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TCP Capital Corp.
Form 10-Q
November 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended September 30, 2016

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 814-00899

TCP CAPITAL CORP.
(Exact Name of Registrant as Specified in Charter)

Delaware 56-2594706
(State or Other Jurisdiction of Incorporation) (IRS Employer Identification No.)

2951 28th Street, Suite 1000
Santa Monica, California 90405
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (310) 566-1000

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.001 per share NASDAQ Global Select Market
(Title of each class) (Name of each exchange where registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

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Non-accelerated filer Smaller Reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's common stock, \$0.001 par value, outstanding as of November 8, 2016 was 53,041,751.

TCP CAPITAL CORP.

FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

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TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Investments, at fair value:		
Companies less than 5% owned (cost of \$1,161,033,998 and \$1,123,682,687, respectively)	\$1,144,719,963	\$1,099,208,475
Companies 5% to 25% owned (cost of \$72,925,246 and \$68,862,518, respectively)	68,900,676	69,008,931
Companies more than 25% owned (cost of \$88,662,808 and \$39,162,221, respectively)	62,809,253	14,702,319
Total investments (cost of \$1,322,622,052 and \$1,231,707,426, respectively)	1,276,429,892	1,182,919,725
Cash and cash equivalents	140,873,527	35,629,435
Receivable for investments sold	6,306,581	-
Accrued interest income:		
Companies less than 5% owned	11,067,134	8,842,528
Companies 5% to 25% owned	1,036,764	741,306
Companies more than 25% owned	15,919	29,230
Deferred debt issuance costs	4,216,157	5,390,241
Unrealized appreciation on swaps	-	3,229,442
Options (cost of \$279,327 and \$51,750, respectively)	460,972	-
Prepaid expenses and other assets	1,421,623	2,331,044
Total assets	1,441,828,569	1,239,112,951
Liabilities		
Debt, net of unamortized issuance costs	631,701,662	498,205,471
Payable for investments purchased	9,151,343	6,425,414
Incentive allocation payable	5,133,010	5,207,606
Interest payable	4,520,221	2,911,257
Payable to the Advisor	877,866	508,334
Accrued expenses and other liabilities	3,336,925	3,877,852
Total liabilities	654,721,027	517,135,934
Commitments and contingencies (Note 5)		
Net assets applicable to common shareholders	\$787,107,542	\$721,977,017
Composition of net assets applicable to common shareholders		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 53,041,751 and 48,834,734 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	\$53,042	\$48,834
Paid-in capital in excess of par	944,993,651	878,383,356
Accumulated net investment income	24,716,951	22,261,793
Accumulated net realized losses	(136,476,545)	(132,483,593)
Accumulated net unrealized depreciation	(46,179,557)	(46,233,373)
Net assets applicable to common shareholders	\$787,107,542	\$721,977,017

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Net assets per share	\$14.84	\$14.78
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See accompanying notes to the consolidated financial statements.

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Consolidated Schedule of Investments (Unaudited)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value	% of Total Cash and Invest
<u>Debt Investments</u> ^(A)										
Activities Related to Real Estate										
Associations, Inc.	First Lien FILO Term Loan	LIBOR (Q)	1.00%	8.96%	9.96%	12/23/2019	\$12,924,237	\$12,795,214	\$12,794,994	0.90%
Advertising and Public Relations Services										
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan (1.25% Exit Fee)	LIBOR (M)	0.33%	10.17%	10.98%	9/1/2018	\$15,000,000	14,717,540	14,735,250	1.04%
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	\$-	-	-	-
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	\$-	-	-	-
								14,717,540	14,735,250	1.04%
Air Transportation										
Mesa Air Group, Inc.	Acquisition Loan	LIBOR (M)	-	7.25%	7.81%	7/15/2022	\$14,545,227	14,324,197	14,836,131	1.05%
Apparel Manufacturing										
Broder Bros., Co.	First Lien Term Loan (First Out)	LIBOR (Q)	1.25%	5.75%	7.00%	6/3/2021	\$9,760,000	9,592,010	9,711,200	0.69%
Broder Bros., Co.	First Lien Term Loan B (Last Out)	LIBOR (Q)	1.25%	12.25%	13.50%	6/3/2021	\$9,840,000	9,675,719	9,741,600	0.69%

