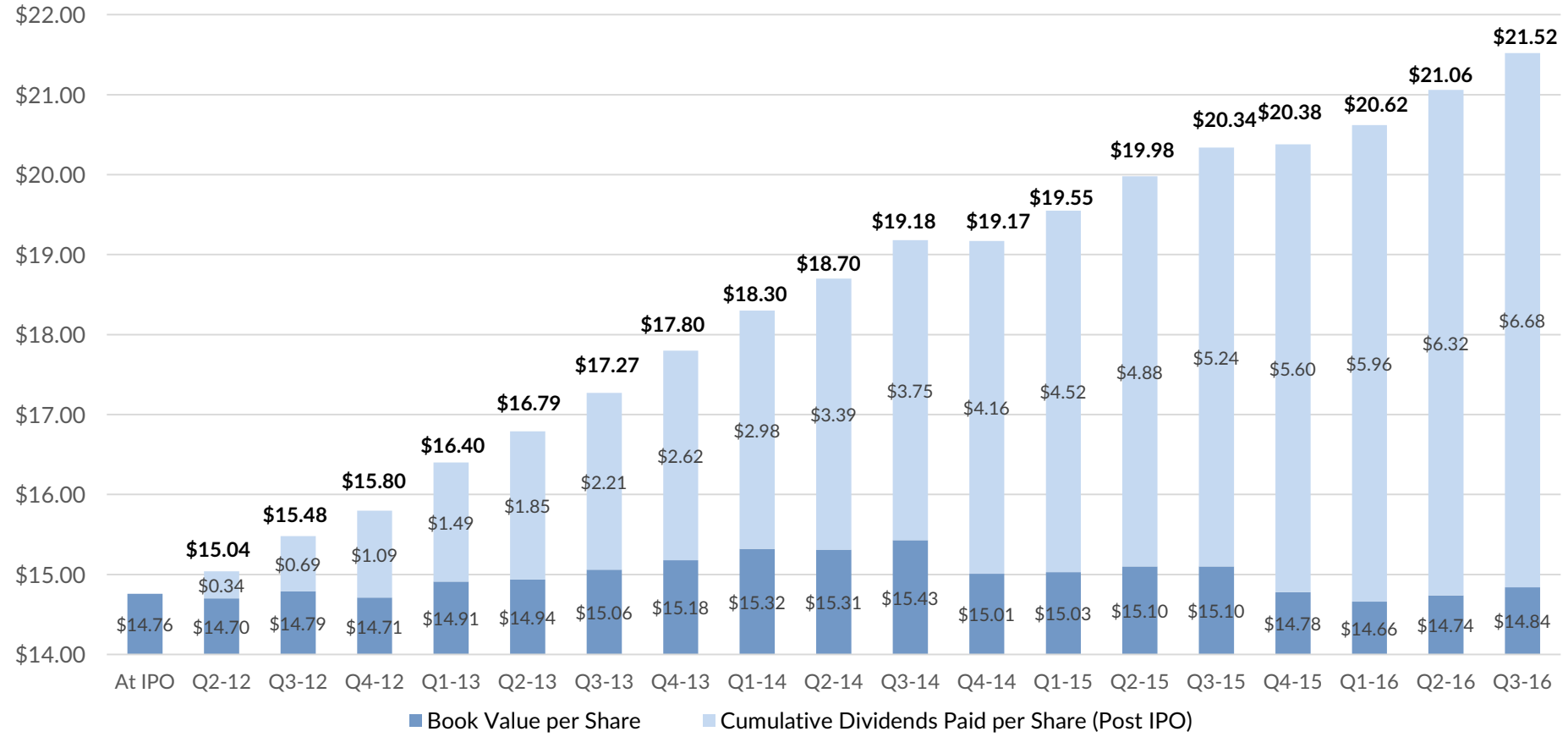
Per Share	2012 <sup>(2)</sup>			2013				2014				2015				2016			ITD Total
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	6.43
Net investment income	0.40	0.43	0.59	0.49	0.38	0.40	0.38	0.39	0.40	0.38	0.38	0.37	0.44	0.40	0.43	0.38	0.38	0.39	7.41
Regular Dividend Coverage	118%	123%	169%	140%	104%	110%	106%	107%	111%	104%	106%	103%	122%	110%	118%	106%	106%	108%	115%
Special dividend			0.05	0.05			0.05		0.05		0.05								0.25

(1) After incentive compensation.

(2) Incentive compensation was waived prior to January 1, 2013.

