

**BlackRock TCP
Capital Corp.**

INVEST/STAY CONNECTED

INITIAL REPORT NOV 23, 2025

LAST UPDATED NOV 23, 2025

\$5.68 / Buy, target \$7.60

BLACKROCK TCP CAPITAL CORP.

BlackRock TCP Capital Corp. (TCPC) is a specialty finance company focused on middle-market lending. TCPC is also a [BDC](#), which is not taxed, but pays its lending profits to shareholders. The company got into trouble beginning in 2022, when prior management made oversize bets on narrow subsectors, notably, [“online aggregators”](#) and also invested in LBO debt and roll ups, which are considered high-risk, strategies. Some single positions grew to 3–4% of the total portfolio. For comparison, BDC industry leader [ARCC](#)’s largest investment is 2% of its portfolio, and its average position size is just 0.2%.

From 2022 through the third quarter of 2024, TCPC experienced nearly \$300 million in portfolio losses, which resulted in a \$4 per-share decline in book value.

New management took over TCPC in November 2024 and began reducing or selling large allocations and non-performing loans. This cleanup effort and other factors led to an additional \$70 million in realized losses at the end of 2024 and so far, \$58 million more through the third quarter of 2025. Management stated: “We are encouraged by the progress we have made in executing against the strategic priorities we established at the start of the year – resolving challenged credits, improving the quality of our portfolio, and positioning TCPC to return to historical performance levels. We have also reduced the average position size in our portfolio by making new investments in the current year with an average position size of \$7.8 million (around 0.5% of the portfolio).” Capital is being reallocated back into the traditional BDC area of middle-market senior secured loans.

As of September 30, Broxton identified around 10 debt investments that total more than 1% of the portfolio and 1 that totaled more than 2%, which is in line with a normal BDC portfolio. In addition, we do not expect default rates to increase significantly in 2025 or 26 and so far, this year, borrowers are benefiting from lower rates.

- **Middle Market lending insight:** [Stepstone](#): “Default rates for direct lending loans within the BDC universe have declined slightlyfrom 1.87% in 3Q 2024 to 1.75% in 1Q 2025.”

We believe the losses tied to the prior nontraditional investment strategy are mostly behind the company and TCPC will experience default rates that are in line with average middle market lenders under the new management. Although to be conservative, we are modeling an additional \$80 million in losses for 2026

Company Stats & Estimates in \$ or MM	
2025 Book Value est.	8.40
Share Price	\$5.68
Discount to BV	34.9%
2026 Adj. NII Yield	20.90%
2026 Div Yield	16.90%
Total Liquidity	511
2025 EPS	0.56
2026 EPS	0.79
2027 EPS	0.92
PE Ratio 2025	10.21
PE Ratio 2026	7.2
PE Ratio 2027	6.2

[TCPC INVESTOR RELATIONS](#)

[THIRD QUARTER TCPC PRESENTATION](#)

TCPC Weekly Chart Since 2024



and 2027. Currently, TCPC is trading at a \$250 million dollar discount to its book value. Using historical BDC default and recovery ratios, TCPC would need to experience a default ratio in excess of 35% to have a portfolio losses of more than \$250 million.

We initiated coverage with a price target of \$7.60 based on the 35% discount to 3rd quarter 2025 book value and our 16.9% dividend yield forecasted for 2026. We believe that the market will trade the company at a more reasonable 12% area yield and around 9% discount to our predicted book value. The company's board also reiterated a buyback for up to \$50 million earlier in the year.

BROXTON CAPITAL ADVISORS TPVG as of 9/30/2025

Monday, November 24, 2025

share price \$5.68

PROJECTIONS IN MM fiscal yr

2025 2026 2027

Income Statement

Total Investment Income	210	216	223
Revenue growth	-19%	3%	3%
Interest expense	64	60	57
Management Fees	22	40	41
Total Operating Expenses	102	111	109
Net Investment Income	108	106	114
Net Investment Income / Share	1.33	1.27	1.41
Net NAV Increase / Share (EPS)	0.56	0.79	0.92
Portfolio Gains or Losses Gross	-66.00	-40.00	-40.00
Dividend / Share	1.12	0.96	0.96
Book Value / Share	8.40	8.23	8.19

Adjusted NII / share	1.25	1.19	1.33
Adjusted NII / share less PIK	0.96	0.89	1.02
Projected Dividend / share	1.12	0.96	0.96
Adjusted NII / share Yield	22.04%	20.90%	23.34%
Dividend Yield	19.72%	16.90%	16.90%
EBITDA	145	134	139

Valuations

Total Assets	1,811
Total Liabilities	1,071
Ratio	169%
Booke Value	740

Book Value /Share	8.72		
EV/EBITDA	10.1	11.0	10.6
PE Price to Earnings	10.2	7.2	6.2
Enterprise Value	1,473		
Net Total Debt	991		
Equity Market Cap	482	482	482

Debt Ratios

EBITDA / Interest Coverage ratio	2.3	2.2	2.4
Debt / EBITDA	6.8	7.4	7.1

Liquidity

Cash	61
Borrowing Availability est.	450+

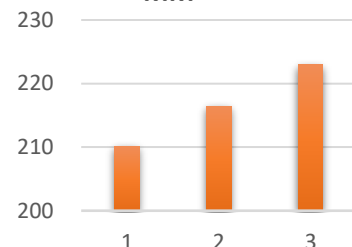
Debt

Borrowings	1,052
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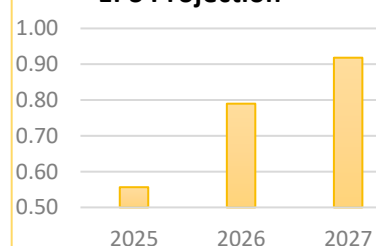
NOTES:

Net NAV Increase / Share (EPS) = basically GAAP EPS
 Portfolio Gains or Losses Gross = projected realized and unrealized portfolio gains or losses
 Adjusted NI / share= a TCPC measure that deducts accounting amortization from NII (from the BCIC merger)
 Adjusted NI / share less PIK a Broxton measure that also deducts PIK income

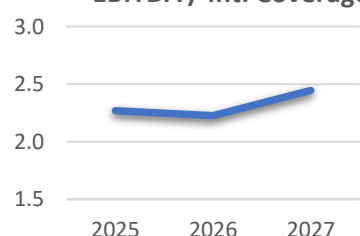
Revenue Projection MM



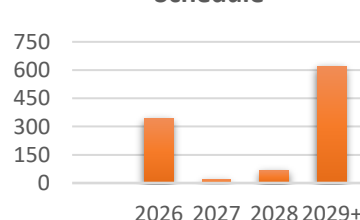
EPS Projection



EBITDA / Int. Coverage



Debt Amortization Schedule



Disclosures 02022025

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