

**CHARTER of the AUDIT COMMITTEE  
of the BOARD of DIRECTORS  
of  
TCP Capital Corp. and  
Special Value Continuation Partners, LP**

The Boards of Directors (each, a "Board") of TCP Capital Corp. and Special Value Continuation Partners, LP (each, a "Fund") has determined that the Audit Committee of each Board shall assist each Board in fulfilling certain of the Board's oversight responsibilities. Each Board hereby adopts this Charter to establish the governing principles of the Audit Committee and shall review and reassess the adequacy of this Charter on an annual basis.

**I. Role of the Audit Committee**

The role of the Audit Committee is to act on behalf of the Board in fulfilling the following responsibilities of the Board:

- A. To oversee all material aspects of the Fund's accounting and financial reporting processes, except those that are specifically related to the responsibilities of another committee of the Board;
- B. To monitor the independence and performance of the Fund's independent registered accounting firm (the "independent accountants");
- C. To provide a means for open communication among the Fund's independent accountants, financial and senior management and the Board; and
- D. To oversee compliance by the Fund with legal and regulatory requirements.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct financial statement audits or to determine that the Fund's financial statements are complete and accurate or are in accordance with generally accepted accounting principles. The responsibility to plan and conduct financial statement audits is that of the Fund's independent accountants. The Fund's management has the responsibility to determine that the Fund's financial statements are complete and accurate and in accordance with generally accepted accounting principles. Nor is it the duty of the Audit Committee to assure the Fund's compliance with laws and regulations. The primary responsibility for these matters also rests with the Fund's management.

**II. Composition of the Audit Committee**

- A. The Board shall designate the members of the Audit Committee at the Board's annual organizational meeting and each member shall serve, subject to his or her earlier resignation or removal from the Audit Committee or his or her ceasing to be a director, until the next such meeting and until their successors are designated by the Board.

- B. The Audit Committee shall initially consist of at least two members, but no more than six members. Within one year after the initial public offering of the common stock of TCP Capital Corp., the Audit Committee shall consist of at least three members, but no more than six members. The members of the Audit Committee shall meet the independence and experience requirements of the rules of the principal market or transaction reporting system on which the Fund's securities are traded or quoted, Section 10A(m)(3) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission (the "SEC").

### **III. Meeting of the Audit Committee**

The Audit Committee shall meet at least 4 times each year and more frequently as circumstances may require. The Audit Committee shall be responsible for meeting with the independent accountants at their request to discuss the interim financial statements. The Audit Committee shall meet privately with the independent accountants at least 4 times annually in a separate executive session.

### **IV. Responsibilities of the Audit Committee**

The Audit Committee shall assist the Board in overseeing the Fund's financial and operating reporting practices, internal controls and compliance with laws and regulations.

Specifically, the Audit Committee shall have the responsibility with respect to:

A. The Fund's Risks and Control Environment:

- To review with the Fund's management and independent accountants the integrity of the Fund's financial reporting processes and controls, particularly the controls in areas representing significant financial and business risks; and
- To investigate and follow up on any matters brought to its attention within the scope of its duties.

B. The Fund's Independent Accountants:

- The Audit Committee shall have the sole authority to appoint or replace the independent accountants (subject to ratification by the Board). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent accountants (including resolution of disagreements between management and the independent accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent accountants shall report directly to the Audit Committee;
- To ensure that the Audit Committee receives annually from the Fund's independent accountants the information about all of the relationships between the independent accountants and the Fund that the independent accountants are required to provide to the Audit Committee, to actively engage in a dialogue with the independent accountants about any relationships between the independent

accountants and the Fund or any services that the independent accountants provide or propose to provide that may affect the objectivity and independence of the independent accountants and to take, or recommend that the Board take, any appropriate action to oversee the independence of the independent accountants;

- The Audit Committee shall establish guidelines similar to those set forth in Annex A relating to the Fund's hiring of employees or former employees of the independent accountants who participated in any capacity in the audit of the Fund.
- The Audit Committee shall establish policies or procedures similar to those set forth in Annex B to pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) (the "Covered Services") to be performed for the Fund by its independent accountants. The Audit Committee may form and delegate authority to the Chairman of the Audit Committee or subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of the Chairman or such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting; and
- To ensure the rotation of the lead (or coordinating) audit partner (or, if required by the rules and regulations of the SEC, other employees of the independent accountants) having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

#### C. The Fund's Financial Reporting Process:

- To oversee the Fund's selection of and major changes to its accounting policies;
- To meet with the Fund's independent accountants and financial management both to discuss the proposed scope of the audit and to discuss the conclusions of the audit, including any items that the independent accountants are required by generally accepted auditing standards to discuss with the Audit Committee, such as, any significant changes to the Fund's accounting policies, the integrity of the Fund's financial reporting process and any proposed changes or improvements in financial, accounting or auditing practices;
- To review with the Fund's financial management and independent accountants the Fund's annual results and, when appropriate, the interim results before they are made public;
- To review with management and the independent accountants, prior to the filing of an audit report with the SEC, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accountants;