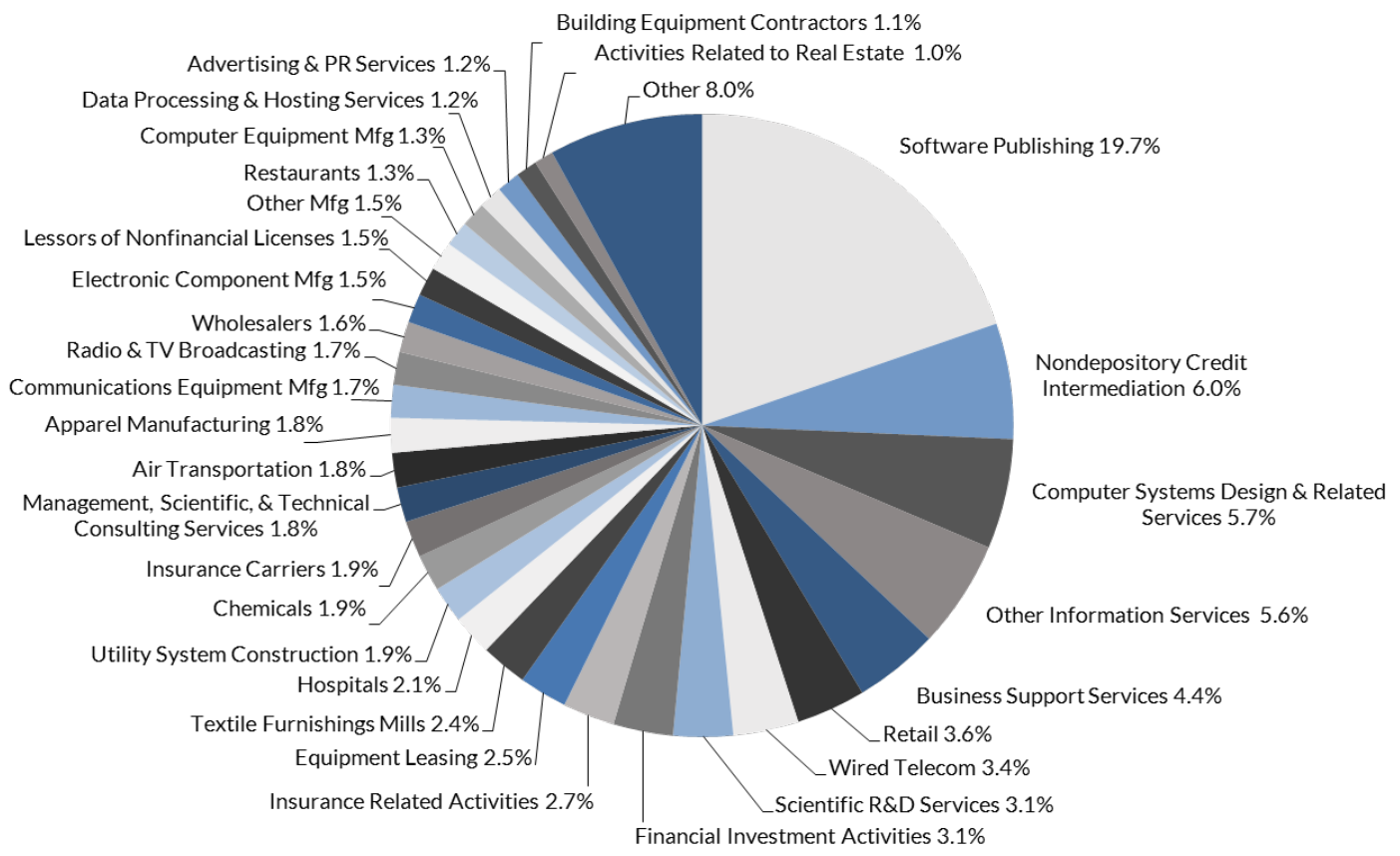
# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



# Portfolio Highlights as of September 30, 2016

- \$1.3 billion portfolio fair value
- 81% of debt portfolio is floating rate
- 96% of portfolio is senior secured debt
- 11.2% weighted average effective yield on debt portfolio<sup>(1)</sup>

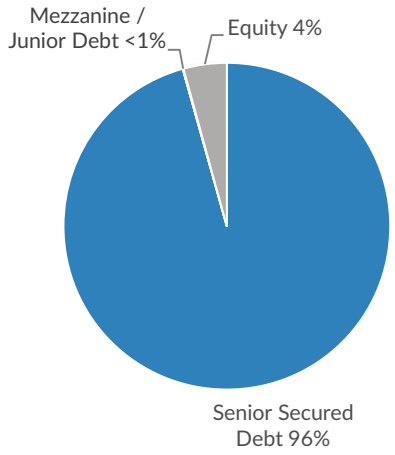


(1) Weighted average annual effective yield includes amortization of deferred debt origination and exit fees and original issue discount, but excludes market discount, any repayment and make-whole fee income, and any debt investments on non-accrual status.

