

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 814-01219

**OWL ROCK CAPITAL CORPORATION II**

(Exact Name of Registrant as Specified in its Charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)  
  
**399 Park Avenue, 38th Floor**  
**New York, New York**  
(Address of principal executive offices)

**47-5416332**  
(I.R.S. Employer  
Identification No.)

**10022**  
(Zip Code)

**Registrant's telephone number, including area code: (212) 419-3000**

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------|--------------------------------------------------|
| None                       | None                     | 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 (or for such shorter period that the registrant was required to file such reports), 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Small reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The aggregate market value of common stock held by non-affiliates as of December 31, 2019 has not been provided because there is no established market for the registrant's shares of common stock.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

As of August 11, 2020, the registrant had 133,112,898 shares of common stock, \$0.01 par value per share, outstanding.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve substantial risks and uncertainties. Such statements involve known and unknown risks, uncertainties and other factors and undue reliance should not be placed thereon. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Owl Rock Capital Corporation II (the “Company,” “we” or “our”), our current and prospective portfolio investments, our industry, our beliefs and opinions, and our assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “will,” “may,” “continue,” “believes,” “seeks,” “estimates,” “would,” “could,” “should,” “targets,” “projects,” “outlook,” “potential,” “predicts” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies’ ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- an economic downturn could disproportionately impact the companies that we intend to target for investment, potentially causing us to experience a decrease in investment opportunities and diminished demand for capital from these companies;
- an economic downturn could also impact availability and pricing of our financing;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- the impact of the novel strain of coronavirus known as “COVID-19” and related changes in base interest rates and significant market volatility on our business, our portfolio companies, our industry and the global economy;
- interest rate volatility, including the decommissioning of LIBOR, could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars;
- our future operating results;
- our business prospects and the prospects of our portfolio companies including our and their ability to achieve our respective objectives as a result of the current COVID-19 pandemic;
- our contractual arrangements and relationships with third parties;
- the ability of our portfolio companies to achieve their objectives;
- competition with other entities and our affiliates for investment opportunities;
- the speculative and illiquid nature of our investments;
- the use of borrowed money to finance a portion of our investments as well as any estimates regarding potential use of leverage;
- the adequacy of our financing sources and working capital;
- the loss of key personnel;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Owl Rock Capital Advisors LLC (“the Adviser” or “our Adviser”) to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Adviser to attract and retain highly talented professionals;
- our ability to qualify for and maintain our tax treatment as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), and as a business development company (“BDC”);
- the effect of legal, tax and regulatory changes; and
- other risks, uncertainties and other factors previously identified in the reports and other documents we have filed with the Securities and Exchange Commission (“SEC”).

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans and objectives will be achieved. These forward-looking statements apply only as of the date of this report. Moreover, we assume no duty and do not undertake to update the forward-looking statements. Because we are an investment company, the forward-looking statements and projections contained in this report are excluded from the safe harbor protection provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).



## PART I. CONSOLIDATED FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements

**Owl Rock Capital Corporation II**  
**Consolidated Statements of Assets and Liabilities**  
(Amounts in thousands, except share and per share amounts)

|                                                                                                                                        | <b>June 30, 2020</b> | <b>December 31,</b> |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
|                                                                                                                                        | <b>(Unaudited)</b>   | <b>2019</b>         |
| <b>Assets</b>                                                                                                                          |                      |                     |
| Investments at fair value (amortized cost of \$1,733,484 and \$1,443,007, respectively)                                                | \$ 1,679,651         | \$ 1,441,526        |
| Cash                                                                                                                                   | 46,648               | 73,117              |
| Interest receivable                                                                                                                    | 8,336                | 9,031               |
| Receivable for investments sold                                                                                                        | —                    | 2,309               |
| Prepaid expenses and other assets                                                                                                      | 2,462                | 2,294               |
| <b>Total Assets</b>                                                                                                                    | <b>\$ 1,737,097</b>  | <b>\$ 1,528,277</b> |
| <b>Liabilities</b>                                                                                                                     |                      |                     |
| Debt (net of deferred unamortized debt issuance costs of \$9,202 and \$10,447, respectively)                                           | 589,284              | 555,225             |
| Distribution payable                                                                                                                   | 8,302                | 5,266               |
| Payable for investments purchased                                                                                                      | 25,304               | —                   |
| Payables to affiliates                                                                                                                 | 1,313                | 7,219               |
| Accrued expenses and other liabilities                                                                                                 | 3,073                | 3,288               |
| <b>Total Liabilities</b>                                                                                                               | <b>627,276</b>       | <b>570,998</b>      |
| Commitments and contingencies (Note 7)                                                                                                 |                      |                     |
| <b>Net Assets</b>                                                                                                                      |                      |                     |
| Common shares \$0.01 par value, 450,000,000 shares authorized; 129,270,802 and 106,034,790 shares issued and outstanding, respectively | 1,293                | 1,060               |
| Additional paid-in-capital                                                                                                             | 1,164,784            | 959,247             |
| Distributable earnings                                                                                                                 | (56,256)             | (3,028)             |
| <b>Total Net Assets</b>                                                                                                                | <b>1,109,821</b>     | <b>957,279</b>      |
| <b>Total Liabilities and Net Assets</b>                                                                                                | <b>\$ 1,737,097</b>  | <b>\$ 1,528,277</b> |
| <b>Net Asset Value Per Share</b>                                                                                                       | <b>\$ 8.59</b>       | <b>\$ 9.03</b>      |

The accompanying notes are an integral part of these consolidated financial statements.

**Owl Rock Capital Corporation II**  
**Consolidated Statements of Operations**  
(Amounts in thousands, except share and per share amounts)  
(Unaudited)

|                                                                         | For the Three Months Ended<br>June 30, |                  | For the Six Months Ended<br>June 30, |                  |
|-------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------|------------------|
|                                                                         | 2020                                   | 2019             | 2020                                 | 2019             |
| <b>Investment Income</b>                                                |                                        |                  |                                      |                  |
| Investment income from non-controlled, non-affiliated investments:      |                                        |                  |                                      |                  |
| Interest income                                                         | \$ 32,697                              | \$ 23,157        | \$ 66,396                            | \$ 41,753        |
| Dividend income                                                         | 307                                    | —                | 307                                  | —                |
| Other income                                                            | 560                                    | 342              | 1,169                                | 674              |
| Total investment income from non-controlled, non-affiliated investments | 33,564                                 | 23,499           | 67,872                               | 42,427           |
| <b>Total Investment Income</b>                                          | <u>33,564</u>                          | <u>23,499</u>    | <u>67,872</u>                        | <u>42,427</u>    |
| <b>Operating Expenses</b>                                               |                                        |                  |                                      |                  |
| Offering costs                                                          | 762                                    | 900              | 1,438                                | 1,999            |
| Interest expense                                                        | 10,425                                 | 5,376            | 19,833                               | 10,337           |
| Management fee                                                          | 6,276                                  | 4,500            | 12,633                               | 8,156            |
| Performance based incentive fees                                        | —                                      | 2,795            | 2,028                                | 5,092            |
| Professional fees                                                       | 988                                    | 786              | 1,914                                | 1,476            |
| Directors' fees                                                         | 252                                    | 153              | 508                                  | 302              |
| Other general and administrative                                        | 698                                    | 417              | 1,331                                | 873              |
| Total Operating Expenses                                                | 19,401                                 | 14,927           | 39,685                               | 28,235           |
| Management and incentive fees waived (Note 3)                           | —                                      | (992)            | (506)                                | (1,801)          |
| Expense support                                                         | (5,794)                                | (1,776)          | (12,381)                             | (3,611)          |
| <b>Net Operating Expenses</b>                                           | <u>13,607</u>                          | <u>12,159</u>    | <u>26,798</u>                        | <u>22,823</u>    |
| <b>Net Investment Income (Loss)</b>                                     | <u>\$ 19,957</u>                       | <u>\$ 11,340</u> | <u>\$ 41,074</u>                     | <u>\$ 19,604</u> |
| <b>Net Realized and Change in Unrealized Gain (Loss)</b>                |                                        |                  |                                      |                  |
| Net change in unrealized gain (loss):                                   |                                        |                  |                                      |                  |
| Non-controlled, non-affiliated investments                              | \$ 38,241                              | \$ 1,981         | \$ (52,211)                          | \$ 7,260         |
| Translation of assets and liabilities in foreign currencies             | 204                                    | 13               | 27                                   | (25)             |
| <b>Total Net Change in Unrealized Gain (Loss)</b>                       | <u>38,445</u>                          | <u>1,994</u>     | <u>(52,184)</u>                      | <u>7,235</u>     |
| Net realized gain (loss):                                               |                                        |                  |                                      |                  |
| Non-controlled, non-affiliated investments                              | —                                      | —                | 122                                  | 210              |
| Foreign currency transactions                                           | 2                                      | (27)             | (12)                                 | (4)              |
| <b>Total Net Realized Gain (Loss)</b>                                   | <u>2</u>                               | <u>(27)</u>      | <u>110</u>                           | <u>206</u>       |
| <b>Total Net Realized and Change in Unrealized Gain (Loss)</b>          | <u>38,447</u>                          | <u>1,967</u>     | <u>(52,074)</u>                      | <u>7,441</u>     |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>  | <u>\$ 58,404</u>                       | <u>\$ 13,307</u> | <u>\$ (11,000)</u>                   | <u>\$ 27,045</u> |
| <b>Earnings Per Share - Basic and Diluted</b>                           | <u>\$ 0.46</u>                         | <u>\$ 0.19</u>   | <u>\$ (0.09)</u>                     | <u>\$ 0.43</u>   |
| <b>Weighted Average Shares Outstanding - Basic and Diluted</b>          | 127,528,621                            | 69,110,851       | 122,140,484                          | 62,240,308       |

The accompanying notes are an integral part of these consolidated financial statements.

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| <u>Company(1)(2)(3)(21)</u>                                    | <u>Investment</u>                                 | <u>Interest</u>             | <u>Maturity Date</u> | <u>Par / Units</u> | <u>Amortized Cost(4)(29)</u> | <u>Fair Value</u> | <u>Percentage of Net Assets</u> |
|----------------------------------------------------------------|---------------------------------------------------|-----------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Debt Investments(5)</b>                                     |                                                   |                             |                      |                    |                              |                   |                                 |
| <b>Advertising and media</b>                                   |                                                   |                             |                      |                    |                              |                   |                                 |
| IRI Holdings, Inc.(8)(23)                                      | First lien senior secured loan                    | L + 4.25%                   | 12/1/2025            | \$ 24,625          | \$ 24,426                    | \$ 23,578         | 2.1 %                           |
| Swipe Acquisition Corporation (dba PLI)(8)(23)                 | First lien senior secured loan                    | L + 8.00%                   | 6/29/2024            | 19,425             | 19,143                       | 15,540            | 1.4 %                           |
|                                                                |                                                   |                             |                      | 44,050             | 43,569                       | 39,118            | 3.5 %                           |
| <b>Aerospace and defense</b>                                   |                                                   |                             |                      |                    |                              |                   |                                 |
| Aviation Solutions Midco, LLC (dba STS Aviation)(9)(23)        | First lien senior secured loan                    | L + 6.25% (incl. 6.25% PIK) | 1/3/2025             | 35,579             | 34,996                       | 30,242            | 2.7 %                           |
| Propulsion Acquisition, LLC (dba Belcan, Inc.)(8)              | First lien senior secured loan                    | L + 6.00%                   | 7/13/2021            | 27,238             | 27,092                       | 25,740            | 2.3 %                           |
| Valence Surface Technologies LLC(8)(23)                        | First lien senior secured loan                    | L + 5.75%                   | 6/28/2025            | 24,814             | 24,492                       | 22,455            | 2.0 %                           |
| Valence Surface Technologies LLC(9)(15)(17)(22)(23)            | First lien senior secured delayed draw term loan  | L + 5.75%                   | 6/28/2021            | 5,985              | 5,900                        | 5,274             | 0.5 %                           |
| Valence Surface Technologies LLC(9)(15)(22)(23)                | First lien senior secured revolving loan          | L + 5.75%                   | 6/28/2025            | 2,488              | 2,457                        | 2,250             | 0.2 %                           |
|                                                                |                                                   |                             |                      | 96,104             | 94,937                       | 85,961            | 7.7 %                           |
| <b>Automotive</b>                                              |                                                   |                             |                      |                    |                              |                   |                                 |
| Mavis Tire Express Services Corp.(8)(22)(23)(24)               | First lien senior secured loan                    | L + 3.25%                   | 3/20/2025            | 129                | 121                          | 116               | — %                             |
| Mavis Tire Express Services Corp.(8)(23)                       | Second lien senior secured loan                   | L + 7.57%                   | 3/20/2026            | 26,695             | 26,257                       | 24,760            | 2.2 %                           |
| Mavis Tire Express Services Corp.(15)(16)(17)(22)(23)          | Second lien senior secured delayed draw term loan | L + 8.00%                   | 3/20/2021            | —                  | —                            | (97)              | — %                             |
|                                                                |                                                   |                             |                      | 26,824             | 26,378                       | 24,779            | 2.2 %                           |
| <b>Buildings and real estate</b>                               |                                                   |                             |                      |                    |                              |                   |                                 |
| Associations, Inc.(8)(23)                                      | First lien senior secured loan                    | L + 7.00% (incl. 3.00% PIK) | 7/30/2024            | 28,203             | 27,950                       | 27,780            | 2.5 %                           |
| Associations, Inc.(8)(15)(17)(23)                              | First lien senior secured delayed draw term loan  | L + 7.00% (incl. 3.00% PIK) | 7/30/2021            | 3,685              | 3,642                        | 3,608             | 0.3 %                           |
| Associations, Inc.(8)(15)(22)(23)                              | First lien senior secured revolving loan          | L + 6.00%                   | 7/30/2024            | 1,000              | 992                          | 985               | 0.1 %                           |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)(9)(23)         | First lien senior secured loan                    | L + 5.75% (incl. 1.00% PIK) | 11/28/2024           | 18,660             | 18,443                       | 17,633            | 1.6 %                           |
| Imperial Parking Canada(11)(23)                                | First lien senior secured loan                    | C + 6.00% (1.00% PIK)       | 11/28/2024           | 3,613              | 3,692                        | 3,415             | 0.3 %                           |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)(8)(15)(22)(23) | First lien senior secured revolving loan          | L + 5.75%                   | 11/28/2023           | 1,526              | 1,506                        | 1,401             | 0.1 %                           |
| Velocity Commercial Capital, LLC(9)(23)                        | First lien senior secured loan                    | L + 7.50%                   | 8/29/2024            | 14,020             | 13,869                       | 13,634            | 1.2 %                           |
|                                                                |                                                   |                             |                      | 70,707             | 70,094                       | 68,456            | 6.1 %                           |

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| <b>Company(1)(2)(3)(21)</b>                               | <b>Investment</b>                        | <b>Interest</b>                | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|-----------------------------------------------------------|------------------------------------------|--------------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Business services</b>                                  |                                          |                                |                      |                    |                              |                   |                                 |
| Access CIG, LLC(6)(23)                                    | Second lien senior secured loan          | L + 7.75%                      | 2/27/2026            | 24,564             | 24,460                       | 23,704            | 2.1 %                           |
| CIBT Global, Inc.(8)(22)(23)                              | First lien senior secured loan           | L + 3.75%                      | 6/3/2024             | 150                | 113                          | 113               | — %                             |
| CIBT Global, Inc.(8)(23)(28)                              | Second lien senior secured loan          | L + 7.75%<br>(incl. 6.75% PIK) | 6/2/2025             | 10,500             | 10,278                       | 7,560             | 0.7 %                           |
| ConnectWise, LLC(8)(23)                                   | First lien senior secured loan           | L + 6.00%                      | 2/28/2025            | 33,511             | 33,161                       | 33,009            | 3.1 %                           |
| ConnectWise, LLC(15)(16)(22)(23)                          | First lien senior secured revolving loan | L + 6.00%                      | 2/28/2025            | —                  | (36)                         | (54)              | — %                             |
| Entertainment Benefits Group, LLC(8)(23)                  | First lien senior secured loan           | L + 8.25%<br>(incl. 2.50% PIK) | 9/30/2025            | 20,048             | 19,778                       | 18,444            | 1.7 %                           |
| Entertainment Benefits Group, LLC(8)(15)(22)(23)          | First lien senior secured revolving loan | L + 8.25%<br>(incl. 2.50% PIK) | 9/30/2024            | 2,524              | 2,486                        | 2,284             | 0.2 %                           |
|                                                           |                                          |                                |                      | 91,297             | 90,240                       | 85,060            | 7.8 %                           |
| <b>Chemicals</b>                                          |                                          |                                |                      |                    |                              |                   |                                 |
| Douglas Products and Packaging Company LLC(8)(23)         | First lien senior secured loan           | L + 5.75%                      | 10/19/2022           | 18,143             | 18,036                       | 17,735            | 1.6 %                           |
| Douglas Products and Packaging Company LLC(12)(15)(23)    | First lien senior secured revolving loan | P + 4.75%                      | 10/19/2022           | 1,526              | 1,520                        | 1,491             | 0.1 %                           |
| Innovative Water Care Global Corporation(8)(23)           | First lien senior secured loan           | L + 5.00%                      | 2/27/2026            | 24,688             | 23,206                       | 19,750            | 1.8 %                           |
|                                                           |                                          |                                |                      | 44,357             | 42,762                       | 38,976            | 3.5 %                           |
| <b>Consumer products</b>                                  |                                          |                                |                      |                    |                              |                   |                                 |
| CD&R Smokey Buyer (fka Radio Systems)(22)(23)(24)(25)     | First lien senior secured note           | 6.75%                          | 7/15/2025            | 18,750             | 18,751                       | 19,453            | 1.8 %                           |
| Feradyne Outdoors, LLC(8)(22)(23)                         | First lien senior secured loan           | L + 8.25%<br>(incl. 2.00% PIK) | 5/25/2023            | 975                | 969                          | 848               | 0.1 %                           |
| WU Holdco, Inc. (dba Weiman Products, LLC)(8)(23)         | First lien senior secured loan           | L + 5.50%                      | 3/26/2026            | 48,274             | 47,398                       | 47,066            | 4.2 %                           |
| WU Holdco, Inc. (dba Weiman Products, LLC)(8)(15)(22)(23) | First lien senior secured revolving loan | L + 5.50%                      | 3/26/2025            | 1,976              | 1,944                        | 1,926             | 0.2 %                           |
|                                                           |                                          |                                |                      | 69,975             | 69,062                       | 69,293            | 6.3 %                           |
| <b>Containers and packaging</b>                           |                                          |                                |                      |                    |                              |                   |                                 |
| Pregis Topco LLC(6)(22)(23)(24)                           | First lien senior secured loan           | L + 4.00%                      | 8/1/2026             | 130                | 123                          | 125               | — %                             |
| Pregis Topco LLC(6)(23)                                   | Second lien senior secured loan          | L + 7.75%                      | 7/30/2027            | 28,667             | 28,140                       | 27,448            | 2.5 %                           |
|                                                           |                                          |                                |                      | 28,797             | 28,263                       | 27,573            | 2.5 %                           |



