

Investor FAQ

Blue Owl Technology Finance Corp. and Blue Owl Technology Finance Corp. II Announce Merger Agreement

Merger Overview

What are the key details of the announced merger?

- Blue Owl Technology Finance Corp. (“OTF”) and Blue Owl Technology Finance Corp. II (“OTF II”) entered into an agreement to merge. The combined company is expected to be a top five BDC and the largest dedicated software-focused BDC by total assets, with \$15.8 billion of total assets once all capital is called and the fund reaches target leverage¹
- Blue Owl Technology Finance Corp. will be the surviving entity given its longer operating history. It will acquire 100% of Blue Owl Technology Finance Corp. II in a stock-for-stock transaction on a NAV-for-NAV basis
- The combined company will continue to operate as Blue Owl Technology Finance Corp. and will maintain the same investment strategy
- We expect the merger to close in the second quarter of 2025, subject to shareholder approval and customary closing conditions

What are the structural terms of the merger?

- Shareholders of OTF II will receive newly issued shares of OTF based on an exchange ratio
- The exchange ratio will be calculated based upon the NAV per share of OTF and OTF II as determined before merger close

Exchange Ratio	Illustrative Example as of September 30, 2024
OTF II NAV per share / OTF NAV per share	$\$15.77 / \$16.95 = 0.9305$

- OTF II shareholders will receive cash in lieu of fractional shares of OTF common stock
- Prior to the closing of the proposed merger, subject to the approval of OTF II’s board of directors, OTF II will declare a dividend to OTF II’s shareholders equal to any undistributed net investment income and undistributed net capital gains estimated to be remaining as of the closing of the proposed merger
- In connection with and in support of the transaction, only if the proposed merger is consummated, OTF’s advisor, Blue Owl Technology Credit Advisors LLC, has agreed to reimburse fees and expenses associated with the merger up to \$4.75 million

What will happen to OTF II shares if the merger closes?

- On the day of merger close, OTF II shares will be exchanged for OTF shares according to the exchange ratio referenced above

Will the merger require shareholder approval?

- OTF and OTF II shareholders will be asked to approve proposals related to the merger as set forth below at special shareholder meetings, which we expect to occur in the first or second quarter of 2025
 - OTF: Approval of a charter amendment to incorporate transfer restrictions
 - OTF II: Approval of the merger agreement
- Investors are encouraged to review the joint proxy statement / prospectus that will be filed with the SEC and will be available once filed at <https://www.blueowlproducts.com/otf-otf-ii-merger> (Form N-14)

¹ BDC ranking based on latest publicly available filings as of November 8, 2024. Combined company total assets are as of September 30, 2024 and assume \$1.6 billion of remaining OTF II uncalled capital commitments are called. Also assumes combined company leverage of 1.0x debt-to-equity.

Figures are as of the quarter ended September 30, 2024 unless otherwise noted.

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Strategic Rationale

What are the key transaction highlights?

- Increases both BDCs' scale and diversification via a known, high-quality portfolio of assets
- Strong combined portfolio metrics
- Enhances both BDCs' positioning for a possible future liquidity event
- Streamlines our direct lending platform
- Increases access to debt markets and generates financing cost savings
- Accretive to net investment income for both BDCs

Please see announcement press release for additional information on the transaction highlights above.

What is the strategic rationale for OTF shareholders?

- We believe the transaction is a **logical and low-risk avenue to significantly increase the scale of OTF**. OTF is expected to be a top five BDC and the largest dedicated software-focused BDC by total assets² as a result of the combination. This proposed merger with OTF II would add \$5.1 billion of known, high-quality investments to OTF immediately, and another \$3+ billion of investments once all uncalled capital commitments at OTF II are deployed and levered at 1.0x debt-to-equity. The OTF II portfolio is also very similar to that of OTF, with approximately 84% of the investments in OTF II also in OTF and 100% of the portfolio comprised of performing investments
- The transaction **offers net investment income ("NII") accretion** driven by operational savings through the elimination of duplicative expenses, which we estimate could be in excess of \$4 million in the first year, and improved portfolio-level asset yields. Over the long term, we expect NII to benefit further from cost savings from capital structure improvements, which are estimated to save approximately \$15 million annually. We also expect additional return-on-equity expansion as the combined company makes progress towards its long-term target leverage range of 0.9x-1.25x
- This added scale and increased portfolio-level asset yield is expected to **enhance positioning for a possible future liquidity event**. The larger scale of the combined company should also increase possible trading liquidity, broaden investor appeal, and expand prospective research coverage
- Finally, elimination of a second private-to-public software-focused BDC should reduce potential arbitrage opportunities while **streamlining Blue Owl's BDC organizational structure**

What is the strategic rationale for OTF II shareholders?