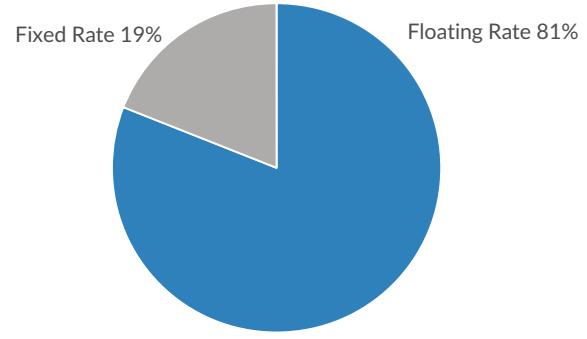
# Conservatively Positioned Portfolio

As of September 30, 2016

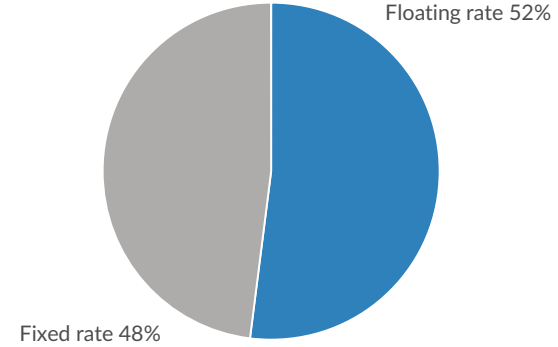
**Portfolio by Asset Type**



**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	+\$17,481,868	\$0.33
Up 200 basis points	+\$11,376,154	\$0.21
Up 100 basis points	+\$5,286,715	\$0.10
Down 100 basis points	+\$697,370	\$0.01

(1) Please refer to page 65 of the Company's 10-Q as of September 30, 2016.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>
Senior secured debt	\$ 1,221,182	\$ 1,176,581	\$ 1,173,244	\$ 1,129,571	\$ 1,227,621
Mezzanine/subordinated debt	-	-	65	965	57
Equity	55,248	54,920	53,836	52,384	41,483
Total investments	1,276,430	1,231,501	1,227,145	1,182,920	1,269,161

<b>Portfolio Activity</b> <i>(in thousands)</i>	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>
Gross new commitments	\$ 146,640	\$ 119,118	\$ 114,059	\$ 77,580	\$ 120,578
Exits (includes repayments)	108,179	119,906	66,140	(150,553)	(65,328)
Net commitments	38,461	(788)	47,919	(72,973)	55,250



# Quarterly Operating Results

	Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Investment income					
Interest income	\$ 38,277	\$ 34,763	\$ 32,874	\$ 39,159	\$ 33,813
Lease income	71	650	776	375	355
Other income	121	182	939	82	1,331
Total investment income	<u>38,469</u>	<u>35,595</u>	<u>34,589</u>	<u>39,616</u>	<u>35,499</u>
Expenses					
Interest and other debt expenses	6,199	5,834	5,545	5,409	4,823
Management and advisory fees	4,816	4,656	4,504	4,912	4,704
Administrative expenses	430	416	422	423	395
Legal fees, professional fees and due diligence expenses	550	731	503	846	426
Other expenses	809	824	745	1,111	896
Total expenses	<u>12,804</u>	<u>12,461</u>	<u>11,719</u>	<u>12,701</u>	<u>11,244</u>
Net investment income before taxes	<u>25,665</u>	<u>23,134</u>	<u>22,870</u>	<u>26,915</u>	<u>24,255</u>
Excise taxes	-	-	-	877	-
Net investment income	<u>25,665</u>	<u>23,134</u>	<u>22,870</u>	<u>26,038</u>	<u>24,255</u>
Net realized and unrealized gain (loss)	209	2,675	(6,823)	(18,739)	(1,886)
Dividends on preferred equity facility	-	-	-	-	(62)
Incentive allocation distributions	(5,133)	(4,627)	(4,574)	(5,208)	(4,839)
Net increase in net assets to common equity	<u>\$ 20,741</u>	<u>\$ 21,182</u>	<u>\$ 11,473</u>	<u>\$ 2,091</u>	<u>\$ 17,468</u>
Earnings per share	\$ 0.39	\$ 0.43	\$ 0.24	\$ 0.04	\$ 0.36
Net investment income per share <sup>(1)</sup>	\$ 0.39	\$ 0.38	\$ 0.38	\$ 0.43	\$ 0.40
Dividend per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Weighted average common shares outstanding	52,736,835	49,224,367	48,746,521	48,877,803	48,957,567
Ending common shares outstanding	53,041,751	50,705,049	48,694,292	48,834,734	48,934,498