**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| <b>Company(1)(2)(3)(21)</b>                                        | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|--------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Distribution</b>                                                |                                                  |                 |                      |                    |                              |                   |                                 |
| Aramco, Inc.(6)(23)                                                | First lien senior secured loan                   | L + 5.25%       | 8/28/2024            | 10,461             | 10,291                       | 10,095            | 0.9 %                           |
| Aramco, Inc.(6)(15)(22)(23)                                        | First lien senior secured revolving loan         | L + 5.25%       | 8/28/2024            | 557                | 538                          | 520               | — %                             |
| Dealer Tire, LLC(6)(22)(23)(24)                                    | First lien senior secured loan                   | L + 4.25%       | 12/12/2025           | 29,850             | 29,785                       | 28,456            | 2.6 %                           |
| Endries Acquisition, Inc.(10)(23)                                  | First lien senior secured loan                   | L + 6.25%       | 12/10/2025           | 19,750             | 19,466                       | 19,059            | 1.7 %                           |
| Endries Acquisition, Inc.(10)(15)(17)(23)                          | First lien senior secured delayed draw term loan | L + 6.25%       | 12/10/2020           | 2,833              | 2,739                        | 2,590             | 0.2 %                           |
| Endries Acquisition, Inc.(15)(16)(22)(23)                          | First lien senior secured revolving loan         | L + 6.25%       | 12/10/2024           | —                  | (39)                         | (105)             | — %                             |
| Individual Foodservice Holdings, LLC(9)(23)                        | First lien senior secured loan                   | L + 5.75%       | 11/22/2025           | 21,313             | 20,886                       | 20,194            | 1.8 %                           |
| Individual Foodservice Holdings, LLC(9)(15)(17)(22)(23)            | First lien senior secured delayed draw term loan | L + 5.75%       | 5/22/2021            | 1,602              | 1,479                        | 1,272             | 0.1 %                           |
| Individual Foodservice Holdings, LLC(9)(15)(22)(23)                | First lien senior secured revolving loan         | L + 5.75%       | 11/22/2024           | 1,260              | 1,187                        | 1,062             | 0.1 %                           |
| Offen, Inc.(9)(23)                                                 | First lien senior secured loan                   | L + 5.00%       | 6/22/2026            | 3,636              | 3,604                        | 3,463             | 0.3 %                           |
| Offen, Inc.(15)(16)(17)(22)(23)                                    | First lien senior secured delayed draw term loan | L + 5.00%       | 12/21/2020           | —                  | (11)                         | (63)              | — %                             |
|                                                                    |                                                  |                 |                      | 91,262             | 89,925                       | 86,543            | 7.7 %                           |
| <b>Education</b>                                                   |                                                  |                 |                      |                    |                              |                   |                                 |
| Instructure, Inc.(6)(22)(23)                                       | First lien senior secured loan                   | L + 7.00%       | 3/24/2026            | 23,861             | 23,573                       | 23,801            | 2.1 %                           |
| Instructure, Inc.(15)(16)(22)(23)                                  | First lien senior secured revolving loan         | L + 7.00%       | 3/24/2026            | —                  | (22)                         | (5)               | — %                             |
| Learning Care Group (US) No. 2 Inc.(9)(23)                         | Second lien senior secured loan                  | L + 7.50%       | 3/13/2026            | 5,393              | 5,313                        | 4,503             | 0.4 %                           |
| Severin Acquisition, LLC (dba PowerSchool)(6)(23)                  | Second lien senior secured loan                  | L + 6.75%       | 8/3/2026             | 28,000             | 27,912                       | 26,320            | 2.4 %                           |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)(8)(23)         | First lien senior secured loan                   | L + 6.00%       | 5/14/2024            | 9,643              | 9,475                        | 9,474             | 0.9 %                           |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)(8)(15)(22)(23) | First lien senior secured revolving loan         | L + 6.00%       | 5/14/2024            | 192                | 181                          | 180               | — %                             |
|                                                                    |                                                  |                 |                      | 67,089             | 66,432                       | 64,273            | 5.8 %                           |
| <b>Energy equipment and services</b>                               |                                                  |                 |                      |                    |                              |                   |                                 |
| Liberty Oilfield Services LLC(6)(20)(23)                           | First lien senior secured loan                   | L + 7.63%       | 9/19/2022            | 1,091              | 1,081                        | 1,061             | 0.1 %                           |
|                                                                    |                                                  |                 |                      | 1,091              | 1,081                        | 1,061             | 0.1 %                           |

**Owl Rock Capital Corporation II**  
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**(Amounts in thousands, except share amounts)**  
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| <b>Company(1)(2)(3)(21)</b>                                         | <b>Investment</b>                        | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|---------------------------------------------------------------------|------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Financial services</b>                                           |                                          |                 |                      |                    |                              |                   |                                 |
| Blackhawk Network Holdings, Inc.(6)(23)                             | Second lien senior secured loan          | L + 7.00%       | 6/15/2026            | 18,777             | 18,651                       | 17,320            | 1.6 %                           |
| NMI Acquisitionco, Inc. (dba Network Merchants)(6)(23)              | First lien senior secured loan           | L + 5.50%       | 9/6/2022             | 3,705              | 3,660                        | 3,621             | 0.3 %                           |
| NMI Acquisitionco, Inc. (dba Network Merchants)(6)(15)(22)(23)      | First lien senior secured revolving loan | L + 5.50%       | 9/6/2022             | 85                 | 84                           | 83                | — %                             |
| Transact Holdings, Inc.(6)(23)                                      | First lien senior secured loan           | L + 4.75%       | 4/30/2026            | 8,933              | 8,818                        | 8,687             | 0.8 %                           |
|                                                                     |                                          |                 |                      | 31,500             | 31,213                       | 29,711            | 2.7 %                           |
| <b>Food and beverage</b>                                            |                                          |                 |                      |                    |                              |                   |                                 |
| Caiman Merger Sub LLC (dba City Brewing)(6)(23)                     | First lien senior secured loan           | L + 5.75%       | 11/3/2025            | 27,826             | 27,574                       | 27,826            | 2.5 %                           |
| Caiman Merger Sub LLC (dba City Brewing)(15)(16)(22)(23)            | First lien senior secured revolving loan | L + 5.75%       | 11/1/2024            | —                  | (18)                         | —                 | — %                             |
| CM7 Restaurant Holdings, LLC(6)(23)                                 | First lien senior secured loan           | L + 8.75%       | 5/22/2023            | 6,101              | 6,032                        | 5,674             | 0.5 %                           |
| H-Food Holdings, LLC(6)(23)(24)                                     | First lien senior secured loan           | L + 4.00%       | 5/23/2025            | 4,235              | 4,196                        | 4,035             | 0.4 %                           |
| H-Food Holdings, LLC(6)(23)                                         | Second lien senior secured loan          | L + 7.00%       | 3/2/2026             | 18,200             | 17,833                       | 17,108            | 1.5 %                           |
| Hometown Food Company(6)(23)                                        | First lien senior secured loan           | L + 5.25%       | 8/31/2023            | 2,556              | 2,522                        | 2,530             | 0.2 %                           |
| Hometown Food Company(15)(16)(22)(23)                               | First lien senior secured revolving loan | L + 5.25%       | 8/31/2023            | —                  | (6)                          | (5)               | — %                             |
| Manna Development Group, LLC(6)(23)                                 | First lien senior secured loan           | L + 6.00%       | 10/24/2022           | 8,637              | 8,567                        | 7,946             | 0.7 %                           |
| Manna Development Group, LLC(6)(15)(22)(23)                         | First lien senior secured revolving loan | L + 6.00%       | 10/24/2022           | 518                | 505                          | 465               | — %                             |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)(6)(23)         | First lien senior secured loan           | L + 4.50%       | 7/30/2025            | 4,949              | 4,874                        | 4,726             | 0.4 %                           |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)(6)(15)(22)(23) | First lien senior secured revolving loan | L + 4.50%       | 7/30/2023            | 480                | 466                          | 435               | — %                             |
| Ultimate Baked Goods Midco, LLC(6)(23)                              | First lien senior secured loan           | L + 4.00%       | 8/11/2025            | 2,955              | 2,911                        | 2,874             | 0.3 %                           |
| Ultimate Baked Goods Midco, LLC(15)(16)(22)(23)                     | First lien senior secured revolving loan | L + 4.00%       | 8/9/2023             | —                  | (8)                          | (16)              | — %                             |
|                                                                     |                                          |                 |                      | 76,457             | 75,448                       | 73,598            | 6.5 %                           |
| <b>Healthcare providers and services</b>                            |                                          |                 |                      |                    |                              |                   |                                 |
| Confluent Health, LLC.(6)(23)                                       | First lien senior secured loan           | L + 5.00%       | 6/24/2026            | 4,455              | 4,417                        | 4,243             | 0.4 %                           |
| Geodigm Corporation (dba National Dentex)(9)(18)(22)(23)(28)        | First lien senior secured loan           | L + 6.87%       | 12/1/2021            | 22,984             | 21,201                       | 19,537            | 1.8 %                           |
| GI CCLS Acquisition LLC (fka GI Chill Acquisition LLC)(8)(23)       | Second lien senior secured loan          | L + 7.50%       | 8/6/2026             | 12,375             | 12,273                       | 12,035            | 1.1 %                           |
| KS Management Services, L.L.C.(6)(23)                               | First lien senior secured loan           | L + 4.25%       | 1/9/2026             | 49,750             | 49,171                       | 49,127            | 4.4 %                           |
| Nelipak Holding Company(9)(23)                                      | First lien senior secured loan           | L + 4.25%       | 7/2/2026             | 5,698              | 5,598                        | 5,513             | 0.5 %                           |

loan

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**Owl Rock Capital Corporation II**  
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| <b>Company(1)(2)(3)(21)</b>                                                           | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|---------------------------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| Nelipak Holding Company(8)(15)(22)(23)                                                | First lien senior secured revolving loan         | L + 4.25%       | 7/2/2024             | 879                | 865                          | 851               | 0.1 %                           |
| Nelipak Holding Company(13)(15)(22)(23)                                               | First lien senior secured revolving loan         | E + 4.50%       | 7/2/2024             | 359                | 332                          | 331               | — %                             |
| Nelipak Holding Company(9)(23)                                                        | Second lien senior secured loan                  | L + 8.25%       | 7/2/2027             | 7,994              | 7,885                        | 7,734             | 0.7 %                           |
| Nelipak Holding Company(13)(22)(23)                                                   | Second lien senior secured loan                  | E + 8.50%       | 7/2/2027             | 8,053              | 7,914                        | 7,671             | 0.7 %                           |
| Premier Imaging, LLC (dba LucidHealth)(6)(23)                                         | First lien senior secured loan                   | L + 5.75%       | 1/2/2025             | 5,910              | 5,818                        | 5,718             | 0.5 %                           |
| TC Holdings, LLC (dba TrialCard)(8)(23)                                               | First lien senior secured loan                   | L + 4.50%       | 11/14/2023           | 21,048             | 20,837                       | 21,048            | 1.9 %                           |
| TC Holdings, LLC (dba TrialCard)(15)(16)(22)(23)                                      | First lien senior secured revolving loan         | L + 4.50%       | 11/14/2022           | —                  | (28)                         | —                 | — %                             |
|                                                                                       |                                                  |                 |                      | 139,505            | 136,283                      | 133,808           | 12.1 %                          |
| <b>Healthcare technology</b>                                                          |                                                  |                 |                      |                    |                              |                   |                                 |
| 11849573 Canada Inc. (dba Intelerad Medical Systems Incorporated)(9)(23)              | First lien senior secured loan                   | L + 6.25%       | 2/20/2026            | 18,854             | 18,629                       | 18,241            | 1.6 %                           |
| 11849573 Canada Inc. (dba Intelerad Medical Systems Incorporated)(15)(16)(17)(22)(23) | First lien senior secured delayed draw term loan | L + 6.25%       | 2/21/2021            | —                  | (9)                          | (25)              | — %                             |
| 11849573 Canada Inc. (dba Intelerad Medical Systems Incorporated)(6)(15)(22)(23)      | First lien senior secured revolving loan         | L + 6.25%       | 2/20/2026            | 385                | 363                          | 324               | — %                             |
| Bracket Intermediate Holding Corp.(8)(22)(23)                                         | First lien senior secured loan                   | L + 4.25%       | 9/5/2025             | 75                 | 69                           | 69                | — %                             |
| Bracket Intermediate Holding Corp.(8)(23)                                             | Second lien senior secured loan                  | L + 8.13%       | 9/7/2026             | 3,750              | 3,687                        | 3,609             | 0.3 %                           |
| Definitive Healthcare Holdings, LLC(8)(23)                                            | First lien senior secured loan                   | L + 5.50%       | 7/16/2026            | 27,636             | 27,393                       | 27,152            | 2.5 %                           |
| Definitive Healthcare Holdings, LLC(15)(16)(17)(22)(23)                               | First lien senior secured delayed draw term loan | L + 5.50%       | 7/16/2021            | —                  | (26)                         | (30)              | — %                             |
| Definitive Healthcare Holdings, LLC(6)(15)(22)(23)                                    | First lien senior secured revolving loan         | L + 5.50%       | 7/16/2024            | 1,522              | 1,509                        | 1,495             | 0.1 %                           |
| Interoperability Bidco, Inc.(10)(23)                                                  | First lien senior secured loan                   | L + 5.75%       | 6/25/2026            | 19,108             | 18,896                       | 18,152            | 1.6 %                           |
| Interoperability Bidco, Inc.(15)(16)(17)(23)                                          | First lien senior secured delayed draw term loan | L + 5.75%       | 6/25/2021            | —                  | (2)                          | (78)              | — %                             |
| Interoperability Bidco, Inc.(9)(15)(23)                                               | First lien senior secured revolving loan         | L + 5.75%       | 6/25/2024            | 1,000              | 990                          | 950               | 0.1 %                           |
| VVC Holding Corp. (dba Athenahealth, Inc.)(8)(23)(24)                                 | First lien senior secured loan                   | L + 4.50%       | 2/11/2026            | 24,687             | 24,273                       | 23,865            | 2.2 %                           |
|                                                                                       |                                                  |                 |                      | 97,017             | 95,772                       | 93,724            | 8.4 %                           |
| <b>Household products</b>                                                             |                                                  |                 |                      |                    |                              |                   |                                 |
| Hayward Industries, Inc.(6)(22)(23)(24)                                               | First lien senior secured loan                   | L + 3.50%       | 8/5/2024             | 82                 | 80                           | 79                | — %                             |
| Hayward Industries, Inc.(6)(23)                                                       | Second lien senior secured loan                  | L + 8.25%       | 8/4/2025             | 4,675              | 4,608                        | 4,430             | 0.4 %                           |
| HGH Purchaser, Inc. (dba Horizon Services)(8)(23)                                     | First lien senior secured loan                   | L + 6.00%       | 11/3/2025            | 19,343             | 19,079                       | 18,086            | 1.6 %                           |
| HGH Purchaser, Inc. (dba Horizon Services)(15)(16)(17)                                | First lien senior secured delayed draw term loan | L + 6.00%       | 11/1/2021            | —                  | (18)                         | (425)             | — %                             |



