

TCP Capital Corp.
Form 10-Q
November 07, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarter Ended September 30, 2013

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 (IRS Employer
of Incorporation) Identification No.)

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

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

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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 x 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 "

Non-accelerated filer x 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 x

The number of shares of the Registrant's common stock, \$0.001 par value, outstanding as of November 7, 2013 was 31,024,802.

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TCP CAPITAL CORP.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	September 30, 2013	December 31, 2012
	(unaudited)	
Assets		
Investments, at fair value:		
Unaffiliated issuers (cost of \$690,002,299 and \$508,302,758, respectively)	\$ 633,694,938	\$ 440,772,190
Controlled companies (cost of \$43,182,589 and \$44,964,189 respectively)	19,657,258	22,489,208
Other affiliates (cost of \$53,463,548 and \$55,803,421, respectively)	50,743,291	54,421,689
Total investments (cost of \$786,648,436 and \$609,070,368, respectively)	704,095,487	517,683,087
Cash and cash equivalents	12,566,659	18,035,189
Accrued interest income:		
Unaffiliated issuers	6,385,367	4,039,149
Controlled companies	44,775	53,524
Other affiliates	803,786	482,634
Deferred debt issuance costs	3,284,278	696,018
Receivable for investments sold	1,287,801	7,727,415
Unrealized appreciation on swaps	52,694	179,364
Options (cost \$51,750)	19,152	-
Prepaid expenses and other assets	716,981	345,722
Total assets	729,256,980	549,242,102
Liabilities		
Debt		
Payable for investments purchased	150,000,000	74,000,000
Incentive allocation payable	36,918,454	21,814,819
Interest payable	2,694,156	-
Payable to the Investment Manager	289,907	119,233
Accrued expenses and other liabilities	280,451	109,200
Total liabilities	2,158,495	2,685,015
Preferred equity facility	192,341,463	98,728,267
Series A preferred limited partner interests in Special Value Continuation Partners, LP; \$20,000/interest liquidation preference; 6,700 interests authorized, issued and outstanding		
Accumulated dividends on Series A preferred equity facility	134,000,000	134,000,000
Total preferred limited partner interests	534,213	526,285
Non-controlling interest	134,534,213	134,526,285
General Partner interest in Special Value Continuation Partners, LP	877,563	-

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Net assets applicable to common shareholders	\$ 401,503,741	\$ 315,987,550
Composition of net assets applicable to common shareholders		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 26,654,802 and 21,477,628 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	26,655	21,478
Paid-in capital in excess of par	522,441,180	444,234,060
Accumulated net investment income	25,069,435	22,526,179
Accumulated net realized losses	(62,109,479) (59,023,861)
Accumulated net unrealized depreciation	(83,046,487) (91,770,306)
Non-controlling interest	(877,563) -
Net assets applicable to common shareholders	\$ 401,503,741	\$ 315,987,550
Net assets per share	\$ 15.06	\$ 14.71

See accompanying notes.

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited)

September 30, 2013

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (92.85%)					
Bank Debt (76.59%) ⁽¹⁾					
Accounting, Tax Preparation, Bookkeeping, and Payroll Services (1.16%)					
Expert Global Solutions, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 7.25%, 1.25% LIBOR Floor, due 4/3/18	\$704,837	\$702,697	\$718,934	0.10	%
Expert Global Solutions, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 11%, 1.5% LIBOR Floor, due 10/3/18	\$7,434,877	7,220,292	7,561,270	1.06	%
Total Accounting, Tax Preparation, Bookkeeping, and Payroll Services		7,922,989	8,280,204		
Artificial Synthetic Fibers and Filaments Manufacturing (0.29%)					
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16 ⁽²⁾	\$2,056,927	2,056,927	2,056,927	0.29	%
Business Support Services (2.09%)					
STG-Fairway Acquisitions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.25%, 1.25% LIBOR Floor, due 8/28/19	\$14,643,455	13,922,519	15,009,541	2.09	%
Chemical Manufacturing (2.42%)					
Archroma, Senior Secured Lien Term Loan B, LIBOR + 8.25%, 1.25% LIBOR Floor, due 9/30/18	\$17,500,000	17,150,000	17,325,000	2.42	%