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

# Financial Highlights

(\$ per share)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net investment income before taxes <sup>(1)</sup>	\$ 0.49	\$ 0.47	\$ 0.47	\$ 0.55	\$ 0.50
Excise taxes	-	-	-	(0.02)	-
Incentive compensation on NII	(0.10)	(0.09)	(0.09)	(0.11)	(0.10)
Net investment income, after incentive <sup>(1)</sup>	0.39	0.38	0.38	0.43	0.40
Net realized & unrealized gains (losses)	-	0.05	(0.14)	(0.39)	(0.04)
Net increase in net assets from operations	0.39	0.43	0.24	0.04	0.36
Dividend paid	0.36	0.36	0.36	0.36	0.36
Net asset value	14.84	14.74	14.66	14.78	15.10
	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>
Total fair value of investments (000s)	\$ 1,276,430	\$ 1,231,501	\$ 1,227,145	\$ 1,182,920	\$ 1,269,161
Number of portfolio companies	88	89	90	88	91
Average investment size (000s)	\$ 14,505	\$ 13,837	\$ 13,635	\$ 13,442	\$ 13,947
Debt/equity ratio <sup>(2)</sup>	.74x	.62x	.69x	.64x	.73x
Debt/equity ratio, net of cash <sup>(2)(3)</sup>	.56x	.58x	.67x	.60x	.69x

(1) After preferred dividends.

(2) Excludes SBIC debt, which is exempt from regulatory asset coverage requirements.

(3) Net of trades pending settlement.

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	9/30/2016 (unaudited)	6/30/2016 (unaudited)	3/31/2016 (unaudited)	12/31/2015 (audited)	9/30/2015 (unaudited)
<b>ASSETS</b>					
Investments at fair value	\$ 1,276,430	\$ 1,231,501	\$ 1,227,145	\$ 1,182,920	\$ 1,269,161
Cash and cash equivalents	140,874	38,314	22,691	35,629	34,583
Accrued interest income	12,120	9,306	12,296	9,613	14,029
Receivable for investments sold	6,307	27,667	-	-	1,970
Other assets	6,098	8,824	9,093	10,951	14,094
Total assets	<u>1,441,829</u>	<u>1,315,612</u>	<u>1,271,225</u>	<u>1,239,113</u>	<u>1,333,837</u>
<b>LIABILITIES</b>					
Debt, net of unamortized issuance costs	\$ 631,702	\$ 516,661	\$ 539,595	\$ 498,206	\$ 575,305
Payable for investments purchased	9,151	40,952	5,286	6,425	7,847
Incentive allocation payable	5,133	4,627	4,574	5,208	4,839
Interest payable	4,520	2,996	4,151	2,911	3,580
Other liabilities	4,215	3,185	3,558	4,386	3,366
Total liabilities	<u>654,721</u>	<u>568,421</u>	<u>557,164</u>	<u>517,136</u>	<u>594,937</u>
<b>NET ASSETS</b>	<u>\$ 787,108</u>	<u>\$ 747,191</u>	<u>\$ 714,061</u>	<u>\$ 721,977</u>	<u>\$ 738,900</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 14.84</u>	<u>\$ 14.74</u>	<u>\$ 14.66</u>	<u>\$ 14.78</u>	<u>\$ 15.10</u>

# 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>2.0% quarterly return on NAV</li> </ul>	<ul style="list-style-type: none"> <li>2.0% 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 September 30, 2016

Source	Capacity	Drawn Amount	Available	Pricing	Maturity
SVCP Revolver	\$116.0mm	-	\$116.0mm	L + 2.50%	Jul-18
Term Loan	\$100.5mm	\$100.5mm	-	L + 2.50%	Jul-18
2019 Convertible Senior Unsecured Notes	\$106.4mm <sup>(1)</sup>	\$106.4mm	-	5.25%	Dec-19
2022 Convertible Senior Unsecured Notes	\$136.7mm <sup>(2)</sup>	\$136.7mm	-	4.63%	Mar-22
TCPC Funding Facility	\$350.0mm	\$235.0mm	\$115.0mm	L + 2.50% <sup>(3)</sup>	Mar-20
SBA Debentures	\$75.0mm <sup>(4)</sup>	\$61.0mm	\$14.0mm	2.58% <sup>(5)</sup>	2024-2026
Total leverage	\$884.6mm	\$639.6mm	\$245.0mm	<b>3.80%</b> <sup>(6)</sup>	
Cash			\$140.9mm		
Net settlements			\$(2.9)mm		
Unamortized debt issuance costs		\$(8.0)mm			
Net		\$631.6mm	\$383.0mm		

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

(1) \$108 million par. Carrying value shown.

(2) \$140 million par. Carrying value shown.

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

(4) Total capacity increased to \$150.0 million on October 13, 2016.

(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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## **Investor Relations**

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