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| <b>Company(1)(2)(3)(21)</b>                                         | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|---------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| HGH Purchaser, Inc. (dba Horizon Services)(8)(15)(22)(23)           | First lien senior secured revolving loan         | L + 6.00%       | 11/3/2025            | 851                | 818                          | 693               | 0.1 %                           |
|                                                                     |                                                  |                 |                      | 24,951             | 24,567                       | 22,863            | 2.1 %                           |
| <b>Infrastructure and environmental services</b>                    |                                                  |                 |                      |                    |                              |                   |                                 |
| LineStar Integrity Services LLC(8)(23)                              | First lien senior secured loan                   | L + 7.25%       | 2/12/2024            | 14,404             | 14,204                       | 13,180            | 1.2 %                           |
|                                                                     |                                                  |                 |                      | 14,404             | 14,204                       | 13,180            | 1.2 %                           |
| <b>Insurance</b>                                                    |                                                  |                 |                      |                    |                              |                   |                                 |
| Ardonagh Midco 2 PLC(22)(23)(25)                                    | Unsecured notes                                  | 11.50%          | 1/15/2027            | 500                | 495                          | 495               | — %                             |
| Ardonagh Midco 3 PLC(14)(20)(22)(23)                                | First lien senior secured loan                   | G + 7.50%       | 6/26/2026            | 4,655              | 4,501                        | 4,515             | 0.4 %                           |
| Ardonagh Midco 3 PLC(13)(20)(22)(23)                                | First lien senior secured loan                   | E + 7.50%       | 6/26/2026            | 539                | 522                          | 523               | — %                             |
| Ardonagh Midco 3 PLC(15)(16)(17)(20)(22)(23)                        | First lien senior secured delayed draw term loan | G + 7.50%       | 6/26/2022            | —                  | (30)                         | (30)              | — %                             |
| Asurion, LLC(6)(23)(24)                                             | Second lien senior secured loan                  | L + 6.50%       | 8/4/2025             | 16,258             | 16,185                       | 16,136            | 1.5 %                           |
| Integrity Marketing Acquisition, LLC(9)(23)                         | First lien senior secured loan                   | L + 5.75%       | 8/27/2025            | 27,990             | 27,563                       | 27,152            | 2.4 %                           |
| Integrity Marketing Acquisition, LLC(15)(16)(22)(23)                | First lien senior secured revolving loan         | L + 5.75%       | 8/27/2025            | —                  | (24)                         | (56)              | — %                             |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(6)(23)          | First lien senior secured loan                   | L + 4.00%       | 6/3/2026             | 5,104              | 4,959                        | 4,900             | 0.4 %                           |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(15)(16)(17)(23) | First lien senior secured delayed draw term loan | L + 4.00%       | 6/3/2021             | —                  | (14)                         | (21)              | — %                             |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(15)(16)(22)(23) | First lien senior secured revolving loan         | L + 3.75%       | 6/3/2024             | —                  | (23)                         | (52)              | — %                             |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(6)(23)          | Second lien senior secured loan                  | L + 7.75%       | 12/3/2026            | 12,400             | 12,234                       | 11,935            | 1.1 %                           |
| Norvax, LLC (dba GoHealth)(8)(23)                                   | First lien senior secured loan                   | L + 6.50%       | 9/15/2025            | 44,525             | 43,491                       | 44,080            | 4.0 %                           |
| Norvax, LLC (dba GoHealth)(15)(16)(22)(23)                          | First lien senior secured revolving loan         | L + 6.50%       | 9/13/2024            | —                  | (34)                         | (27)              | — %                             |
| Peter C. Foy & Associated Insurance Services, LLC(9)(22)(23)        | First lien senior secured loan                   | L + 6.25%       | 3/31/2026            | 17,545             | 17,333                       | 17,370            | 1.6 %                           |
| Peter C. Foy & Associated Insurance Services, LLC(15)(17)(22)(23)   | First lien senior secured delayed draw term loan | L + 6.25%       | 9/30/2021            | 2,226              | 2,107                        | 2,204             | 0.2 %                           |
| Peter C. Foy & Associated Insurance Services, LLC(7)(15)(22)(23)    | First lien senior secured revolving loan         | L + 6.25%       | 3/31/2026            | 157                | 121                          | 127               | — %                             |
| RSC Acquisition, Inc (dba Risk Strategies)(8)(23)                   | First lien senior secured loan                   | L + 5.50%       | 10/30/2026           | 11,163             | 10,957                       | 10,801            | 1.0 %                           |
| RSC Acquisition, Inc (dba Risk Strategies)(8)(15)(22)(23)           | First lien senior secured delayed draw term loan | L + 5.50%       | 10/30/2026           | 136                | 94                           | 61                | — %                             |
| RSC Acquisition, Inc (dba Risk Strategies)(15)(16)(22)(23)          | First lien senior secured revolving loan         | L + 5.50%       | 10/30/2026           | —                  | (8)                          | (14)              | — %                             |



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| <b>Company(1)(2)(3)(21)</b>                                           | <b>Investment</b>                                | <b>Interest</b>                | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|-----------------------------------------------------------------------|--------------------------------------------------|--------------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| THG Acquisition, LLC (dba Hilb)(8)(23)                                | First lien senior secured loan                   | L + 5.75%                      | 12/2/2026            | 19,922             | 19,456                       | 19,175            | 1.7 %                           |
| THG Acquisition, LLC (dba Hilb)(8)(15)(17)(22)(23)                    | First lien senior secured delayed draw term loan | L + 5.75%                      | 12/2/2021            | 1,036              | 959                          | 883               | 0.1 %                           |
| THG Acquisition, LLC (dba Hilb)(8)(15)(22)(23)                        | First lien senior secured revolving loan         | L + 5.75%                      | 12/2/2025            | 1,272              | 1,230                        | 1,202             | 0.1 %                           |
|                                                                       |                                                  |                                |                      | 165,428            | 162,074                      | 161,359           | 14.5 %                          |
| <b>Internet software and services</b>                                 |                                                  |                                |                      |                    |                              |                   |                                 |
| 3ES Innovation Inc. (dba Aucerna)(9)(20)(23)                          | First lien senior secured loan                   | L + 5.75%                      | 5/13/2025            | 7,046              | 6,972                        | 6,694             | 0.6 %                           |
| 3ES Innovation Inc. (dba Aucerna)(15)(16)(20)(22)(23)                 | First lien senior secured revolving loan         | L + 5.75%                      | 5/13/2025            | —                  | (7)                          | (34)              | — %                             |
| Apptio, Inc.(9)(22)(23)                                               | First lien senior secured loan                   | L + 7.25%                      | 1/10/2025            | 7,364              | 7,244                        | 7,253             | 0.7 %                           |
| Apptio, Inc.(15)(16)(22)(23)                                          | First lien senior secured revolving loan         | L + 7.25%                      | 1/10/2025            | —                  | (7)                          | (7)               | — %                             |
| Genesis Acquisition Co. (dba Procure Software)(8)(23)                 | First lien senior secured loan                   | L + 4.00%                      | 7/31/2024            | 1,987              | 1,959                        | 1,908             | 0.2 %                           |
| Genesis Acquisition Co. (dba Procure Software)(8)(15)(17)(22)(23)     | First lien senior secured delayed draw term loan | L + 4.00%                      | 7/31/2020            | 58                 | 54                           | 42                | — %                             |
| Genesis Acquisition Co. (dba Procure Software)(8)(15)(22)(23)         | First lien senior secured revolving loan         | L + 4.00%                      | 7/31/2024            | 293                | 289                          | 281               | — %                             |
| H&F Opportunities LUX III S.À R.L (dba Checkmarx)(9)(20)(22)(23)      | First lien senior secured loan                   | L + 7.75%                      | 4/16/2026            | 11,917             | 11,569                       | 11,559            | 1.0 %                           |
| H&F Opportunities LUX III S.À R.L (dba Checkmarx)(15)(16)(20)(22)(23) | First lien senior secured revolving loan         | L + 7.75%                      | 4/16/2026            | —                  | (133)                        | (138)             | — %                             |
| Hyland Software, Inc.(6)(22)(23)                                      | Second lien senior secured loan                  | L + 7.00%                      | 7/7/2025             | 9,358              | 9,234                        | 9,202             | 0.8 %                           |
| Informatica LLC (fka Informatica Corporation)(22)(25)                 | Second lien senior secured loan                  | 7.13%                          | 2/25/2025            | 37,000             | 36,900                       | 35,520            | 3.2 %                           |
| IQN Holding Corp. (dba Beeline)(8)(23)                                | First lien senior secured loan                   | L + 5.50%                      | 8/20/2024            | 26,352             | 26,058                       | 25,825            | 2.3 %                           |
| IQN Holding Corp. (dba Beeline)(8)(15)(22)(23)                        | First lien senior secured revolving loan         | L + 5.50%                      | 8/21/2023            | 412                | 387                          | 360               | — %                             |
| Lightning Midco, LLC (dba Vector Solutions)(8)(23)                    | First lien senior secured loan                   | L + 5.50%                      | 11/21/2025           | 18,014             | 17,870                       | 17,744            | 1.6 %                           |
| Lightning Midco, LLC (dba Vector Solutions)(12)(15)(23)               | First lien senior secured revolving loan         | P + 4.50%                      | 11/21/2023           | 1,603              | 1,592                        | 1,578             | 0.1 %                           |
| Litera Bidco LLC(8)(23)                                               | First lien senior secured loan                   | L + 5.25%                      | 5/29/2026            | 11,573             | 11,428                       | 11,371            | 1.0 %                           |
| Litera Bidco LLC(8)(15)(22)(23)                                       | First lien senior secured revolving loan         | L + 5.25%                      | 5/30/2025            | 1,013              | 1,002                        | 995               | 0.1 %                           |
| MINDBODY, Inc.(9)(23)                                                 | First lien senior secured loan                   | L + 8.50%<br>(incl. 1.50% PIK) | 2/14/2025            | 10,190             | 10,108                       | 8,968             | 0.8 %                           |
| MINDBODY, Inc.(9)(15)(22)(23)                                         | First lien senior secured revolving loan         | L + 8.00%                      | 2/14/2025            | 1,071              | 1,063                        | 943               | 0.1 %                           |
| SURF HOLDINGS, LLC (dba Sophos Group plc)(8)(23)                      | Second lien senior secured loan                  | L + 8.00%                      | 3/6/2028             | 10,096             | 9,853                        | 9,591             | 0.9 %                           |





**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| <b>Company(1)(2)(3)(21)</b>                                                      | <b>Investment</b>                                | <b>Interest</b>                              | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|----------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC)(9)(22)(23)             | First lien senior secured loan                   | L + 6.50%                                    | 6/17/2024            | 23,412             | 23,237                       | 22,827            | 2.1 %                           |
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC)(15)(16)(22)(23)        | First lien senior secured revolving loan         | L + 6.50%                                    | 6/15/2023            | —                  | (1)                          | (4)               | — %                             |
|                                                                                  |                                                  |                                              |                      | 178,759            | 176,671                      | 172,478           | 15.5 %                          |
| <b>Leisure and entertainment</b>                                                 |                                                  |                                              |                      |                    |                              |                   |                                 |
| Troon Golf, L.L.C.(8)(19)(23)                                                    | First lien senior secured term loan A and B      | L + 5.50%<br>(TLA: L + 3.5%; TLB: L + 5.98%) | 3/29/2025            | 26,696             | 26,414                       | 26,362            | 2.4 %                           |
| Troon Golf, L.L.C.(15)(16)(22)(23)                                               | First lien senior secured revolving loan         | L + 5.50%                                    | 3/29/2025            | —                  | (5)                          | (7)               | — %                             |
|                                                                                  |                                                  |                                              |                      | 26,696             | 26,409                       | 26,355            | 2.4 %                           |
| <b>Manufacturing</b>                                                             |                                                  |                                              |                      |                    |                              |                   |                                 |
| Ideal Tridon Holdings, Inc.(8)(23)                                               | First lien senior secured loan                   | L + 5.75%                                    | 7/31/2024            | 13,168             | 12,959                       | 12,707            | 1.1 %                           |
| Ideal Tridon Holdings, Inc.(8)(15)(17)(23)                                       | First lien senior secured delayed draw term loan | L + 5.75%                                    | 12/25/2020           | 630                | 616                          | 596               | 0.1 %                           |
| Ideal Tridon Holdings, Inc.(6)(15)(23)                                           | First lien senior secured revolving loan         | L + 5.75%                                    | 7/31/2023            | 854                | 837                          | 810               | 0.1 %                           |
| MHE Intermediate Holdings, LLC(dba Material Handling Services)(8)(23)            | First lien senior secured loan                   | L + 5.00%                                    | 3/8/2024             | 5,957              | 5,912                        | 5,660             | 0.5 %                           |
| PHM Netherlands Midco B.V. (dba Loparex)(8)(22)(23)                              | First lien senior secured loan                   | L + 4.50%                                    | 8/3/2026             | 199                | 184                          | 184               | — %                             |
| PHM Netherlands Midco B.V. (dba Loparex)(8)(23)                                  | Second lien senior secured loan                  | L + 8.75%                                    | 8/2/2027             | 28,000             | 26,190                       | 25,480            | 2.3 %                           |
| Professional Plumbing Group, Inc.(8)(23)                                         | First lien senior secured loan                   | L + 6.75%                                    | 4/16/2024            | 6,703              | 6,633                        | 6,435             | 0.6 %                           |
| Professional Plumbing Group, Inc.(8)(15)(22)(23)                                 | First lien senior secured revolving loan         | L + 6.75%                                    | 4/16/2023            | 1,429              | 1,419                        | 1,365             | 0.1 %                           |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group)(9)(23)         | First lien senior secured loan                   | L + 4.50%                                    | 6/28/2026            | 3,353              | 3,324                        | 3,043             | 0.3 %                           |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group)(9)(15)(17)(23) | First lien senior secured delayed draw term loan | L + 4.50%                                    | 6/28/2021            | 181                | 178                          | 143               | — %                             |
|                                                                                  |                                                  |                                              |                      | 60,474             | 58,252                       | 56,423            | 5.1 %                           |
| <b>Oil and gas</b>                                                               |                                                  |                                              |                      |                    |                              |                   |                                 |
| Black Mountain Sand Eagle Ford LLC(8)(22)(23)                                    | First lien senior secured loan                   | L + 8.25%                                    | 8/17/2022            | 8,247              | 8,198                        | 7,834             | 0.7 %                           |
| Project Power Buyer, LLC (dba PEC-Veriforce)(8)(23)                              | First lien senior secured loan                   | L + 5.25%                                    | 5/14/2026            | 5,754              | 5,692                        | 5,596             | 0.5 %                           |
| Project Power Buyer, LLC (dba PEC-Veriforce)(15)(16)(22)(23)                     | First lien senior secured revolving loan         | L + 5.25%                                    | 5/14/2025            | —                  | (6)                          | (15)              | — %                             |
| Zenith Energy U.S. Logistics Holdings, LLC(8)(23)                                | First lien senior secured loan                   | L + 5.50%                                    | 12/20/2024           | 13,133             | 12,944                       | 12,871            | 1.2 %                           |
| Zenith Energy U.S. Logistics Holdings, LLC(15)(16)(17)(22)(23)                   | First lien senior secured delayed draw term loan | L + 5.50%                                    | 1/9/2021             | —                  | (136)                        | —                 | — %                             |
|                                                                                  |                                                  |                                              |                      | 27,134             | 26,692                       | 26,286            | 2.4 %                           |



**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| <b>Company(1)(2)(3)(21)</b>                                           | <b>Investment</b>                                | <b>Interest</b>             | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(29)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|-----------------------------------------------------------------------|--------------------------------------------------|-----------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Professional services</b>                                          |                                                  |                             |                      |                    |                              |                   |                                 |
| AmSpec Services Inc.(8)(23)                                           | First lien senior secured loan                   | L + 5.75%                   | 7/2/2024             | 19,059             | 18,805                       | 18,202            | 1.6 %                           |
| AmSpec Services Inc.(8)(15)(22)(23)                                   | First lien senior secured revolving loan         | L + 4.75%                   | 7/2/2024             | 2,412              | 2,384                        | 2,302             | 0.2 %                           |
| Cardinal US Holdings, Inc.(6)(20)(23)                                 | First lien senior secured loan                   | L + 5.00%                   | 7/31/2023            | 30,880             | 30,573                       | 30,262            | 2.7 %                           |
| DMT Solutions Global Corporation(9)(23)                               | First lien senior secured loan                   | L + 7.00%                   | 7/2/2024             | 9,447              | 9,174                        | 9,046             | 0.8 %                           |
| GC Agile Holdings Limited (dba Apex Fund Services)(8)(20)(23)         | First lien senior secured loan                   | L + 7.00%                   | 6/15/2025            | 26,427             | 26,035                       | 25,633            | 2.3 %                           |
| GC Agile Holdings Limited (dba Apex Fund Services)(8)(15)(20)(22)(23) | First lien senior secured revolving loan         | L + 7.00%                   | 6/15/2023            | 859                | 827                          | 808               | 0.1 %                           |
| Gerson Lehrman Group, Inc.(10)(23)                                    | First lien senior secured loan                   | L + 4.25%                   | 12/12/2024           | 28,862             | 28,639                       | 28,501            | 2.6 %                           |
| Gerson Lehrman Group, Inc.(6)(15)(22)(23)                             | First lien senior secured revolving loan         | L + 4.25%                   | 12/12/2024           | 1,274              | 1,259                        | 1,249             | 0.1 %                           |
|                                                                       |                                                  |                             |                      | 119,220            | 117,696                      | 116,003           | 10.4 %                          |
| <b>Specialty retail</b>                                               |                                                  |                             |                      |                    |                              |                   |                                 |
| BIG Buyer, LLC(9)(22)(23)                                             | First lien senior secured loan                   | L + 6.50%                   | 11/20/2023           | 16,735             | 16,449                       | 16,066            | 1.4 %                           |
| BIG Buyer, LLC(15)(16)(17)(22)(23)                                    | First lien senior secured delayed draw term loan | L + 6.50%                   | 12/18/2020           | —                  | (57)                         | (84)              | — %                             |
| BIG Buyer, LLC(9)(15)(22)(23)                                         | First lien senior secured revolving loan         | L + 6.50%                   | 11/20/2023           | 417                | 390                          | 367               | — %                             |
| EW Holdco, LLC (dba European Wax)(6)(23)                              | First lien senior secured loan                   | L + 5.50%                   | 9/25/2024            | 32,108             | 31,821                       | 30,823            | 2.8 %                           |
| Galls, LLC(8)(23)                                                     | First lien senior secured loan                   | L + 6.75% (incl. 0.50% PIK) | 1/31/2025            | 17,213             | 17,033                       | 16,352            | 1.5 %                           |
| Galls, LLC(8)(15)(22)(23)                                             | First lien senior secured revolving loan         | L + 6.25%                   | 1/31/2024            | 2,788              | 2,755                        | 2,616             | 0.2 %                           |
|                                                                       |                                                  |                             |                      | 69,261             | 68,391                       | 66,140            | 5.9 %                           |
| <b>Telecommunications</b>                                             |                                                  |                             |                      |                    |                              |                   |                                 |
| DB Datacenter Holdings Inc.(6)(23)                                    | Second lien senior secured loan                  | L + 8.00%                   | 4/3/2025             | 6,773              | 6,696                        | 6,671             | 0.6 %                           |
|                                                                       |                                                  |                             |                      | 6,773              | 6,696                        | 6,671             | 0.6 %                           |
| <b>Transportation</b>                                                 |                                                  |                             |                      |                    |                              |                   |                                 |
| Lazer Spot G B Holdings, Inc.(9)(23)                                  | First lien senior secured loan                   | L + 6.00%                   | 12/9/2025            | 37,344             | 36,746                       | 36,597            | 3.3 %                           |
| Lazer Spot G B Holdings, Inc.(9)(15)(17)(22)(23)                      | First lien senior secured delayed draw term loan | L + 6.00%                   | 6/9/2021             | 2,708              | 2,661                        | 2,646             | 0.2 %                           |
| Lazer Spot G B Holdings, Inc.(6)(15)(22)(23)                          | First lien senior secured revolving loan         | L + 6.00%                   | 12/9/2025            | 3,017              | 2,899                        | 2,866             | 0.3 %                           |
| Lytx, Inc.(6)(23)                                                     | First lien senior secured loan                   | L + 6.00%                   | 2/28/2026            | 17,961             | 17,701                       | 17,377            | 1.6 %                           |
| Lytx, Inc.(6)(15)(17)(22)(23)                                         | First lien senior secured delayed draw term loan | L + 6.00%                   | 2/28/2022            | 1,562              | 1,496                        | 1,358             | 0.1 %                           |
| Motus, LLC and Runzheimer                                             | First lien senior                                | L + 6.04%                   | 1/17/2024            | 6,349              | 6,246                        | 6,302             | 0.6 %                           |