- To review with management and the independent accountants, prior to the filing of an audit report with the SEC, material written communications between the independent accountants and management, such as any management letter or schedule of unadjusted differences;
- Review disclosures made to the Audit Committee by the Fund's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Fund's internal controls;
- To review with the independent accountants, prior to the filing of an audit report with the SEC, all critical accounting policies and practices to be used;
- To review with the Fund's financial management and independent accountants the Fund's audited financial statements including qualitative judgments, appropriateness of accounting principles (old and new), financial disclosure practices, and any observations regarding the quality of accounting principles and underlying estimates and, when appropriate, the Fund's interim financial statements, before they are made public;
- To recommend to the Board of Directors that the audited financial statements be included in the Fund's Annual Report on Form 10-K and that the unaudited financial statements be included in the Fund's periodic reports on Form 10-Q; and
- To review with the Fund's financial management prior to public disclosure by the Fund any report required by the rules of the SEC on Form 8-K.

#### D. The Fund's Fair Value Procedures

- In accordance with the Fund's Portfolio Pricing Practices with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, to review and provide comments (if any) to management and independent valuation firms regarding the preliminary valuation conclusions provided management and such independent valuation firms and to work with management, the independent valuation firms and the board to determine such fair values and to work with the independent accountants in their audit of such fair values.

#### E. Other Matters

- To review and reassess the adequacy of this charter on an annual basis;
- To review reports and any financial information submitted by the Fund to a government body or the public;

- To report to the Board the matters discussed at each meeting of the Audit Committee;
- Administer the procedures set forth in Annex C relating to the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees or any other provider of accounting related services of concerns regarding questionable accounting or auditing matters;
- To keep an open line of communication with the financial and senior management and the independent accountants and the Board; and
- To review in advance and approve any "related party" transaction, or series of similar transactions, to which the Fund or any of its subsidiaries was or is to be a party, in which the amount involved exceeds \$120,000 and in which such related party had, or will have, a direct or indirect material interest. For purposes of this item, a "related party" includes any director or executive officer of the Fund, any nominee for election as a director, any security holder who is known to the Fund to own of record or beneficially more than five percent of any class of the Fund's voting securities, the Fund's investment advisor and such investment advisor's principals and affiliates and any member of the immediate family<sup>1</sup> of any of the foregoing persons. The materiality of any interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case.

## **V. Advisors/Funding**

In discharging its duties hereunder, the Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Fund shall provide for appropriate funding, as determined by the Audit Committee, for payment of such compensation as is determined by the Audit Committee to the independent accountants and to any other advisors employed by the Audit Committee. The Fund shall also provide funding for any other functions or initiatives undertaken by the Audit Committee.

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<sup>1</sup> A person's immediate family shall include such person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.

## **Annex A**

### **Hiring Guidelines for Independent Accountants Employees**

The Audit Committee has adopted the following practices regarding the hiring by the Advisor of any employee of its independent accountants who participated in any capacity in the audit of the Fund.

1. No member of the audit team that is auditing the Fund can be hired by the Advisor in a financial reporting oversight role for the Fund (as defined in the SEC's Regulation S-X) for a period of one (1) year following the completion of the audit for which that individual was a member of the audit team.

2. The Fund's Chief Financial Officer shall report annually to the Audit Committee the profile of the preceding year's hires from the independent accountants.

## **Annex B**

### **Audit Committee Pre-Approval Policy**

#### **Statement of Principles**

The Audit Committee of the Board of Directors of the Fund is required to pre-approve all Covered Services (as defined in this Charter) in order to assure that the provision of the Covered Services does not impair the auditors' independence. Unless a type of service to be provided by the independent accountant is pre-approved in accordance with the terms of this Audit Committee Pre-Approval Policy (the "Policy"), it will require specific pre-approval by the Audit Committee or by any member of the Audit Committee to which pre-approval authority has been delegated.

This Policy and the appendices to this Policy describe the Audit, Audit-Related, Tax and All Other services that are Covered Services and that have been pre-approved under this Policy. The appendices hereto sometimes are referred to herein as the "Service Pre-Approval Documents". The term of any such pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. At one of its meetings each calendar year, the Audit Committee will review and re-approve this Policy and approve or re-approve the Service Pre-Approval Documents for that year, together with any changes deemed necessary or desirable by the Audit Committee. The Audit Committee may, from time to time, modify the nature of the services pre-approved, the aggregate level of fees pre-approved or both. The Audit Committee hereby directs that each version of this Policy and the Service Pre-Approval Documents approved, re-approved or amended from time to time be maintained with the books and records of the Fund.

#### **Delegation**

In the intervals between the scheduled meetings of the Audit Committee, the Audit Committee delegates pre-approval authority under this Policy to the Chairman of the Audit Committee (the "Chairman"). The Chairman shall report any pre-approval decisions under this Policy to the Audit Committee at its next scheduled meeting. At each scheduled meeting, the Audit Committee will review with the independent accountant the Covered Services pre-approved by the Chairman pursuant to delegated authority, if any, and the fees related thereto. Based on these reviews, the Audit Committee can modify, at its discretion, the pre-approval originally granted by the Chairman pursuant to delegated authority. This modification can be to the nature of services pre-approved, the aggregate level of fees approved, or both. The Audit Committee expects pre-approval of Covered Services by the Chairman pursuant to this delegated authority to be the exception rather than the rule and may modify or withdraw this delegated authority at any time the Audit Committee determines that it is appropriate to do so.