- We believe this transaction is a **logical and low-risk avenue to significantly increase scale** as cited above
- The transaction **offers increased access to long-term, flexible debt capital and an immediate reduction in OTF II's cost of debt**. OTF's average cost of debt was approximately 150 basis points lower than OTF II's as of September 30, 2024
- The transaction **offers NII accretion**, driven by an immediate reduction in financing costs and operational savings through the elimination of duplicative expenses as cited above. Over the long term, we expect NII to benefit further from cost savings from capital structure improvements, which are estimated to save approximately \$15 million annually. We also expect additional return-on-equity expansion as the combined company makes progress towards its long-term target leverage range of 0.9x-1.25x
- The added scale and reduced financing costs cited above, plus the spillover income at the combined company should **enhance positioning for a possible future liquidity event**. The combined company would have nearly \$300 million in estimated undistributed net investment income and undistributed net capital gains as of September 30, 2024, which should support a strong and predictable potential future public company dividend

² BDC ranking based on latest publicly available filings as of November 8, 2024. Combined company total assets are as of September 30, 2024 and assume \$1.6 billion of remaining OTF II uncalled capital commitments are called. Also assumes combined company leverage of 1.0x debt-to-equity.

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- Finally, elimination of a second private-to-public software-focused BDC should reduce potential arbitrage opportunities while **streamlining Blue Owl's BDC organizational structure**

Will there be any change in management team or investment strategy?

- No. There will be no change to the management team or the investment strategy following the merger

Dividends

Will there be any interruption to the payment of dividends going forward?

- No. We do not anticipate any change to the dividend policies of either BDC between announcement and close
- Subject to board approval, the calculation of dividends of the combined OTF will also be consistent with the existing calculation of dividends of OTF, which is formulaic and generally equal to 90% of estimated investment company taxable income in a given quarter
- OTF II shareholders should also expect to receive a special dividend comprised of any undistributed net investment income and undistributed net capital gains estimated to be remaining as of the close of the merger. As of September 30, 2024, OTF II shareholders would receive nearly \$55 million of estimated undistributed net investment income and undistributed net capital gains, which has accumulated over time as OTF II over-earned its dividends

Fee Structure

What will the fee rate of the combined company be?

- The fee rate of the combined company will remain the same following the completion of the merger, with a management fee of 0.9% of gross assets (excluding cash) and an incentive fee of 10.0% after a 6.0% hurdle and "catch up" feature

Combined Entity Investor Ownership

What will OTF and OTF II shareholder ownership be in the combined company?

- The exchange ratio will result in an ownership split of the combined company based on the respective NAVs of each of OTF and OTF II as determined shortly before closing
- For illustrative purposes, based on September 30, 2024 NAVs, assuming all remaining OTF II capital commitments are called, and excluding transaction costs net of adviser reimbursement and tax-related distributions:
 - The transaction would result in pro forma ownership of 45.3% for current OTF shareholders and 54.7% for current OTF II shareholders
 - An OTF II shareholder with a \$100 million position (based on NAV) would own approximately 1.3% of the combined company

Tax Implications

Is the merger expected to be taxable to OTF or OTF II shareholders?

- No. The merger is not expected to be a taxable event for either OTF or OTF II shareholders. The merger is expected to qualify as a tax-free reorganization for federal tax purposes

Tax matters can be complicated, and the tax consequences of the merger for OTF and OTF II shareholders will depend on the particular tax situation of such shareholder. Shareholders should carefully review the joint proxy statement / prospectus when it becomes available for more information and details as to the tax consequences of the merger. Shareholders should also consult with their own tax advisors to determine the tax consequences of the merger.