International LLC(8)(18)(23)      secured loan

|               |               |               |              |
|---------------|---------------|---------------|--------------|
| <u>68,941</u> | <u>67,749</u> | <u>67,146</u> | <u>6.1</u> % |
|---------------|---------------|---------------|--------------|

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

| Company(1)(2)(3)(21)                 | Investment   | Interest | Maturity Date | Par / Units        | Amortized Cost(4)(29) | Fair Value         | Percentage of Net Assets |
|--------------------------------------|--------------|----------|---------------|--------------------|-----------------------|--------------------|--------------------------|
| <b>Total Debt Investments</b>        |              |          |               | <b>\$1,738,073</b> | <b>\$1,710,860</b>    | <b>\$1,656,838</b> | <b>149.1</b> %           |
| <b>Equity Investments</b>            |              |          |               |                    |                       |                    |                          |
| <b>Food and beverage</b>             |              |          |               |                    |                       |                    |                          |
| CM7 Restaurant Holdings, LLC(23)(26) | LLC Interest | N/A      | N/A           | 54                 | 54                    | 10                 | —                        |
| H-Food Holdings, LLC(23)(26)         | LLC Interest | N/A      | N/A           | 1,625              | 1,625                 | 1,547              | 0.1                      |
|                                      |              |          |               | <u>1,679</u>       | <u>1,679</u>          | <u>1,557</u>       | <u>0.1</u>               |
| <b>Insurance</b>                     |              |          |               |                    |                       |                    |                          |
| Norvax, LLC (dba GoHealth) (23)(26)  | LLC Interest | N/A      | N/A           | 1,818              | 1,818                 | 2,273              | 0.2                      |
|                                      |              |          |               | <u>1,818</u>       | <u>1,818</u>          | <u>2,273</u>       | <u>0.2</u>               |
| <b>Manufacturing</b>                 |              |          |               |                    |                       |                    |                          |
| Moore Holdings(20)(23)(26)(27)       | LLC Interest | N/A      | N/A           | 10,607             | 19,127                | 18,983             | 1.7                      |
|                                      |              |          |               | <u>10,607</u>      | <u>19,127</u>         | <u>18,983</u>      | <u>1.7</u>               |
| <b>Total Equity Investments</b>      |              |          |               | <b>\$ 14,104</b>   | <b>\$ 22,624</b>      | <b>\$ 22,813</b>   | <b>2.0</b> %             |
| <b>Total Investments</b>             |              |          |               | <b>\$1,752,177</b> | <b>\$1,733,484</b>    | <b>\$1,679,651</b> | <b>151.1</b> %           |

- (1) Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Unless otherwise indicated, all investments are non-controlled, non-affiliated investments. Non-controlled, non-affiliated investments are defined as investments in which the Company owns less than 5% of the portfolio company's outstanding voting securities and does not have the power to exercise control over the management or policies of such portfolio company.
- (3) Unless otherwise indicated, all investments are considered Level 3 investments.
- (4) The amortized cost represents the original cost adjusted for the amortization of discounts and premiums, as applicable, on debt investments using the effective interest method.
- (5) Unless otherwise indicated, loan contains a variable rate structure, and may be subject to an interest rate floor. Variable rate loans bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR" or "L") (which can include one-, two-, three- or six-month LIBOR) or an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), at the borrower's option, and which reset periodically based on the terms of the loan agreement.
- (6) The interest rate on these loans is subject to 1 month LIBOR, which as of June 30, 2020 was 0.16%.
- (7) The interest rate on these loans is subject to 2 month LIBOR, which as of June 30, 2020 was 0.23%.
- (8) The interest rate on these loans is subject to 3 month LIBOR, which as of June 30, 2020 was 0.30%.
- (9) The interest rate on these loans is subject to 6 month LIBOR, which as of June 30, 2020 was 0.37%.
- (10) The interest rate on these loans is subject to 12 month LIBOR, which as of June 30, 2020 was 0.55%.
- (11) The interest rate on this loan is subject to 3 month Canadian Dollar Offered Rate ("CDOR" or "C"), which as of June 30, 2020 was 0.52%.
- (12) The interest rate on these loans is subject to Prime, which as of June 30, 2020 was 3.25%.
- (13) The interest rate on this loan is subject to 3 month EURIBOR, which as of June 30, 2020 was (0.31)%.
- (14) The interest rate on this loan is subject to 6 month GBPLIBOR, which as of June 30, 2020 was 0.29%.
- (15) Position or portion thereof is an unfunded loan commitment. See Note 7 "Commitments and Contingencies".
- (16) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan. The negative fair value is the result of the capitalized discount on the loan.
- (17) The date disclosed represents the commitment period of the unfunded term loan. Upon expiration of the commitment period, the funded portion of the term loan may be subject to a longer maturity date.
- (18) The Company may be entitled to receive additional interest as a result of an arrangement with other lenders in the syndication. In exchange for the higher interest rate, the "last-out" portion is at a greater risk of loss.
- (19) The first lien term loan is comprised of two components: Term Loan A and Term Loan B. The Company's Term Loan A and Term Loan B principal amounts are \$5.2 million and \$21.5 million, respectively. Both Term Loan A and Term Loan B have the same maturity date. Interest disclosed reflects the blended rate of the first lien term loan. The Term Loan A represents a 'first-out' tranche and the Term Loan B



**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of June 30, 2020**  
**(Amounts in thousands, except share amounts)**  
**(Unaudited)**

represents a ‘last-out’ tranche. The ‘first-out’ tranche has priority as to the ‘last-out’ tranche with respect to payments of principal, interest and any amounts due thereunder.

- (20) This portfolio company is not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of total assets. As of June 30, 2020, non-qualifying assets represented 6.3% of total assets as calculated in accordance with the regulatory requirements.
- (21) Unless otherwise indicated, all or a portion of the Company’s portfolio companies are pledged as collateral supporting the available capacity under the SPV Asset Facilities. See Note 6 “Debt.”
- (22) Investment is not pledged as collateral for the credit facilities.
- (23) Represents co-investment made with the Company’s affiliates in accordance with the terms of exemptive relief that the Company received from the U.S. Securities and Exchange Commission. See Note 3 “Agreements and Related Party Transactions.”
- (24) Level 2 investment.
- (25) Investment does not contain a variable rate structure.
- (26) Securities acquired in transactions exempt from registration under the Securities Act of 1933, and may be deemed to be “restricted securities” under the Securities Act. As of June 30, 2020, the aggregate fair value of these securities is \$22.8 million, or 2.0% of the Company’s net assets. The acquisition dates of the restricted securities are as follows:

| <b>Portfolio Company</b>     | <b>Investment</b> | <b>Acquisition Date</b> |
|------------------------------|-------------------|-------------------------|
| CM7 Restaurant Holdings, LLC | LLC Interest      | May 21, 2018            |
| H-Food Holdings, LLC         | LLC Interest      | November 23, 2018       |
| Moore Holdings, LLC          | LLC Interest      | January 16, 2020        |
| Norvax, LLC (dba GoHealth)   | LLC Interest      | March 23, 2020          |

- (27) Investment represents multiple underlying investments, one of which is considered a non-qualifying asset, with a fair value of \$1.5 million as of June 30, 2020.
- (28) Loan was on non-accrual status as of June 30, 2020.
- (29) As of June 30, 2020, the net estimated unrealized loss for U.S. federal income tax purposes was \$56.3 million based on a tax cost basis of \$1.7 billion. As of June 30, 2020, the estimated aggregate gross unrealized loss for U.S. federal income tax purposes was \$59.2 million and the estimated aggregate gross unrealized gain for U.S. federal income tax purposes was \$2.9 million.

The accompanying notes are an integral part of these consolidated financial statements.



**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

| <b>Company(1)(2)(3)(19)</b>                                     | <b>Investment</b>                                 | <b>Interest</b>             | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|-----------------------------------------------------------------|---------------------------------------------------|-----------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Debt Investments(5)</b>                                      |                                                   |                             |                      |                    |                              |                   |                                 |
| <b>Advertising and media</b>                                    |                                                   |                             |                      |                    |                              |                   |                                 |
| IRI Holdings, Inc.(8)(21)                                       | First lien senior secured loan                    | L + 4.50%                   | 11/28/2025           | \$ 24,750          | \$ 24,534                    | \$ 24,235         | 2.5 %                           |
| Swipe Acquisition Corporation (dba PLI)(6)(21)                  | First lien senior secured loan                    | L + 7.75%                   | 6/29/2024            | 19,680             | 19,365                       | 19,139            | 2.0 %                           |
|                                                                 |                                                   |                             |                      | 44,430             | 43,899                       | 43,374            | 4.5 %                           |
| <b>Aerospace and defense</b>                                    |                                                   |                             |                      |                    |                              |                   |                                 |
| Aviation Solutions Midco, LLC (dba STS Aviation)(8)(21)         | First lien senior secured loan                    | L + 6.25%                   | 1/4/2025             | 34,511             | 33,873                       | 34,028            | 3.6 %                           |
| Propulsion Acquisition, LLC (dba Belcan, Inc.)(6)               | First lien senior secured loan                    | L + 6.00%                   | 7/13/2021            | 27,263             | 27,051                       | 26,992            | 2.8 %                           |
| Valence Surface Technologies LLC(8)(21)                         | First lien senior secured loan                    | L + 5.75%                   | 6/28/2025            | 24,875             | 24,528                       | 24,502            | 2.6 %                           |
| Valence Surface Technologies LLC(13)(14)(15)(20)(21)            | First lien senior secured delayed draw term loan  | L + 5.75%                   | 6/28/2021            | —                  | (17)                         | (113)             | — %                             |
| Valence Surface Technologies LLC(13)(14)(20)(21)                | First lien senior secured revolving loan          | L + 5.75%                   | 6/28/2025            | —                  | (34)                         | (38)              | — %                             |
|                                                                 |                                                   |                             |                      | 86,649             | 85,401                       | 85,371            | 9.0 %                           |
| <b>Automotive</b>                                               |                                                   |                             |                      |                    |                              |                   |                                 |
| Mavis Tire Express Services Corp.(6)(21)                        | Second lien senior secured loan                   | L + 7.50%                   | 3/20/2026            | 23,000             | 22,574                       | 22,310            | 2.3 %                           |
| Mavis Tire Express Services Corp.(6)(13)(15)(21)                | Second lien senior secured delayed draw term loan | L + 8.00%                   | 3/20/2020            | 215                | 181                          | 131               | — %                             |
|                                                                 |                                                   |                             |                      | 23,215             | 22,755                       | 22,441            | 2.3 %                           |
| <b>Buildings and real estate</b>                                |                                                   |                             |                      |                    |                              |                   |                                 |
| Associations, Inc.(8)(21)                                       | First lien senior secured loan                    | L + 4.00% (incl. 3.00% PIK) | 7/30/2024            | 27,776             | 27,497                       | 27,500            | 2.9 %                           |
| Associations, Inc.(8)(13)(15)(20)(21)                           | First lien senior secured delayed draw term loan  | L + 4.00% (incl. 3.00% PIK) | 7/30/2021            | 3,528              | 3,480                        | 3,477             | 0.4 %                           |
| Associations, Inc.(13)(14)(20)(21)                              | First lien senior secured revolving loan          | L + 6.00%                   | 7/30/2024            | —                  | (10)                         | (15)              | — %                             |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)(8)(21)          | First lien senior secured loan                    | L + 4.75%                   | 11/28/2024           | 18,750             | 18,509                       | 18,468            | 1.9 %                           |
| Imperial Parking Canada(9)(21)                                  | First lien senior secured loan                    | C + 5.00%                   | 11/28/2024           | 3,819              | 3,711                        | 3,763             | 0.4 %                           |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)(13)(14)(20)(21) | First lien senior secured revolving loan          | L + 4.75%                   | 11/28/2023           | —                  | (22)                         | (34)              | — %                             |
| Velocity Commercial Capital, LLC(8)(21)                         | First lien senior secured loan                    | L + 7.50%                   | 8/29/2024            | 27,500             | 27,176                       | 27,225            | 2.9 %                           |
|                                                                 |                                                   |                             |                      | 81,373             | 80,341                       | 80,384            | 8.5 %                           |
| <b>Business services</b>                                        |                                                   |                             |                      |                    |                              |                   |                                 |
| Access CIG, LLC(6)(21)                                          | Second lien senior secured loan                   | L + 7.75%                   | 2/27/2026            | 22,486             | 22,380                       | 22,374            | 2.3 %                           |
| CIBT Global, Inc.(8)(21)                                        | Second lien senior secured loan                   | L + 7.75%                   | 6/2/2025             | 10,500             | 10,270                       | 10,369            | 1.1 %                           |
| ConnectWise, LLC(8)(21)                                         | First lien senior secured loan                    | L + 6.00%                   | 2/28/2025            | 33,680             | 33,298                       | 33,259            | 3.5 %                           |
| ConnectWise, LLC(13)(14)(20)(21)                                | First lien senior secured revolving loan          | L + 6.00%                   | 2/28/2025            | —                  | (40)                         | (45)              | — %                             |
| Entertainment Benefits Group, LLC(6)(21)                        | First lien senior secured loan                    | L + 5.75%                   | 9/27/2025            | 20,449             | 20,153                       | 20,142            | 2.1 %                           |

|                                                  |                                          |           |           |     |     |     |       |
|--------------------------------------------------|------------------------------------------|-----------|-----------|-----|-----|-----|-------|
| Entertainment Benefits Group, LLC(6)(13)(20)(21) | First lien senior secured revolving loan | L + 5.75% | 9/27/2024 | 600 | 557 | 555 | 0.1 % |
|--------------------------------------------------|------------------------------------------|-----------|-----------|-----|-----|-----|-------|

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

| Company(1)(2)(3)(19)                                          | Investment                                       | Interest  | Maturity Date | Par / Units | Amortized Cost(4)(12) | Fair Value | Percentage of Net Assets |
|---------------------------------------------------------------|--------------------------------------------------|-----------|---------------|-------------|-----------------------|------------|--------------------------|
| Vistage International, Inc.(6)(21)                            | Second lien senior secured loan                  | L + 8.00% | 2/8/2026      | 5,200       | 5,164                 | 5,174      | 0.5 %                    |
|                                                               |                                                  |           |               | 92,915      | 91,782                | 91,828     | 9.6 %                    |
| <b>Chemicals</b>                                              |                                                  |           |               |             |                       |            |                          |
| Douglas Products and Packaging Company LLC(8)(21)             | First lien senior secured loan                   | L + 5.75% | 10/19/2022    | 18,234      | 18,106                | 17,962     | 1.9 %                    |
| Douglas Products and Packaging Company LLC(13)(20)(21)        | First lien senior secured revolving loan         | P + 4.75% | 10/19/2022    | 203         | 196                   | 181        | — %                      |
| Innovative Water Care Global Corporation(8)(21)               | First lien senior secured loan                   | L + 5.00% | 2/27/2026     | 24,813      | 23,220                | 21,835     | 2.3 %                    |
|                                                               |                                                  |           |               | 43,250      | 41,522                | 39,978     | 4.2 %                    |
| <b>Consumer products</b>                                      |                                                  |           |               |             |                       |            |                          |
| Feradyne Outdoors, LLC(8)(20)(21)                             | First lien senior secured loan                   | L + 6.25% | 5/25/2023     | 975         | 968                   | 858        | 0.1 %                    |
| WU Holdco, Inc. (dba Weiman Products, LLC)(8)(21)             | First lien senior secured loan                   | L + 5.25% | 3/26/2026     | 20,019      | 19,653                | 19,619     | 2.1 %                    |
| WU Holdco, Inc. (dba Weiman Products, LLC)(8)(13)(15)(20)(21) | First lien senior secured delayed draw term loan | L + 5.25% | 3/26/2021     | 419         | 390                   | 387        | — %                      |
| WU Holdco, Inc. (dba Weiman Products, LLC)(13)(14)(20)(21)    | First lien senior secured revolving loan         | L + 5.25% | 3/26/2025     | —           | (35)                  | (40)       | — %                      |
|                                                               |                                                  |           |               | 21,413      | 20,976                | 20,824     | 2.2 %                    |
| <b>Containers and packaging</b>                               |                                                  |           |               |             |                       |            |                          |
| Pregis Topco LLC(6)(21)                                       | Second lien senior secured loan                  | L + 8.00% | 7/30/2027     | 28,667      | 28,113                | 28,093     | 2.9 %                    |
|                                                               |                                                  |           |               | 28,667      | 28,113                | 28,093     | 2.9 %                    |
| <b>Distribution</b>                                           |                                                  |           |               |             |                       |            |                          |
| AramSCO, Inc.(6)(21)                                          | First lien senior secured loan                   | L + 5.25% | 8/28/2024     | 10,515      | 10,325                | 10,278     | 1.1 %                    |
| AramSCO, Inc.(6)(13)(20)(21)                                  | First lien senior secured revolving loan         | L + 5.25% | 8/28/2024     | 191         | 171                   | 168        | — %                      |
| Dealer Tire, LLC(6)(21)(22)                                   | First lien senior secured loan                   | L + 5.50% | 12/15/2025    | 20,098      | 19,211                | 20,110     | 2.1 %                    |
| Endries Acquisition, Inc.(6)(21)                              | First lien senior secured loan                   | L + 6.25% | 12/10/2025    | 19,850      | 19,543                | 19,503     | 2.0 %                    |
| Endries Acquisition, Inc.(6)(13)(15)(20)(21)                  | First lien senior secured delayed draw term loan | L + 6.25% | 12/10/2020    | 1,204       | 1,101                 | 1,082      | 0.1 %                    |
| Endries Acquisition, Inc.(13)(14)(20)(21)                     | First lien senior secured revolving loan         | L + 6.25% | 12/10/2024    | —           | (43)                  | (53)       | — %                      |
| Individual Foodservice Holdings, LLC(8)(20)(21)               | First lien senior secured loan                   | L + 5.75% | 11/22/2025    | 25,500      | 24,951                | 24,944     | 2.6 %                    |
| Individual Foodservice Holdings, LLC(13)(14)(15)(20)(21)      | First lien senior secured delayed draw term loan | L + 5.75% | 5/22/2021     | —           | (161)                 | (164)      | — %                      |
| Individual Foodservice Holdings, LLC(6)(13)(20)(21)           | First lien senior secured revolving loan         | L + 5.75% | 11/22/2024    | 225         | 129                   | 127        | — %                      |
| Offen, Inc.(8)(21)                                            | First lien senior secured loan                   | L + 5.00% | 6/22/2026     | 3,654       | 3,620                 | 3,609      | 0.4 %                    |
| Offen, Inc.(13)(14)(15)(20)(21)                               | First lien senior secured delayed draw term loan | L + 5.00% | 12/21/2020    | —           | (12)                  | (17)       | — %                      |
|                                                               |                                                  |           |               | 81,237      | 78,835                | 79,587     | 8.3 %                    |