#### **Pre-Approved Fee Levels**

Fee levels for all Covered Services to be provided by the independent accountant and pre-approved under this Policy will be established annually by the Audit Committee and set forth in the Service Pre-Approval Documents. Any increase in pre-approved fee levels will require specific pre-approval by the Audit Committee (or the Chairman pursuant to delegated authority).

## **Audit Services**

The terms and fees of the annual Audit services engagement for the Fund are subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions or fees resulting from changes in audit scope, Fund structure or other matters.

In addition to the annual Audit services engagement specifically approved by the Audit Committee, any other Audit services for the Fund not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

## **Audit-Related Services**

Audit-Related services are assurance and related services that are not required for the audit, but are reasonably related to the performance of the audit or review of the financial statements of the Fund or that are traditionally performed by the independent accountant. Audit-Related services that are Covered Services and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

## **Tax Services**

The Audit Committee believes that the independent accountant can provide Tax services to the Fund such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent accountant in connection with a transaction initially recommended by the independent accountant, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code of 1986 and related regulations. Tax services that are Covered Services and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

## **All Other Services**

All Other services that are Covered Services and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

## **Procedures**

Requests or applications to provide Covered Services that require approval by the Audit Committee (or the Chairman pursuant to delegated authority) must be submitted to the Audit Committee or the Chairman, as the case may be, by both the independent accountant and the Chief Financial Officer of the respective Fund, and must include a joint statement as to whether, in their view, (a) the request or application is consistent with the SEC's rules on auditor independence and (b) the requested service is or is not a non-audit service prohibited by the SEC. A request or application submitted to the Chairman between scheduled meetings of the Audit

Committee should include a discussion as to why approval is being sought prior to the next regularly scheduled meeting of the Audit Committee.

**Appendix A**

**Pre-Approved Audit Services for the Period from [ ] through [ ]**

<b><u>Service</u></b>	<b><u>Range of Fees</u></b>
[Statutory audits or financial audits for subsidiaries, if any; services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters, consents), Form N-SAR internal control letters.]	\$ [ ]
[Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or issued in connection with securities offerings (e.g., comfort letters, consents), Form N-SAR internal control letters.]	\$ [ ]
[SAS 100 Reviews.]	[\$ [ ]
[Overhead and out of pocket.]	[\$ [ ]
[ ]	[\$ [ ]

**Appendix B**

**Pre-Approved Audit-Related Services for the Period from [ ] through [ ]**

<u>Service</u>	<u>Range of Fees</u>
[Attest services not required by statute or regulation]	\$[ ]
[Overhead and out of pocket.]	\$[ ]

**Appendix C**

**Pre-Approved Tax Services for the Period from [            ] through [            ]**

<b><u>Service</u></b>	<b><u>Range of Fees</u></b>
[Federal, state and local income and excise tax return preparation and related advice and planning.]	[\$[        ]]
[Misc tax advice (e.g. providing tax treatment on securities, registration statement review)]	[\$[        ]]
	[\$[        ]]
	[\$[        ]]
.	[\$[        ]]

**Appendix D**

**Pre-Approved All Other Services for Fiscal Year [      ]**

<b><u>Service</u></b>	<b><u>Range of Fees</u></b>
[None.]	

## Annex C

### **Procedures for the Submission of Complaints or Concerns Regarding Financial Statement Disclosures, Accounting, Internal Accounting Controls or Auditing Matters**

1. The Fund shall forward to the Audit Committee of the Board of Directors any complaints or concerns that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
2. The Fund shall establish and publish on its website an e-mail address for receiving complaints or concerns related to financial statement disclosures, accounting, internal accounting controls or auditing matters.
3. Any employee of the Fund, the Fund's investment advisor or administrator or any other provider of accounting related services may submit, on a confidential, anonymous basis if the employee so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters by setting forth such concerns in writing and forwarding them in a sealed envelope to the Chairperson of the Audit Committee, in care of the Corporate Secretary, such envelope to be labeled with a legend such as: "To be opened by the Audit Committee only." Employees may deposit such envelope in the Fund's internal mail system or deliver it by hand to the Corporate Secretary. If an employee would like to discuss any matter with the Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she might be contacted if the Audit Committee deems it appropriate.
4. The Audit Committee shall review and consider any such complaints and concerns that it has received and take any action that it deems appropriate in order to respond thereto.
5. The Audit Committee may request special treatment for any complaint or concern, including the retention of outside counsel or other advisors.
6. The Audit Committee shall retain any such complaints or concerns for a period of no less than five (5) years.
7. The Fund's Code of Business Conduct and Ethics prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve business conduct or ethical concerns.