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Computer Equipment Manufacturing (1.17%)					
ELO Touch Solutions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 10.5%, 1.5% LIBOR Floor, due 12/1/18	\$ 10,000,000	9,654,753	8,400,000	1.17	%
Converted Paper Products Manufacturing (0.50%)					
Ranpak Corp., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25%, 1.25% LIBOR Floor, due 4/23/20	\$ 3,469,573	3,434,877	3,556,313	0.50	%
Computer Systems Design and Related Services (5.36%)					
Blue Coat Systems, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 8.5%, 1% LIBOR Floor, due 6/28/20	\$ 15,000,000	14,878,125	15,112,500	2.11	%
Onx Enterprise Solutions, Ltd, Senior Secured 1st Lien Term Loan, LIBOR + 7% , due 9/3/18 LIBOR + 7% , due 9/3/18	\$ 10,666,667	10,509,574	10,746,667	1.49	%
Onx USA, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7% , due 9/3/18	\$ 5,333,333	5,254,787	5,373,333	0.75	%
Websense, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25%, 1% LIBOR Floor, due 12/27/20	\$ 7,200,000	7,164,000	7,209,000	1.01	%
Total Computer Systems Design and Related Services		37,806,486	38,441,500		
Drugs and Druggists' Sundries Merchant Wholesalers (1.27%)					
Envision Acquisition Company, LLC, 2nd Lien Term Loan, LIBOR + 8.75%, 1% LIBOR Floor, due 9/23/21	\$ 9,079,011	8,897,430	9,067,662	1.27	%
Electric Power Generation, Transmission and Distribution (2.41%)					
Panda Sherman Power, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7.5%, 1.5% LIBOR Floor, due 9/14/18	\$ 11,070,172	10,926,683	11,236,225	1.57	%
Panda Temple Power II, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 6%, 1.25% LIBOR Floor, due 4/3/19	\$ 5,892,970	5,834,041	5,999,780	0.84	%
Total Electric Power Generation, Transmission and Distribution		16,760,724	17,236,005		
Electrical Equipment and Component Manufacturing (2.33%)					
Palladium Energy, Inc., 1st Lien Senior Secured Term Loan, LIBOR + 9%, 1% LIBOR Floor, due 12/26/17	\$ 16,500,317	16,212,713	16,714,821	2.33	%
Electronic Shopping (1.06%)					
Shopzilla, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.5%, due 3/31/16	\$ 7,606,723	7,368,382	7,606,723	1.06	%
Financial Investment Activities (0.30%)					
Marsico Capital Management, Senior Secured 1st Lien Term Loan, LIBOR + 5%, due 12/31/22	\$ 10,654,939	13,415,987	2,184,263	0.30	%
Freight Transportation Arrangement (0.53%)					
	\$ 3,750,000	3,678,794	3,775,781	0.53	%

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Livingston International, Inc., 2nd Lien Term Loan, LIBOR
+ 7.75%, 1.25% LIBOR Floor, due 4/18/20

Full-Service Restaurants (2.41%)

RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18 ⁽²⁾	\$5,106,805	5,106,805	3,516,036	0.49	%
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 ⁽²⁾	\$1,332,013	1,299,048	1,332,013	0.19	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/21/16 ⁽²⁾	\$3,682,296	3,682,296	3,682,296	0.51	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/21/16 ⁽²⁾	\$6,631,746	6,631,746	6,631,746	0.93	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 ⁽²⁾	\$2,090,096	2,045,422	2,090,096	0.29	%
Total Full-Service Restaurants		18,765,317	17,252,187		

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2013

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)					
Gaming Industries (2.14%)					
AGS LLC, 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	\$13,269,231	\$12,865,029	\$13,561,154	1.89	%
AGS LLC, DDTL 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	\$1,730,769	1,672,303	1,768,846	0.25	%
Total Gaming Industries		14,537,332	15,330,000		
Grocery Stores (2.12%)					
Bashas, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 9.35%, 1.5% LIBOR Floor, due 12/28/15	\$14,952,340	14,910,425	15,176,625	2.12	%
Inland Water Transportation (1.81%)					
US Shipping Corp, Senior Secured 1st Lien Term Loan B, LIBOR + 7.75%, 1.25% LIBOR Floor, due 4/30/18	\$12,635,000	12,508,650	12,950,875	1.81	%
Insurance Related Activities (0.89%)					
Confie Seguros Holding II Co., 2nd Lien Term Loan, LIBOR + 9%, 1.25% LIBOR Floor, due 5/8/19	\$6,341,809	6,242,396	6,377,482	0.89	%
Iron and Steel Mills and Ferroalloy Manufacturing (0.66%)					
Essar Steel Algoma, Inc., Senior Secured Term Loan, LIBOR + 7.5%, 1.25% LIBOR Floor, due 9/20/14	\$4,633,352	4,587,939	4,717,911	0.66	%
Motion Picture and Video Industries (2.15%)					
	\$9,462,231	9,376,143	8,563,319	1.19	%

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CORE Entertainment, Inc., Senior Secured 1st Lien Term Loan, 9%, due 6/21/17					
CORE Entertainment, Inc., Senior Secured 2nd Lien Term Loan, 13.5%, due 6/21/18	\$7,569,785	7,498,335	6,880,935	0.96	%
Total Motion Picture and Video Industries		16,874,478	15,444,254		
			&nbs		