**Owl Rock Capital Corporation II**  
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**(Amounts in thousands, except share amounts)**

| <b>Company(1)(2)(3)(19)</b>                                        | <b>Investment</b>                        | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|--------------------------------------------------------------------|------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Education</b>                                                   |                                          |                 |                      |                    |                              |                   |                                 |
| 2U, Inc.(6)(18)(21)                                                | First lien senior secured loan           | L + 5.75%       | 5/22/2024            | 20,000             | 19,731                       | 19,600            | 2.0 %                           |
| Learning Care Group (US) No. 2 Inc.(8)(21)                         | Second lien senior secured loan          | L + 7.50%       | 3/13/2026            | 5,393              | 5,308                        | 5,366             | 0.6 %                           |
| Severin Acquisition, LLC (dba PowerSchool)(8)(21)                  | Second lien senior secured loan          | L + 6.75%       | 8/3/2026             | 27,000             | 26,912                       | 26,865            | 2.8 %                           |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)(8)(21)         | First lien senior secured loan           | L + 6.00%       | 5/14/2024            | 9,692              | 9,505                        | 9,571             | 1.0 %                           |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)(8)(13)(20)(21) | First lien senior secured revolving loan | L + 6.00%       | 5/14/2024            | 192                | 179                          | 183               | — %                             |
|                                                                    |                                          |                 |                      | 62,277             | 61,635                       | 61,585            | 6.4 %                           |
| <b>Energy equipment and services</b>                               |                                          |                 |                      |                    |                              |                   |                                 |
| Liberty Oilfield Services LLC(6)(18)(21)                           | First lien senior secured loan           | L + 7.63%       | 9/19/2022            | 1,100              | 1,088                        | 1,105             | 0.1 %                           |
|                                                                    |                                          |                 |                      | 1,100              | 1,088                        | 1,105             | 0.1 %                           |
| <b>Financial services</b>                                          |                                          |                 |                      |                    |                              |                   |                                 |
| Blackhawk Network Holdings, Inc.(6)(21)                            | Second lien senior secured loan          | L + 7.00%       | 6/15/2026            | 18,477             | 18,343                       | 18,430            | 1.9 %                           |
| NMI Acquisitionco, Inc. (dba Network Merchants)(6)(21)             | First lien senior secured loan           | L + 5.75%       | 9/6/2022             | 3,724              | 3,669                        | 3,668             | 0.4 %                           |
| NMI Acquisitionco, Inc. (dba Network Merchants)(13)(14)(20)(21)    | First lien senior secured revolving loan | L + 5.75%       | 9/6/2022             | —                  | (1)                          | (1)               | — %                             |
| Transact Holdings, Inc.(6)(20)(21)                                 | First lien senior secured loan           | L + 4.75%       | 4/30/2026            | 8,978              | 8,853                        | 8,798             | 0.9 %                           |
|                                                                    |                                          |                 |                      | 31,179             | 30,864                       | 30,895            | 3.2 %                           |
| <b>Food and beverage</b>                                           |                                          |                 |                      |                    |                              |                   |                                 |
| Caiman Merger Sub LLC (dba City Brewing)(6)(21)                    | First lien senior secured loan           | L + 5.75%       | 11/1/2025            | 27,966             | 27,692                       | 27,686            | 2.9 %                           |
| Caiman Merger Sub LLC (dba City Brewing)(13)(14)(20)(21)           | First lien senior secured revolving loan | L + 5.75%       | 11/1/2024            | —                  | (20)                         | (20)              | — %                             |
| CM7 Restaurant Holdings, LLC(6)(21)                                | First lien senior secured loan           | L + 8.00%       | 5/22/2023            | 5,913              | 5,834                        | 5,824             | 0.6 %                           |
| H-Food Holdings, LLC(6)(21)(22)                                    | First lien senior secured loan           | L + 4.00%       | 5/23/2025            | 6,694              | 6,587                        | 6,656             | 0.7 %                           |
| H-Food Holdings, LLC(6)(21)                                        | Second lien senior secured loan          | L + 7.00%       | 3/2/2026             | 18,200             | 17,807                       | 17,836            | 2.0 %                           |
| Hometown Food Company(6)(21)                                       | First lien senior secured loan           | L + 5.00%       | 8/31/2023            | 3,203              | 3,154                        | 3,163             | 0.3 %                           |
| Hometown Food Company(13)(14)(20)(21)                              | First lien senior secured revolving loan | L + 5.00%       | 8/31/2023            | —                  | (7)                          | (6)               | — %                             |
| Manna Development Group, LLC(6)(21)                                | First lien senior secured loan           | L + 6.00%       | 10/24/2022           | 8,681              | 8,595                        | 8,573             | 0.9 %                           |

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
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| <b>Company(1)(2)(3)(19)</b>                                         | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|---------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| Manna Development Group, LLC(6)(13)(20)(21)                         | First lien senior secured revolving loan         | L + 6.00%       | 10/24/2022           | 133                | 116                          | 125               | — %                             |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)(6)(21)         | First lien senior secured loan                   | L + 4.50%       | 7/30/2025            | 4,288              | 4,214                        | 4,203             | 0.4 %                           |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)(6)(13)(20)(21) | First lien senior secured revolving loan         | L + 4.50%       | 7/30/2023            | 613                | 597                          | 593               | 0.1 %                           |
| Ultimate Baked Goods Midco, LLC(8)(21)                              | First lien senior secured loan                   | L + 4.00%       | 8/11/2025            | 2,970              | 2,922                        | 2,911             | 0.3 %                           |
| Ultimate Baked Goods Midco, LLC(6)(13)(20)(21)                      | First lien senior secured revolving loan         | L + 4.00%       | 8/9/2023             | 113                | 104                          | 102               | — %                             |
|                                                                     |                                                  |                 |                      | 78,774             | 77,595                       | 77,646            | 8.2 %                           |
| <b>Healthcare providers and services</b>                            |                                                  |                 |                      |                    |                              |                   |                                 |
| Confluent Health, LLC.(6)(21)                                       | First lien senior secured loan                   | L + 5.00%       | 6/24/2026            | 4,478              | 4,436                        | 4,410             | 0.5 %                           |
| Covenant Surgical Partners, Inc.(6)(21)                             | First lien senior secured loan                   | L + 4.00%       | 7/1/2026             | 3,491              | 3,458                        | 3,465             | 0.4 %                           |
| Covenant Surgical Partners, Inc.(13)(14)(15)(20)(21)                | First lien senior secured delayed draw term loan | L + 4.00%       | 7/1/2021             | —                  | (7)                          | (5)               | — %                             |
| Geodigm Corporation (dba National Dentex)(6)(16)(21)                | First lien senior secured loan                   | L + 6.87%       | 12/1/2021            | 19,738             | 19,615                       | 19,343            | 2.0 %                           |
| GI CCLS Acquisition LLC (fka GI Chill Acquisition LLC)(8)(20)(21)   | First lien senior secured loan                   | L + 4.00%       | 8/6/2025             | 1,128              | 1,123                        | 1,124             | 0.1 %                           |
| GI CCLS Acquisition LLC (fka GI Chill Acquisition LLC)(8)(21)       | Second lien senior secured loan                  | L + 7.50%       | 8/6/2026             | 12,375             | 12,266                       | 12,220            | 1.3 %                           |
| Nelipak Holding Company(6)(21)                                      | First lien senior secured loan                   | L + 4.25%       | 7/2/2026             | 5,727              | 5,619                        | 5,670             | 0.6 %                           |
| Nelipak Holding Company(6)(13)(20)(21)                              | First lien senior secured revolving loan         | L + 4.25%       | 7/2/2024             | 320                | 304                          | 311               | — %                             |
| Nelipak Holding Company(13)(20)(21)(23)                             | First lien senior secured revolving loan         | E + 4.50%       | 7/2/2024             | 54                 | 37                           | 40                | — %                             |
| Nelipak Holding Company(6)(21)                                      | Second lien senior secured loan                  | L + 8.25%       | 7/2/2027             | 7,994              | 7,879                        | 7,874             | 0.8 %                           |
| Nelipak Holding Company(20)(21)(23)                                 | Second lien senior secured loan                  | E + 8.50%       | 7/2/2027             | 8,049              | 7,908                        | 7,908             | 0.8 %                           |
| Premier Imaging, LLC (dba LucidHealth)(6)(21)                       | First lien senior secured loan                   | L + 5.75%       | 1/2/2025             | 5,940              | 5,839                        | 5,821             | 0.6 %                           |
| RxSense Holdings, LLC(6)(21)                                        | First lien senior secured loan                   | L + 6.00%       | 2/15/2024            | 24,517             | 24,203                       | 24,087            | 2.5 %                           |
| RxSense Holdings, LLC(8)(13)(20)(21)                                | First lien senior secured revolving loan         | L + 6.00%       | 2/15/2024            | 764                | 745                          | 737               | 0.1 %                           |
| TC Holdings, LLC (dba TrialCard)(8)(21)                             | First lien senior secured loan                   | L + 4.50%       | 11/14/2023           | 21,155             | 20,913                       | 21,155            | 2.2 %                           |
| TC Holdings, LLC (dba TrialCard)(13)(14)(20)(21)                    | First lien senior secured revolving loan         | L + 4.50%       | 11/14/2022           | —                  | (33)                         | —                 | — %                             |
|                                                                     |                                                  |                 |                      | 115,730            | 114,305                      | 114,160           | 11.9 %                          |

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**(Amounts in thousands, except share amounts)**

| Company(1)(2)(3)(19)                                                    | Investment                                       | Interest  | Maturity Date | Par / Units | Amortized Cost(4)(12) | Fair Value | Percentage of Net Assets |
|-------------------------------------------------------------------------|--------------------------------------------------|-----------|---------------|-------------|-----------------------|------------|--------------------------|
| <b>Healthcare technology</b>                                            |                                                  |           |               |             |                       |            |                          |
| Bracket Intermediate Holding Corp.(8)(21)                               | Second lien senior secured loan                  | L + 8.13% | 9/5/2026      | 3,750       | 3,684                 | 3,675      | 0.4 %                    |
| Definitive Healthcare Holdings, LLC(8)(21)                              | First lien senior secured loan                   | L + 5.50% | 7/16/2026     | 27,508      | 27,249                | 27,233     | 2.8 %                    |
| Definitive Healthcare Holdings, LLC(13)(14)(20)(21)                     | First lien senior secured delayed draw term loan | L + 5.50% | 7/16/2026     | —           | (28)                  | —          | — %                      |
| Definitive Healthcare Holdings, LLC(13)(14)(20)(21)                     | First lien senior secured revolving loan         | L + 5.50% | 7/16/2024     | —           | (14)                  | (15)       | — %                      |
| Interoperability Bidco, Inc.(6)(21)                                     | First lien senior secured loan                   | L + 5.75% | 6/25/2026     | 19,204      | 18,977                | 18,915     | 2.0 %                    |
| Interoperability Bidco, Inc.(13)(14)(15)(20)(21)                        | First lien senior secured delayed draw term loan | L + 5.75% | 6/25/2021     | —           | (2)                   | (8)        | — %                      |
| Interoperability Bidco, Inc.(13)(14)(20)(21)                            | First lien senior secured revolving loan         | L + 5.75% | 6/25/2024     | —           | (11)                  | (15)       | — %                      |
| VVC Holding Corp. (dba athenahealth, Inc.)(8)(21)(22)                   | First lien senior secured loan                   | L + 4.50% | 2/11/2026     | 24,812      | 24,363                | 24,907     | 2.6 %                    |
|                                                                         |                                                  |           |               | 75,274      | 74,218                | 74,692     | 7.8 %                    |
| <b>Household products</b>                                               |                                                  |           |               |             |                       |            |                          |
| Hayward Industries, Inc.(6)(21)                                         | Second lien senior secured loan                  | L + 8.25% | 8/4/2025      | 4,675       | 4,603                 | 4,629      | 0.5 %                    |
| HGH Purchaser, Inc. (dba Horizon Services)(6)(21)                       | First lien senior secured loan                   | L + 6.00% | 11/1/2025     | 19,440      | 19,155                | 19,148     | 2.0 %                    |
| HGH Purchaser, Inc. (dba Horizon Services)(13)(14)(15)(20)(21)          | First lien senior secured delayed draw term loan | L + 6.00% | 11/1/2021     | —           | (20)                  | (20)       | — %                      |
| HGH Purchaser, Inc. (dba Horizon Services)(10)(13)(20)(21)              | First lien senior secured revolving loan         | P + 5.00% | 11/1/2025     | 446         | 410                   | 409        | — %                      |
|                                                                         |                                                  |           |               | 24,561      | 24,148                | 24,166     | 2.5 %                    |
| <b>Infrastructure and environmental services</b>                        |                                                  |           |               |             |                       |            |                          |
| LineStar Integrity Services LLC(8)(21)                                  | First lien senior secured loan                   | L + 7.25% | 2/12/2024     | 14,477      | 14,251                | 14,296     | 1.5 %                    |
|                                                                         |                                                  |           |               | 14,477      | 14,251                | 14,296     | 1.5 %                    |
| <b>Insurance</b>                                                        |                                                  |           |               |             |                       |            |                          |
| Asurion, LLC(6)(21)(22)                                                 | Second lien senior secured loan                  | L + 6.50% | 8/4/2025      | 10,000      | 10,130                | 10,115     | 1.1 %                    |
| Integrity Marketing Acquisition, LLC(8)(21)                             | First lien senior secured loan                   | L + 5.75% | 8/27/2025     | 17,244      | 16,997                | 16,985     | 1.8 %                    |
| Integrity Marketing Acquisition, LLC(8)(13)(15)(20)(21)                 | First lien senior secured delayed draw term loan | L + 5.75% | 2/29/2020     | 4,696       | 4,591                 | 4,626      | 0.5 %                    |
| Integrity Marketing Acquisition, LLC(13)(14)(15)(20)(21)                | First lien senior secured delayed draw term loan | L + 5.75% | 2/27/2021     | —           | (24)                  | —          | — %                      |
| Integrity Marketing Acquisition, LLC(13)(14)(20)(21)                    | First lien senior secured revolving loan         | L + 5.75% | 8/27/2025     | —           | (26)                  | (28)       | — %                      |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(6)(21)              | First lien senior secured loan                   | L + 4.00% | 6/3/2026      | 6,038       | 5,855                 | 5,872      | 0.6 %                    |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(13)(14)(15)(20)(21) | First lien senior secured delayed draw term loan | L + 4.00% | 6/3/2021      | —           | (18)                  | (17)       | — %                      |
| KWOR Acquisition, Inc. (dba Worley Claims Services)(13)(14)(15)(20)(21) | First lien senior secured                        | L + 4.00% | 6/3/2024      | —           | (26)                  | (36)       | — %                      |

|                                                               |                                    |           |            |        |        |        |     |   |
|---------------------------------------------------------------|------------------------------------|-----------|------------|--------|--------|--------|-----|---|
| Worley Claims Services)(13)<br>(14)(20)(21)                   | revolving loan                     |           |            |        |        |        |     |   |
| KWOR Acquisition, Inc. (dba<br>Worley Claims Services)(6)(21) | Second lien senior<br>secured loan | L + 7.75% | 11/30/2026 | 12,400 | 12,224 | 12,152 | 1.3 | % |