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JH Apparel Holdings, LLC	First Lien FILO Term Loan	LIBOR (M)	1.00%	9.60 %	10.60%	4/8/2019	\$2,953,456	2,940,331	2,982,990	0.219
								22,208,060	22,435,790	1.599
Building Equipment Contractors										
Hylan Datacom & Electrical, LLC	First Lien Delayed Draw Term Loan	LIBOR (Q)	1.00%	7.50 %	8.50 %	7/25/2021	\$-	-	-	-
Hylan Datacom & Electrical, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	7.50 %	8.50 %	7/25/2021	\$14,386,131	14,173,719	14,172,065	1.009
								14,173,719	14,172,065	1.009
Business Support Services										
Enerwise Global Technologies, Inc.	Sr Secured Revolving Loan	LIBOR (Q)	0.23%	8.52 %	N/A	11/30/2018	\$-	(22,700)	(24,400)	-
Enerwise Global Technologies, Inc.	Sr Secured Term Loan (1.0% Exit Fee)	LIBOR (Q)	0.23%	9.27 %	9.92 %	11/30/2019	\$23,937,500	23,785,168	23,791,481	1.689
STG-Fairway Acquisitions, Inc. (First Advantage)	Second Lien Term Loan	LIBOR (Q)	1.00%	9.25 %	10.25 %	6/30/2023	\$31,000,000	30,574,535	31,093,000	2.199
								54,337,003	54,860,081	3.879
Chemicals										
Anuvia Plant Nutrients Holdings, LLC	Sr Secured Term Loan (8.0% Exit Fee)	LIBOR (Q)	-	10.63 %	12.15 %	2/1/2018	\$9,053,891	9,480,486	9,650,996	0.689
Green Biologics, Inc.	Sr Secured Delayed Draw Term Loan (10.0% Exit Fee)	Prime Rate	-	7.75 %	11.25 %	5/1/2018	\$15,000,000	15,340,950	14,694,750	1.049
								24,821,436	24,345,746	1.729
Communications										
Equipment Manufacturing										
Globecomm Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	7.63 %	8.88 %	12/11/2018	\$14,517,321	14,372,148	14,517,320	1.029
Globecomm Systems, Inc.	First Lien Series A Term Loan	LIBOR (Q)	1.25%	7.63 %	N/A	12/11/2018	\$-	-	-	-
Triangle Acquisition	First Lien Term Loan	LIBOR (Q)	1.00%	6.50 %	7.50 %	9/29/2023	\$5,000,000	4,800,000	4,825,000	0.349

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Co. (Polycom)								19,172,148	19,342,320	1.36
Computer Equipment Manufacturing Silicon										
Graphics International Corp.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00 %	10.00%	7/27/2018	\$15,846,397	15,677,901	16,140,347	1.14
Computer Systems Design and Related Services										
Dealersocket, Inc.	Senior Secured 1st Lien Loan	LIBOR (M)	1.00%	10.00 %	11.00%	2/10/2021	\$17,500,000	16,858,354	17,272,500	1.22
MSC Software Corporation	Second Lien Term Loan	LIBOR (M)	1.00%	7.50 %	8.50 %	5/29/2021	\$6,993,035	6,949,718	6,853,175	0.49
Marketo, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.50 %	10.50%	8/16/2021	\$23,295,455	22,605,970	22,596,591	1.59
Marketo, Inc.	Senior Secured Revolver	LIBOR (Q)	1.00%	9.50 %	10.50%	8/16/2021	\$-	(49,877)	(51,135)	-
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	\$2,319,933	2,319,933	2,319,933	0.16
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	\$10,346,667	10,287,679	10,346,667	0.73
OnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	\$3,749,867	3,749,867	3,749,867	0.26
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	\$3,173,333	3,160,481	3,173,333	0.22
Waterfall International, Inc.	First Lien Delayed Draw Loan (3.0% Exit Fee)	LIBOR (Q)	-	11.67 %	12.48 %	9/1/2018	\$4,800,000	4,798,895	4,779,360	0.34
								70,681,020	71,040,291	5.01
Data Processing and Hosting Services										
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75 %	9.63 %	8/6/2019	\$4,562,500	3,964,688	4,608,125	0.33
United TLD Holdco, Ltd.	Second Lien Term	LIBOR (Q)	0.50%	8.75 %	9.63 %	8/6/2019	\$9,125,000	7,929,375	9,216,250	0.65

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(Rightside) (Cayman Islands)	Loan							11,894,063	13,824,375	0.98
Electric Power Generation, Transmission and Distribution										
Holocene Renewable Energy Fund 3, LLC (Conergy)	First Lien Term Loan	Fixed	-	9% Cash + 1% PIK	10.00%	9/10/2017	\$7,518,173	7,480,132	7,442,991	0.53
CGY UK Portfolio I Borrower LLC, (Conergy)	Senior Secured 1st Lien Term Loan	LIBOR (Q)	-	9.00 %	9.85 %	3/3/2018	\$3,951,020	3,862,845	3,911,510	0.28
Electronic Component Manufacturing										
Redaptive, Inc.	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	10.72 %	N/A	7/1/2018	\$-	(84,877)	-	-
Soraa, Inc.	Tranche A Term Loan (3.0% Exit Fee)	LIBOR (Q)	0.44 %	9.33 %	10.15 %	3/1/2018				