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| <b>Company(1)(2)(3)(19)</b>                                        | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|--------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| Norvax, LLC (dba GoHealth)(8)(21)                                  | First lien senior secured loan                   | L + 6.50%       | 9/12/2025            | 27,205             | 26,813                       | 26,796            | 2.8 %                           |
| Norvax, LLC (dba GoHealth)(13)(14)(20)(21)                         | First lien senior secured revolving loan         | L + 6.50%       | 9/13/2024            | —                  | (38)                         | (41)              | — %                             |
| RSC Acquisition, Inc (dba Risk Strategies)(8)(21)                  | First lien senior secured loan                   | L + 5.50%       | 11/1/2026            | 10,196             | 9,996                        | 9,992             | 1.0 %                           |
| RSC Acquisition, Inc (dba Risk Strategies)(8)(13)(20)(21)          | First lien senior secured delayed draw term loan | L + 5.50%       | 11/1/2026            | 613                | 548                          | 546               | 0.1 %                           |
| RSC Acquisition, Inc (dba Risk Strategies)(13)(14)(20)(21)         | First lien senior secured revolving loan         | L + 5.50%       | 11/1/2026            | —                  | (8)                          | (9)               | — %                             |
| THG Acquisition, LLC (dba Hilb)(8)(20)(21)                         | First lien senior secured loan                   | L + 5.75%       | 12/2/2026            | 20,022             | 19,526                       | 19,522            | 2.0 %                           |
| THG Acquisition, LLC (dba Hilb)(13)(14)(15)(20)(21)                | First lien senior secured delayed draw term loan | L + 5.75%       | 12/2/2021            | —                  | (69)                         | (70)              | — %                             |
| THG Acquisition, LLC (dba Hilb)(13)(14)(20)(21)                    | First lien senior secured revolving loan         | L + 5.75%       | 12/2/2025            | —                  | (46)                         | (47)              | — %                             |
|                                                                    |                                                  |                 |                      | 108,414            | 106,425                      | 106,358           | 11.2 %                          |
| <b>Internet software and services</b>                              |                                                  |                 |                      |                    |                              |                   |                                 |
| 3ES Innovation Inc. (dba Aucerna)(8)(18)(21)                       | First lien senior secured loan                   | L + 5.75%       | 5/13/2025            | 7,082              | 7,001                        | 6,940             | 0.7 %                           |
| 3ES Innovation Inc. (dba Aucerna)(13)(14)(18)(20)(21)              | First lien senior secured revolving loan         | L + 5.75%       | 5/13/2025            | —                  | (8)                          | (14)              | — %                             |
| Apptio, Inc.(6)(20)(21)                                            | First lien senior secured loan                   | L + 7.25%       | 1/10/2025            | 7,364              | 7,234                        | 7,272             | 0.8 %                           |
| Apptio, Inc.(13)(14)(20)(21)                                       | First lien senior secured revolving loan         | L + 7.25%       | 1/10/2025            | —                  | (8)                          | (6)               | — %                             |
| Genesis Acquisition Co. (dba Procure Software)(8)(21)              | First lien senior secured loan                   | L + 3.75%       | 7/31/2024            | 1,997              | 1,965                        | 1,957             | 0.2 %                           |
| Genesis Acquisition Co. (dba Procure Software)(13)(14)(15)(20)(21) | First lien senior secured delayed draw term loan | L + 3.75%       | 7/31/2020            | —                  | (4)                          | (5)               | — %                             |
| Genesis Acquisition Co. (dba Procure Software)(8)(13)(20)(21)      | First lien senior secured revolving loan         | L + 3.75%       | 7/31/2024            | 103                | 98                           | 97                | — %                             |
| IQN Holding Corp. (dba Beeline)(8)(21)                             | First lien senior secured loan                   | L + 5.50%       | 8/20/2024            | 26,487             | 26,159                       | 26,155            | 2.7 %                           |
| IQN Holding Corp. (dba Beeline)(8)(13)(20)(21)                     | First lien senior secured revolving loan         | L + 5.50%       | 8/20/2023            | 822                | 794                          | 790               | 0.1 %                           |
| Lightning Midco, LLC (dba Vector Solutions)(8)(21)                 | First lien senior secured loan                   | L + 5.50%       | 11/21/2025           | 14,679             | 14,552                       | 14,459            | 1.5 %                           |
| Lightning Midco, LLC (dba Vector Solutions)(10)(13)(15)(20)(21)    | First lien senior secured delayed draw term loan | P + 4.50%       | 11/23/2020           | 3,198              | 3,170                        | 3,147             | 0.3 %                           |
| Lightning Midco, LLC (dba Vector Solutions)(8)(13)(20)(21)         | First lien senior secured revolving loan         | L + 5.50%       | 11/21/2023           | 1,038              | 1,025                        | 1,012             | 0.1 %                           |
| Litera Bidco LLC(8)(21)                                            | First lien senior secured loan                   | L + 5.75%       | 5/31/2026            | 10,632             | 10,491                       | 10,499            | 1.1 %                           |
| Litera Bidco LLC(13)(14)(20)(21)                                   | First lien senior secured revolving loan         | L + 5.75%       | 5/31/2025            | —                  | (12)                         | (13)              | — %                             |

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

| <b>Company(1)(2)(3)(19)</b>                                                          | <b>Investment</b>                                | <b>Interest</b>                                 | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|--------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| MINDBODY, Inc.(6)(21)                                                                | First lien senior secured loan                   | L + 7.00%                                       | 2/14/2025            | 10,179             | 10,089                       | 10,077            | 1.1 %                           |
| MINDBODY, Inc.(13)(14)(20)(21)                                                       | First lien senior secured revolving loan         | L + 7.00%                                       | 2/14/2025            | —                  | (9)                          | (11)              | — %                             |
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC)(6)(20)(21)                 | First lien senior secured loan                   | L + 6.50%                                       | 6/17/2024            | 23,532             | 23,337                       | 23,296            | 2.4 %                           |
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC)(13)(14)(20)(21)            | First lien senior secured revolving loan         | L + 6.50%                                       | 6/15/2023            | —                  | (2)                          | (2)               | — %                             |
|                                                                                      |                                                  |                                                 |                      | 107,113            | 105,872                      | 105,650           | 11.0 %                          |
| <b>Leisure and entertainment</b>                                                     |                                                  |                                                 |                      |                    |                              |                   |                                 |
| Troon Golf, L.L.C.(8)(16)(17)(21)                                                    | First lien senior secured term loan A and B      | L + 5.50%<br>(TLA: L + 3.5%;<br>TLB: L + 5.98%) | 3/29/2025            | 26,914             | 26,606                       | 26,914            | 2.8 %                           |
| Troon Golf, L.L.C.(13)(14)(20)(21)                                                   | First lien senior secured revolving loan         | L + 5.50%                                       | 3/29/2025            | —                  | (5)                          | —                 | — %                             |
|                                                                                      |                                                  |                                                 |                      | 26,914             | 26,601                       | 26,914            | 2.8 %                           |
| <b>Manufacturing</b>                                                                 |                                                  |                                                 |                      |                    |                              |                   |                                 |
| Ideal Tridon Holdings, Inc.(8)(21)                                                   | First lien senior secured loan                   | L + 5.75%                                       | 7/31/2024            | 13,235             | 13,002                       | 13,168            | 1.4 %                           |
| Ideal Tridon Holdings, Inc.(8)(13)(15)(20)(21)                                       | First lien senior secured delayed draw term loan | L + 5.75%                                       | 12/25/2020           | 634                | 618                          | 631               | 0.1 %                           |
| Ideal Tridon Holdings, Inc.(6)(13)(20)(21)                                           | First lien senior secured revolving loan         | L + 5.75%                                       | 7/31/2023            | 73                 | 52                           | 67                | — %                             |
| MHE Intermediate Holdings, LLC(dba Material Handling Services)(8)(13)(15)(20)(21)    | First lien senior secured delayed draw term loan | L + 5.00%                                       | 4/26/2020            | 5,983              | 5,932                        | 5,864             | 0.6 %                           |
| PHM Netherlands Midco B.V. (dba Loparex)(8)(21)                                      | Second lien senior secured loan                  | L + 8.75%                                       | 8/2/2027             | 28,000             | 26,106                       | 25,970            | 2.7 %                           |
| Professional Plumbing Group, Inc.(8)(21)                                             | First lien senior secured loan                   | L + 6.75%                                       | 4/16/2024            | 6,737              | 6,660                        | 6,586             | 0.7 %                           |
| Professional Plumbing Group, Inc.(8)(13)(20)(21)                                     | First lien senior secured revolving loan         | L + 6.75%                                       | 4/16/2023            | 857                | 846                          | 821               | 0.1 %                           |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group)(6)(21)             | First lien senior secured loan                   | L + 4.50%                                       | 6/28/2026            | 3,370              | 3,338                        | 3,319             | 0.3 %                           |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group)(6)(13)(15)(20)(21) | First lien senior secured delayed draw term loan | L + 4.50%                                       | 6/28/2021            | 182                | 178                          | 176               | — %                             |
|                                                                                      |                                                  |                                                 |                      | 59,071             | 56,732                       | 56,602            | 5.9 %                           |
| <b>Oil and gas</b>                                                                   |                                                  |                                                 |                      |                    |                              |                   |                                 |
| Black Mountain Sand Eagle Ford LLC(8)(20)(21)                                        | First lien senior secured loan                   | L + 8.25%                                       | 8/17/2022            | 9,805              | 9,730                        | 9,756             | 1.0 %                           |
| Project Power Buyer, LLC (dba PEC-Veriforce)(8)(21)                                  | First lien senior secured loan                   | L + 5.75%                                       | 5/14/2026            | 5,783              | 5,716                        | 5,682             | 0.6 %                           |
| Project Power Buyer, LLC (dba PEC-Veriforce)(13)(14)(20)(21)                         | First lien senior secured revolving loan         | L + 5.75%                                       | 5/14/2025            | —                  | (6)                          | (10)              | — %                             |
| Zenith Energy U.S. Logistics Holdings, LLC(6)(21)                                    | First lien senior secured loan                   | L + 5.50%                                       | 12/21/2024           | 13,133             | 12,926                       | 12,739            | 1.3 %                           |
|                                                                                      |                                                  |                                                 |                      | 28,721             | 28,366                       | 28,167            | 2.9 %                           |



**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

| <b>Company(1)(2)(3)(19)</b>                                            | <b>Investment</b>                                | <b>Interest</b> | <b>Maturity Date</b> | <b>Par / Units</b> | <b>Amortized Cost(4)(12)</b> | <b>Fair Value</b> | <b>Percentage of Net Assets</b> |
|------------------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|--------------------|------------------------------|-------------------|---------------------------------|
| <b>Professional services</b>                                           |                                                  |                 |                      |                    |                              |                   |                                 |
| AmSpec Services Inc.(8)(21)                                            | First lien senior secured loan                   | L + 6.25%       | 7/2/2024             | 19,156             | 18,874                       | 18,773            | 2.0 %                           |
| AmSpec Services Inc.(13)(20)(21)                                       | First lien senior secured revolving loan         | P + 4.25%       | 7/2/2024             | 923                | 891                          | 874               | 0.1 %                           |
| Cardinal US Holdings, Inc.(8)(18)(21)                                  | First lien senior secured loan                   | L + 5.00%       | 7/31/2023            | 31,039             | 30,682                       | 31,039            | 3.2 %                           |
| DMT Solutions Global Corporation(8)(21)                                | First lien senior secured loan                   | L + 7.00%       | 7/2/2024             | 8,325              | 8,058                        | 8,096             | 0.8 %                           |
| GC Agile Holdings Limited (dba Apex Fund Services)(8)(18)(21)          | First lien senior secured loan                   | L + 7.00%       | 6/15/2025            | 26,561             | 26,133                       | 26,029            | 2.7 %                           |
| GC Agile Holdings Limited (dba Apex Fund Services)(13)(14)(18)(20)(21) | First lien senior secured revolving loan         | L + 7.00%       | 6/15/2023            | —                  | (38)                         | (34)              | — %                             |
| Gerson Lehrman Group, Inc.(6)(21)                                      | First lien senior secured loan                   | L + 4.25%       | 12/12/2024           | 29,008             | 28,762                       | 28,647            | 3.0 %                           |
| Gerson Lehrman Group, Inc.(13)(14)(20)(21)                             | First lien senior secured revolving loan         | L + 4.25%       | 12/12/2024           | —                  | (17)                         | (25)              | — %                             |
|                                                                        |                                                  |                 |                      | 115,012            | 113,345                      | 113,399           | 11.8 %                          |
| <b>Specialty retail</b>                                                |                                                  |                 |                      |                    |                              |                   |                                 |
| BIG Buyer, LLC(8)(20)(21)                                              | First lien senior secured loan                   | L + 6.50%       | 11/20/2023           | 16,819             | 16,496                       | 16,441            | 1.7 %                           |
| BIG Buyer, LLC(13)(14)(15)(20)(21)                                     | First lien senior secured delayed draw term loan | L + 6.50%       | 12/18/2020           | —                  | (65)                         | (19)              | — %                             |
| BIG Buyer, LLC(13)(14)(20)(21)                                         | First lien senior secured revolving loan         | L + 6.50%       | 11/20/2023           | —                  | (31)                         | (28)              | — %                             |
| EW Holdco, LLC (dba European Wax)(6)(21)                               | First lien senior secured loan                   | L + 4.50%       | 9/25/2024            | 24,769             | 24,541                       | 24,583            | 2.6 %                           |
| Galls, LLC(7)(21)                                                      | First lien senior secured loan                   | L + 6.25%       | 1/31/2025            | 14,831             | 14,687                       | 14,572            | 1.5 %                           |
| Galls, LLC(7)(13)(15)(20)(21)                                          | First lien senior secured delayed draw term loan | L + 6.25%       | 1/31/2020            | 1,690              | 1,620                        | 1,660             | 0.2 %                           |
| Galls, LLC(6)(13)(20)(21)                                              | First lien senior secured revolving loan         | L + 6.25%       | 1/31/2024            | 2,898              | 2,852                        | 2,825             | 0.3 %                           |
|                                                                        |                                                  |                 |                      | 61,007             | 60,100                       | 60,034            | 6.3 %                           |
| <b>Telecommunications</b>                                              |                                                  |                 |                      |                    |                              |                   |                                 |
| DB Datacenter Holdings Inc.(6)(21)                                     | Second lien senior secured loan                  | L + 8.00%       | 4/3/2025             | 6,773              | 6,689                        | 6,705             | 0.7 %                           |
|                                                                        |                                                  |                 |                      | 6,773              | 6,689                        | 6,705             | 0.7 %                           |
| <b>Transportation</b>                                                  |                                                  |                 |                      |                    |                              |                   |                                 |
| Lazer Spot G B Holdings, Inc.(6)(20)(21)                               | First lien senior secured loan                   | L + 6.00%       | 12/9/2025            | 37,437             | 36,788                       | 36,790            | 3.8 %                           |
| Lazer Spot G B Holdings, Inc.(13)(14)(15)(20)(21)                      | First lien senior secured delayed draw term loan | L + 6.00%       | 6/9/2021             | —                  | (14)                         | (18)              | — %                             |
| Lazer Spot G B Holdings, Inc.(8)(13)(20)(21)                           | First lien senior secured revolving loan         | L + 6.00%       | 12/9/2025            | 603                | 473                          | 473               | — %                             |
| Lytix, Inc.(6)(21)                                                     | First lien senior secured loan                   | L + 6.75%       | 8/31/2023            | 1,999              | 1,958                        | 1,999             | 0.2 %                           |
| Lytix, Inc.(13)(14)(20)(21)                                            | First lien senior secured revolving loan         | L + 6.75%       | 8/31/2022            | —                  | (1)                          | —                 | — %                             |
| Motus, LLC and Runzheimer                                              | First lien senior                                | L + 6.33%       | 1/17/2024            | 6,382              | 6,266                        | 6,318             | 0.7 %                           |

International LLC(8)(16)(21)

secured loan

|               |               |               |              |
|---------------|---------------|---------------|--------------|
| <u>46,421</u> | <u>45,470</u> | <u>45,562</u> | <u>4.7</u> % |
|---------------|---------------|---------------|--------------|

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**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

| Company <sup>(1)(2)(3)(19)</sup>                     | Investment   | Interest | Maturity Date | Par / Units        | Amortized Cost <sup>(4)(12)</sup> | Fair Value         | Percentage of Net Assets |
|------------------------------------------------------|--------------|----------|---------------|--------------------|-----------------------------------|--------------------|--------------------------|
| <b>Total Debt Investments</b>                        |              |          |               | <b>\$1,465,967</b> | <b>\$1,441,328</b>                | <b>\$1,439,816</b> | <b>150.4</b> %           |
| <b>Equity Investments</b>                            |              |          |               |                    |                                   |                    |                          |
| <b>Food and beverage</b>                             |              |          |               |                    |                                   |                    |                          |
| CM7 Restaurant Holdings, LLC <sup>(11)(20)(21)</sup> | LLC Interest | N/A      | N/A           | 54                 | 54                                | 51                 | —                        |
| H-Food Holdings, LLC <sup>(11)(20)(21)</sup>         | LLC Interest | N/A      | N/A           | 1,625              | 1,625                             | 1,659              | 0.2                      |
|                                                      |              |          |               | <u>1,679</u>       | <u>1,679</u>                      | <u>1,710</u>       | <u>0.2</u> %             |
| <b>Total Equity Investments</b>                      |              |          |               | <b>\$ 1,679</b>    | <b>\$ 1,679</b>                   | <b>\$ 1,710</b>    | <b>0.2</b> %             |
| <b>Total Investments</b>                             |              |          |               | <b>\$1,467,646</b> | <b>\$1,443,007</b>                | <b>\$1,441,526</b> | <b>150.6</b> %           |

- (1) Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Unless otherwise indicated, all investments are non-controlled, non-affiliated investments. Non-controlled, non-affiliated investments are defined as investments in which the Company owns less than 5% of the portfolio company's outstanding voting securities and does not have the power to exercise control over the management or policies of such portfolio company.
- (3) Unless otherwise indicated, all investments are considered Level 3 investments.
- (4) The amortized cost represents the original cost adjusted for the amortization of discounts and premiums, as applicable, on debt investments using the effective interest method.
- (5) Unless otherwise indicated, loan contains a variable rate structure, and may be subject to an interest rate floor. Variable rate loans bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR" or "L") (which can include one-, two-, three- or six-month LIBOR) or an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), at the borrower's option, and which reset periodically based on the terms of the loan agreement.
- (6) The interest rate on these loans is subject to 1 month LIBOR, which as of December 31, 2019 was 1.76%.
- (7) The interest rate on these loans is subject to 2 month LIBOR, which as of December 31, 2019 was 1.83%.
- (8) The interest rate on these loans is subject to 3 month LIBOR, which as of December 31, 2019 was 1.91%.
- (9) The interest rate on this loan is subject to 3 month Canadian Dollar Offered Rate ("CDOR" or "C"), which as of December 31, 2019 was 2.08%.
- (10) The interest rate on these loans is subject to Prime, which as of December 31, 2019 was 4.75%.
- (11) Security acquired in transaction exempt from registration under the Securities Act of 1933, and may be deemed to be "restricted securities" under the Securities Act. As of December 31, 2019, the aggregate fair value of these securities is \$1.7 million, or 0.2% of the Company's net assets. The acquisition dates of the restricted securities are as follows:

| Portfolio Company            | Investment   | Acquisition Date  |
|------------------------------|--------------|-------------------|
| CM7 Restaurant Holdings, LLC | LLC Interest | May 21, 2018      |
| H-Food Holdings, LLC         | LLC Interest | November 23, 2018 |

- (12) As of December 31, 2019, the net estimated unrealized loss for U.S. federal income tax purposes was \$2.8 million based on a tax cost basis of \$1.4 billion. As of December 31, 2019, the estimated aggregate gross unrealized loss for U.S. federal income tax purposes was \$6.7 million and the estimated aggregate gross unrealized gain for U.S. federal income tax purposes was \$3.9 million.
- (13) Position or portion thereof is an unfunded loan commitment. See Note 7 "Commitments and Contingencies".
- (14) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan. The negative fair value is the result of the capitalized discount on the loan.
- (15) The date disclosed represents the commitment period of the unfunded term loan. Upon expiration of the commitment period, the funded portion of the term loan may be subject to a longer maturity date.
- (16) The Company may be entitled to receive additional interest as a result of an arrangement with other lenders in the syndication. In exchange for the higher interest rate, the "last-out" portion is at a greater risk of loss.
- (17) The first lien term loan is comprised of two components: Term Loan A and Term Loan B. The Company's Term Loan A and Term Loan B principal amounts are \$5.2 million and \$21.7 million, respectively. Both Term Loan A and Term Loan B have the same maturity date. Interest disclosed reflects the blended rate of the first lien term loan. The Term Loan A represents a 'first-out' tranche and the Term Loan B

**Owl Rock Capital Corporation II**  
**Consolidated Schedule of Investments (Continued)**  
**As of December 31, 2019**  
**(Amounts in thousands, except share amounts)**

represents a 'last-out' tranche. The 'first-out' tranche has priority as to the 'last-out' tranche with respect to payments of principal, interest and any amounts due thereunder.

- (18) This portfolio company is not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of total assets. As of December 31, 2019, non-qualifying assets represented 5.5% of total assets as calculated in accordance with the regulatory requirements.
- (19) Unless otherwise indicated, all or a portion of the Company's portfolio companies are pledged as collateral supporting the available capacity under the SPV Asset Facility I. See Note 6 "Debt."
- (20) Investment is not pledged as collateral on the SPV Asset Facility I.
- (21) Represents co-investment made with the Company's affiliates in accordance with the terms of exemptive relief that the Company received from the U.S. Securities and Exchange Commission. See Note 3 "Agreements and Related Party Transactions."
- (22) Level 2 investment.
- (23) The interest rate on this loan is subject to 3 month EURIBOR, which as of December 31, 2019 was (0.4)%.

The accompanying notes are an integral part of these consolidated financial statements.

**Owl Rock Capital Corporation II**  
**Consolidated Statements of Changes in Net Assets**  
**(Amounts in thousands)**  
**(Unaudited)**

|                                                                       | <b>For the Three Months Ended</b> |                   | <b>For the Six Months Ended</b> |                   |
|-----------------------------------------------------------------------|-----------------------------------|-------------------|---------------------------------|-------------------|
|                                                                       | <b>June 30,</b>                   |                   | <b>June 30,</b>                 |                   |
|                                                                       | <b>2020</b>                       | <b>2019</b>       | <b>2020</b>                     | <b>2019</b>       |
| <b>Increase (Decrease) in Net Assets Resulting from Operations</b>    |                                   |                   |                                 |                   |
| Net investment income (loss)                                          | \$ 19,957                         | \$ 11,340         | \$ 41,074                       | \$ 19,604         |
| Net change in unrealized gain (loss)                                  | 38,445                            | 1,994             | (52,184)                        | 7,235             |
| Net realized gain (loss)                                              | 2                                 | (27)              | 110                             | 206               |
| Net Increase (Decrease) in Net Assets Resulting from Operations       | 58,404                            | 13,307            | (11,000)                        | 27,045            |
| <b>Distributions</b>                                                  |                                   |                   |                                 |                   |
| Distributions declared from earnings <sup>(1)</sup>                   | (21,332)                          | (11,455)          | (42,228)                        | (20,574)          |
| Net Decrease in Net Assets Resulting from Shareholders' Distributions | (21,332)                          | (11,455)          | (42,228)                        | (20,574)          |
| <b>Capital Share Transactions</b>                                     |                                   |                   |                                 |                   |
| Issuance of shares of common stock                                    | 42,492                            | 113,160           | 205,139                         | 237,621           |
| Reinvestment of shareholders' distributions                           | 9,534                             | 4,938             | 17,931                          | 8,810             |
| Repurchased shares                                                    | (17,300)                          | (1,995)           | (17,300)                        | (1,995)           |
| Net Increase in Net Assets Resulting from Capital Share Transactions  | 34,726                            | 116,103           | 205,770                         | 244,436           |
| <b>Total Increase in Net Assets</b>                                   | 71,798                            | 117,955           | 152,542                         | 250,907           |
| Net Assets, at beginning of period                                    | 1,038,023                         | 571,162           | 957,279                         | 438,210           |
| <b>Net Assets, at end of period</b>                                   | <b>\$ 1,109,821</b>               | <b>\$ 689,117</b> | <b>\$ 1,109,821</b>             | <b>\$ 689,117</b> |

(1) For the three and six months ended June 30, 2020 and 2019, distributions declared from earnings were derived from net investment income.

The accompanying notes are an integral part of these consolidated financial statements.



**Owl Rock Capital Corporation II**  
**Consolidated Statements of Cash Flows**  
**(Amounts in thousands)**  
**(Unaudited)**

|                                                                                                                                    | <b>For the Six Months Ended June 30,</b> |                  |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------|
|                                                                                                                                    | <b>2020</b>                              | <b>2019</b>      |
| <b>Cash Flows from Operating Activities</b>                                                                                        |                                          |                  |
| Net Increase (Decrease) in Net Assets Resulting from Operations                                                                    | \$ (11,000)                              | \$ 27,045        |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities: |                                          |                  |
| Purchases of investments, net                                                                                                      | (418,918)                                | (459,501)        |
| Proceeds from investments and investment repayments, net                                                                           | 134,512                                  | 89,675           |
| Net change in unrealized (gain) loss on investments                                                                                | 52,211                                   | (7,260)          |
| Net change in unrealized (gain) loss on translation of assets and liabilities in foreign currencies                                | (27)                                     | 25               |
| Net realized (gain) loss on investments                                                                                            | (122)                                    | (210)            |
| Net realized (gain) loss on foreign currency transactions relating to investments                                                  | 1                                        | 25               |
| Paid-in-kind interest                                                                                                              | (2,014)                                  | (842)            |
| Net amortization of discount on investments                                                                                        | (3,937)                                  | (2,015)          |
| Amortization of debt issuance costs                                                                                                | 3,906                                    | 862              |
| Amortization of offering costs                                                                                                     | 1,438                                    | 1,999            |
| Changes in operating assets and liabilities:                                                                                       |                                          |                  |
| (Increase) decrease in interest receivable                                                                                         | 695                                      | (2,505)          |
| (Increase) decrease in receivable for investments sold                                                                             | 2,309                                    | —                |
| (Increase) decrease in prepaid expenses and other assets                                                                           | (1,606)                                  | (1,936)          |
| Increase (decrease) in payable for investments purchased                                                                           | 25,288                                   | 15,832           |
| Increase (decrease) in payables to affiliates                                                                                      | (5,906)                                  | 748              |
| Increase (decrease) in accrued expenses and other liabilities                                                                      | (215)                                    | 1                |
| <b>Net cash used in operating activities</b>                                                                                       | <u>(223,385)</u>                         | <u>(338,057)</u> |
| <b>Cash Flows from Financing Activities</b>                                                                                        |                                          |                  |
| Borrowings on debt                                                                                                                 | 199,300                                  | 218,776          |
| Repayments of debt                                                                                                                 | (166,300)                                | (82,684)         |
| Debt issuance costs                                                                                                                | (2,662)                                  | (3,846)          |
| Proceeds from issuance of common shares                                                                                            | 205,139                                  | 237,621          |
| Distributions paid to shareholders                                                                                                 | (21,261)                                 | (11,764)         |
| Repurchased shares                                                                                                                 | (17,300)                                 | (1,995)          |
| <b>Net cash provided by financing activities</b>                                                                                   | <u>196,916</u>                           | <u>356,108</u>   |
| <b>Net increase (decrease) in cash</b>                                                                                             | <u>(26,469)</u>                          | <u>18,051</u>    |
| Cash, beginning of period                                                                                                          | 73,117                                   | 20,903           |
| <b>Cash, end of period</b>                                                                                                         | <u>\$ 46,648</u>                         | <u>\$ 38,954</u> |
| <b>Supplemental and Non-Cash Information</b>                                                                                       |                                          |                  |
| Interest paid during the period                                                                                                    | \$ 16,142                                | \$ 8,760         |
| Distributions declared during the period                                                                                           | \$ 42,228                                | \$ 20,574        |
| Reinvestment of distributions during the period                                                                                    | \$ 17,931                                | \$ 8,810         |

The accompanying notes are an integral part of these consolidated financial statements.

**Owl Rock Capital Corporation II**  
**Notes to Consolidated Financial Statements (Unaudited)**

**Note 1. Organization and Principal Business**

Owl Rock Capital Corporation II (the “Company”) is a Maryland corporation formed on October 15, 2015. The Company’s investment objective is to generate current income, and to a lesser extent, capital appreciation by targeting investment opportunities with favorable risk-adjusted returns. The Company’s investment strategy focuses primarily on originating and making loans to, and making debt and equity investments in, U.S. middle market companies. The Company invests in senior secured or unsecured loans, subordinated loans or mezzanine loans and, to a lesser extent, equity-related securities which includes common and preferred stock, securities convertible into common stock, and warrants. The Company may on occasion invest in smaller or larger companies if an attractive opportunity presents itself, especially when there are dislocations in the capital markets, including the high yield and large syndicated loan markets, which are often referred to as “junk” investments. Once the Company raises sufficient capital, the target credit investments will typically have maturities between three and ten years and generally range in size between \$10 million and \$125 million, although the investment size will vary with the size of the Company’s capital base. Prior to raising sufficient capital, the Company may make a greater number of investments in syndicated loan opportunities than it otherwise would expect to make in the future.

The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, for tax purposes, the Company is treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). Because the Company has elected to be regulated as a BDC and qualifies as a RIC under the Code, the Company’s portfolio is subject to diversification and other requirements.

In April 2017, the Company commenced operations and made its first portfolio company investment. On March 15, 2017, the Company formed a wholly-owned subsidiary, OR Lending II LLC, a Delaware limited liability company, which holds a California finance lenders license. OR Lending II LLC originates loans to borrowers headquartered in California. From time to time the Company may form wholly-owned subsidiaries to facilitate the normal course of business.

The Company is managed by Owl Rock Capital Advisors LLC (the “Adviser”). The Adviser is an indirect subsidiary of Owl Rock Capital Partners LP (“Owl Rock Capital Partners”). The Adviser is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Subject to the overall supervision of the Company’s Board, the Adviser manages the day-to-day operations of, and provides investment advisory and management services to, the Company.

The Company commenced a continuous public offering for up to 264,000,000 shares of its common stock on April 4, 2017. On January 29, 2020, the Company commenced a follow-on offering for up to 160,000,000 shares of its common stock. On September 30, 2016, the Adviser purchased 100 shares of the Company’s common stock at \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of combined upfront selling commissions and dealer manager fees. The Adviser will not tender these shares for repurchase as long as the Adviser remains the Company’s investment adviser. There is no current intention for the Adviser to discontinue in its role. On April 4, 2017, the Company received subscription agreements totaling \$10.0 million for the purchase of shares of its common stock from a private placement from certain individuals and entities affiliated with the Adviser. Pursuant to the terms of those subscription agreements, the individuals and entities affiliated with the Adviser agreed to pay for such shares of common stock upon demand by one of the Company’s executive officers. On April 4, 2017, the Company sold 277,778 shares pursuant to such subscription agreements and met the minimum offering requirement for its continuous public offering of \$2.5 million. The purchase price of these shares sold in the private placement was \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of selling commissions and dealer manager fees. Since meeting the minimum offering requirement and commencing its continuous public offering and through June 30, 2020, the Company has issued 127,233,697 shares of its common stock for gross proceeds of approximately \$1.2 billion, including seed capital contributed by its Adviser in September 2016 and approximately \$10.0 million in gross proceeds raised in the private placement from certain individuals and entities affiliated with Owl Rock Capital Advisors. As of August 11, 2020, the Company has issued 130,281,521 shares of its common stock and has raised total gross proceeds of approximately \$1.2 billion, including seed capital contributed by its Adviser in September 2016 and approximately \$10 million in gross proceeds raised from certain individuals and entities affiliated with Owl Rock Capital Advisors LLC.

The Company’s board of directors (the “Board”) expects to contemplate a liquidity event for the Company’s shareholders three to four years after the completion of the continuous public offering. The Company will consider the offering period to be complete as of the termination date of the most recent public equity offering if the Company has not conducted a public equity offering in any continuous two year period. A liquidity event could include: (i) a listing of shares on a national securities exchange; (ii) a merger or



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

another transaction approved by the Board in which shareholders will receive cash or shares of a publicly traded company; or (iii) a sale of all or substantially all of its assets either on a complete portfolio basis or individually followed by a liquidation to the Company and distribution of cash to its shareholders. A liquidity event may include a sale, merger or rollover transaction with one or more affiliated investment companies managed by the Adviser. A liquidity event involving a merger or sale of all or substantially all of the Company's assets would require the approval of its shareholders in accordance with the Company's charter. Certain types of liquidity events, such as one involving a listing of shares on a national securities exchange, would allow the Company to retain its investment portfolio intact. If the Company determines to list securities on a national securities exchange, the Company expects to, although is not required to, maintain its external management structure. If the Company has not consummated a liquidity event by the five-year anniversary of the completion of the offering, the Board will consider (subject to any necessary shareholder approvals and applicable requirements of the 1940 Act) liquidating the Company and distributing cash to its shareholders, and dissolving the Company in an orderly manner. The Board, as part of its ongoing duties, will review and evaluate any potential liquidity events and options as they become available and their favorability given current market conditions; however, there is no assurance that a liquidity event will be completed at any particular time or at all.

**Note 2. Significant Accounting Policies***Basis of Presentation*

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company is an investment company and, therefore, applies the specialized accounting and reporting guidance in Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies. In the opinion of management, all adjustments considered necessary for the fair presentation of the consolidated financial statements, have been included. The Company's fiscal year ends on December 31.

*Use of Estimates*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual amounts could differ from those estimates and such differences could be material.

*Cash*

Cash consists of deposits held at a custodian bank. Cash is carried at cost, which approximates fair value. The Company deposits its cash with highly-rated banking corporations and, at times, may exceed the insured limits under applicable law.

*Investments at Fair Value*

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds received and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. The net change in unrealized gains or losses primarily reflects the change in investment values, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period.

Investments for which market quotations are readily available are typically valued at the bid price of those market quotations. To validate market quotations, the Company utilizes a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available, as is the case for substantially all of the Company's investments, are valued at fair value as determined in good faith by the Board, based on, among other things, the input of the Adviser, the Company's audit committee, and independent third-party valuation firm(s) engaged at the direction of the Board.

As part of the valuation process, the Board takes into account relevant factors in determining the fair value of the Company's investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

similar publicly traded securities, and overall changes in the interest rate environment and the credit markets that may affect the price at which similar investments may be made in the future. When an external event such as a purchase or sale transaction, public offering or subsequent equity sale occurs, the Board considers whether the pricing indicated by the external event corroborates its valuation.

The Board undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;
- With respect to investments for which market quotations are not readily available, the valuation process begins with the independent valuation firm(s) providing a preliminary valuation of each investment to the Adviser's valuation committee;
- Preliminary valuation conclusions are documented and discussed with the Adviser's valuation committee. Agreed upon valuation recommendations are presented to the Audit Committee;
- The Audit Committee reviews the valuation recommendations and recommends values for each investment to the Board; and
- The Board reviews the recommended valuations and determines the fair value of each investment.

The Company conducts this valuation process on a quarterly basis.

The Company applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820"), as amended, which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, the Company considers its principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfer occurs. In addition to using the above inputs in investment valuations, the Company applies the valuation policy approved by its Board that is consistent with ASC 820. Consistent with the valuation policy, the Company evaluates the source of the inputs, including any markets in which its investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. When an investment is valued based on prices provided by reputable dealers or pricing services (such as broker quotes), the Company subjects those prices to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level 2 or Level 3 investment. For example, the Company, or the independent valuation firm(s), reviews pricing support provided by dealers or pricing services in order to determine if observable market information is being used, versus unobservable inputs.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein.

*Foreign Currency*

Foreign currency amounts are translated into U.S. dollars on the following basis:

- cash, fair value of investments, outstanding debt, other assets and liabilities: at the spot exchange rate on the last business day of the period; and
- purchases and sales of investments, borrowings and repayments of such borrowings, income and expenses: at the rates of exchange prevailing on the respective dates of such transactions.

The Company includes net changes in fair values on investments held resulting from foreign exchange rate fluctuations with the change in unrealized gains (losses) on translation of assets and liabilities in foreign currencies on the Consolidated Statements of Operations. The Company's current approach to hedging the foreign currency exposure in its non-U.S. dollar denominated investments is primarily to borrow the par amount in local currency under the Company's SPV Asset Facility I to fund these investments. Fluctuations arising from the translation of foreign currency borrowings are included with the net change in unrealized gains (losses) on translation of assets and liabilities in foreign currencies on the Consolidated Statements of Operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

*Interest and Dividend Income Recognition*

Interest income is recorded on the accrual basis and includes amortization of discounts or premiums. Certain investments may have contractual payment-in-kind ("PIK") interest or dividends. PIK interest represents accrued interest that is added to the principal amount of the investment on the respective interest payment dates rather than being paid in cash and generally becomes due at maturity. For the three and six months ended June 30, 2020, PIK interest earned was \$1.7 million and \$2.1 million, representing approximately 5.0% and less than 5% of investment income, respectively. For the three and six months ended June 30, 2019, PIK interest earned was less than 5% of investment income. Discounts and premiums to par value on securities purchased are amortized into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the amortization of discounts or premiums, if any. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees and unamortized discounts are recorded as interest income in the current period.

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected in full. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. If at any point the Company believes PIK interest is not expected to be realized, the investment generating PIK interest will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are generally reversed through interest income. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management's judgment, are likely to remain current. Management may make exceptions to this treatment and determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded on the accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

*Other Income*

From time to time, the Company may receive fees for services provided to portfolio companies. These fees are generally only available to the Company as a result of closing investments, are normally paid at the closing of the investments, are generally non-recurring, and are recognized as revenue when earned upon closing of the investment. The services that the Adviser provides vary by





**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

investment, but can include closing, work, diligence or other similar fees and fees for providing managerial assistance to the Company's portfolio companies.

*Organization Expenses*

Costs associated with the organization of the Company are expensed as incurred. These expenses consist primarily of legal fees and other costs of organizing the Company.

*Offering Expenses*

Costs associated with the offering of common shares of the Company are capitalized as deferred offering expenses and are included in prepaid expenses and other assets in the Consolidated Statements of Assets and Liabilities and are amortized over a twelve-month period from incurrence. These expenses consist primarily of legal fees and other costs incurred in connection with the Company's continuous public offering of its common shares, the preparation of the Company's registration statement, and registration fees.

*Debt Issuance Costs*

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized utilizing the effective yield method over the life of the related debt instrument. Debt issuance costs are presented on the Consolidated Statements of Assets and Liabilities as a direct deduction from the debt liability. In circumstances in which there is not an associated debt liability amount recorded in the consolidated financial statements when the debt issuance costs are incurred, such debt issuance costs will be reported on the Consolidated Statements of Assets and Liabilities as an asset until the debt liability is recorded.

*Reimbursement of Transaction-Related Expenses*

The Company may receive reimbursement for certain transaction-related expenses in pursuing investments. Transaction-related expenses, which are generally expected to be reimbursed by the Company's portfolio companies, are typically deferred until the transaction is consummated and are recorded in prepaid expenses and other assets on the date incurred. The costs of successfully completed investments not otherwise reimbursed are borne by the Company and are included as a component of the investment's cost basis.

Cash advances received in respect of transaction-related expenses are recorded as cash with an offset to accrued expenses and other liabilities. Accrued expenses and other liabilities are relieved as reimbursable expenses are incurred.

*Income Taxes*

The Company has elected to be treated as a BDC under the 1940 Act. The Company has elected to be treated as a RIC under the Code beginning with the taxable year ended December 31, 2017 and intends to continue to qualify as a RIC. So long as the Company maintains its tax treatment as a RIC, it generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its shareholders as dividends. Instead, any tax liability related to income earned and distributed by the Company represents obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company.

To qualify as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements. In addition, to qualify for RIC tax treatment, the Company must distribute to its shareholders, for each taxable year, at least 90% of its "investment company taxable income" for that year, which is generally its ordinary income plus the excess of its realized net short-term capital gains over its realized net long-term capital losses. In order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income (taking into account certain deferrals and elections) for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% nondeductible U.S. federal excise tax on this income.



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold are reserved and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. There were no material uncertain income tax positions through December 31, 2019. The 2016 through 2018 tax years remain subject to examination by U.S. federal, state and local tax authorities.

*Distributions to Common Shareholders*

Distributions to common shareholders are recorded on the record date. The amount to be distributed is determined by the Board and is generally based upon the earnings estimated by the Adviser. Net realized long-term capital gains, if any, would be generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any cash distributions on behalf of shareholders who have “opted in” to the dividend reinvestment plan. As a result, if the Board authorizes and declares a cash distribution, then the shareholders who have “opted in” to the dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of the Company’s common stock, rather than receiving the cash distribution. The Company expects to use newly issued shares to implement the dividend reinvestment plan.

*Consolidation*

As provided under Regulation S-X and ASC Topic 946 - Financial Services - Investment Companies, the Company will generally not consolidate its investment in a company other than a wholly-owned investment company or controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the accounts of the Company's wholly-owned subsidiaries that meet the aforementioned criteria in its consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

*New Accounting Pronouncements*

The Company’s management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

**Note 3. Agreements and Related Party Transactions**

As of June 30, 2020, the Company had payables to affiliates of \$1.3 million, primarily comprised of \$6.3 million of management fees (net of waivers) pursuant to the Investment Advisory Agreement and costs and expenses reimbursable to the Adviser pursuant to the Administration Agreement, partially offset by \$5.8 million of Expense Support pursuant to the Expense Support Agreement.

As of December 31, 2019, the Company had payables to affiliates of \$7.2 million, primarily comprised of \$5.2 million of management fees (net of waivers) and \$3.0 million of accrued based incentive fees (net of waivers) pursuant to the Investment Advisory Agreement, and amounts reimbursable to the Adviser pursuant to the Administration Agreement, partially offset by \$2.4 million of Expense Support pursuant to the Expense Support Agreement.

*Administration Agreement*

On February 6, 2017, the Company entered into an Administration Agreement (the “Administration Agreement”) with the Adviser. Under the terms of the Administration Agreement, the Adviser performs, or oversees the performance of, required administrative services, which includes providing office space, equipment and office services, maintaining financial records, preparing reports to shareholders and reports filed with the SEC, and managing the payment of expenses, and the performance of administrative and professional services rendered by others.



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

The Administration Agreement also provides that the Company reimburses the Adviser for certain organization costs incurred prior to the commencement of the Company's operations, and for certain offering costs.

The Company reimburses the Adviser for services performed for it pursuant to the terms of the Administration Agreement. In addition, pursuant to the terms of the Administration Agreement, the Adviser may delegate its obligations under the Administration Agreement to an affiliate or to a third party and the Company will reimburse the Adviser for any services performed for it by such affiliate or third party.

For the three and six months ended June 30, 2020, the Company incurred expenses of approximately \$0.5 million and \$1.0 million, respectively, for costs and expenses reimbursable to the Adviser under the terms of the Administration Agreement. For the three and six months ended June 30, 2019, the Company incurred expenses of approximately \$0.3 million and \$0.7 million, respectively, for costs and expenses reimbursable to the Adviser under the terms of the Administration Agreement.

On February 19, 2020, the Board approved the continuation of the Administration Agreement. Unless earlier terminated as described below, the Administration Agreement will remain in effect from year to year if approved annually by (1) the vote of the Board, or by the vote of a majority of its outstanding voting securities, and (2) the vote of a majority of the Company's directors who are not "interested persons" of the Company, of the Adviser or of any of their respective affiliates, as defined in the 1940 Act. The Administration Agreement may be terminated at any time, without the payment of any penalty, on 60 days' written notice, by the vote of a majority of the outstanding voting securities of the Company, or by the vote of the Board or by the Adviser.

No person who is an officer, director, or employee of the Adviser or its affiliates and who serves as a director of the Company receives any compensation from the Company for his or her services as a director. However, the Company reimburses the Adviser (or its affiliates) for an allocable portion of the compensation paid by the Adviser or its affiliates to the Company's Chief Compliance Officer, Chief Financial Officer and their respective staffs (based on the percentage of time those individuals devote, on an estimated basis, to the business and affairs of the Company). Directors who are not affiliated with the Adviser receive compensation for their services and reimbursement of expenses incurred to attend meetings.

*Investment Advisory Agreement*

On February 6, 2017, the Company entered into an Investment Advisory Agreement (as amended and restated through the date hereof, the "Investment Advisory Agreement") with the Adviser, which became effective on April 4, 2017, the date the Company met the minimum offering requirement. Under the terms of the Investment Advisory Agreement, the Adviser is responsible for managing the Company's business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring its investments, and monitoring its portfolio companies on an ongoing basis through a team of investment professionals.

The Adviser's services under the Investment Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to the Company are not impaired.

Under the terms of the Investment Advisory Agreement, the Company will pay the Adviser a base management fee and may also pay a performance based incentive fee. The cost of both the management fee and the incentive fee will ultimately be borne by the Company's shareholders.

Prior to February 19, 2020, the management fee was payable quarterly in arrears at an annual rate of 1.75% of the average value of the Company's gross assets, excluding cash and cash equivalents but including assets purchased with borrowed amounts at the end of the Company's two most recently completed calendar quarters. Beginning February 19, 2020, the annual rate was reduced to 1.50% of the average value of the Company's gross assets. The management fee for any partial quarter is appropriately prorated. The determination of gross assets reflects changes in the fair value of the Company's portfolio investments. The fair value of derivatives and swaps held in the Company's portfolio, which will not necessarily equal the notional value of such derivatives and swaps, is included in the calculation of gross assets.

For the three and six months ended June 30, 2020, the Company incurred management fees (net of waivers) of approximately \$6.3 million and \$12.1 million, respectively. For the three and six months ended June 30, 2019, the Company incurred management fees (net of waivers) of approximately \$3.9 million and \$7.0 million, respectively.



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

The incentive fee consists of two components that are independent of each other, with the result that one component may be payable even if the other is not. A portion of the incentive fee will be based on the Company's pre-incentive fee net investment income and a portion will be based on the Company's capital gains. The portion of the incentive fee based on pre-incentive fee net investment income is determined and paid quarterly in arrears and equals (a) 100% of the pre-incentive fee net investment income between 1.5% quarterly preferred return, and 1.818% (or 1.875% prior to February 19, 2020), referred to as the upper level breakpoint, of adjusted capital, plus (b) 17.5% (or 20% prior to February 19, 2020) of pre-incentive fee net investment income in excess of 1.818% (or 1.875% prior to February 19, 2020) of adjusted capital. Adjusted capital is defined as cumulative proceeds generated from sales of the Company's common stock, including proceeds from the Company's distribution reinvestment plan, net of sales load (upfront selling commissions and upfront dealer manager fees) reduced for (i) distributions paid to the Company's shareholders that represent a return of capital on a tax basis and (ii) amounts paid for share repurchases pursuant to the Company's share repurchase program, if any, measured as of the end of the immediately preceding calendar quarter. The quarterly preferred return of 1.5% and upper level breakpoint of 1.818% (or 1.875% prior to February 19, 2020) are also adjusted for the actual number of days in each calendar quarter.

For the three months ended June 30, 2020, the Company did not incur net investment income based incentive fees (net of waivers), and for the six months ended June 30, 2020, the Company incurred net investment income based incentive fees (net of waivers) of \$2.2 million. For the three and six months ended June 30, 2019, the Company incurred net investment income based incentive fees (net of waivers) of \$2.0 million and \$3.6 million, respectively.

The second component of the incentive fee, the capital gains incentive fee, is payable at the end of each calendar year in arrears, and equals 17.5% (or 20% prior to February 19, 2020) of cumulative realized capital gains from inception through the end of each calendar year, less cumulative realized capital losses and unrealized capital depreciation on a cumulative basis from inception through the end of such calendar year, less the aggregate amount of any previously paid capital gains incentive fee for prior periods. In no event will the capital gains incentive fee payable pursuant to the Investment Advisory Agreement be in excess of the amount permitted by the Advisers Act, including Section 205 thereof.

While the Investment Advisory Agreement neither includes nor contemplates the inclusion of unrealized gains in the calculation of the capital gains incentive fee, as required by U.S. GAAP, the Company accrues capital gains incentive fees on unrealized gains. This accrual reflects the incentive fees that would be payable to the Adviser if the Company's entire investment portfolio was liquidated at its fair value as of the balance sheet date even though the Adviser is not entitled to an incentive fee with respect to unrealized gains unless and until such gains are actually realized.

For the three months ended June 30, 2020, the Company did not incur capital gains based incentive fees (net of waivers), and for the six months ended June 30, 2020, the Company recorded a reversal of capital gains based incentive fees (net of waivers) of \$124 thousand. For the three and six months ended June 30, 2019, the Company accrued capital gains based incentive fees (net of waivers) of \$0.4 million and \$0.9 million, respectively.

On June 8, 2018, the Adviser agreed to waive (A) any portion of the management fee that was in excess of 1.50% of the Company's gross assets, excluding cash and cash-equivalents but including assets purchased with borrowed amounts at the end of the two most recently completed calendar quarters, calculated in accordance with the Investment Advisory Agreement, (B) any portion of the incentive fee on net investment income that was in excess of 17.5% of the Company's pre-incentive fee net investment income, which was calculated in accordance with the Investment Advisory Agreement but based on a quarterly preferred return of 1.50% per quarter and an upper level breakpoint of 1.818%, and (C) any portion of the incentive fee on capital gains that was in excess of 17.5% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of such calendar year, net of all realized capital losses and unrealized capital depreciation on a cumulative basis, minus the aggregate amount of any previously paid incentive fee on capital gains as calculated in accordance with U.S. GAAP (the "Waiver"). Any portion of the management fee, incentive fee on net investment income and incentive fee on capital gains that the Adviser previously waived is not subject to recoupment.

On February 19, 2020, the Board approved the Investment Advisory Agreement, which reduced the management fee and incentive fee to the amounts specified in the Waiver.

**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

Under the terms of the Investment Advisory Agreement, the Adviser is entitled to receive up to 1.5% of gross offering proceeds raised in the continuous public offering until all organization and offering costs paid by the Adviser or its affiliates have been recovered. The offering expenses consist of corporate and organizational expenses relating to offerings of shares of common stock, subject to limitations included in the Investment Advisory Agreement; the cost of calculating the Company's net asset value, including the cost of any third-party valuation services; the cost of effecting any sales and repurchases of the common stock and other securities; fees and expenses payable under any dealer manager agreements, if any; debt service and other costs of borrowings or other financing arrangements; costs of hedging; expenses, including travel expense, incurred by the Adviser, or members of the Investment Team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing the Company's rights; escrow agent, transfer agent and custodial fees and expenses; fees and expenses associated with marketing efforts; federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies; federal, state and local taxes; independent directors' fees and expenses, including certain travel expenses; costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration fees, listing fees and licenses, and the compensation of professionals responsible for the preparation of the foregoing; the costs of any reports, proxy statements or other notices to shareholders (including printing and mailing costs); the costs of any shareholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters; commissions and other compensation payable to brokers or dealers; research and market data; fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums; direct costs and expenses of administration, including printing, mailing, long distance telephone and staff; fees and expenses associated with independent audits, outside legal and consulting costs; costs of winding up; costs incurred in connection with the formation or maintenance of entities or vehicles to hold the Company's assets for tax or other purposes; extraordinary expenses (such as litigation or indemnification); and costs associated with reporting and compliance obligations under the Advisers Act and applicable federal and state securities laws. Notwithstanding anything to the contrary contained herein, the Company shall reimburse the Adviser (or its affiliates) for an allocable portion of the compensation paid by the Adviser (or its affiliates) to the Company's Chief Compliance Officer and Chief Financial Officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to the business affairs of the Company). Any such reimbursements will not exceed actual expenses incurred by the Adviser and its affiliates. The Adviser is responsible for the payment of the Company's organization and offering expenses to the extent that these expenses exceed 1.5% of the aggregate gross offering proceeds, without recourse against or reimbursement by the Company.

For the three and six months ended June 30, 2020, subject to the 1.5% organization and offering cost cap, the Company accrued initial organization and offering expenses of \$0.8 million and \$1.2 million, respectively. For the three and six months ended June 30, 2019, subject to the 1.5% organization and offering cost cap, the Company accrued initial organization and offering expenses of \$0.7 million and \$1.7 million, respectively.

The Investment Advisory Agreement was approved by the Board on February 19, 2020 and unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect from year-to-year thereafter if approved annually by a majority of the Board or by the holders of a majority of the Company's outstanding voting securities and, in each case, by a majority of independent directors who are not "interested persons" of the Company as defined in the 1940 Act.

The Investment Advisory Agreement will automatically terminate within the meaning of the 1940 Act and related SEC guidance and interpretations in the event of its assignment. In accordance with the 1940 Act, without payment of any penalty, the Company may terminate the Investment Advisory Agreement with the Adviser upon 60 days' written notice and a majority vote of the directors who are not "interested persons" of the Company or the shareholders holding a majority (as defined under the 1940 Act) of the outstanding shares of the Company's common stock. In addition, without payment of any penalty, the Adviser may only be able to terminate the Investment Advisory Agreement upon 120 days' written notice.

From time to time, the Adviser may pay amounts owed by the Company to third-party providers of goods or services, including the Board, and the Company will subsequently reimburse the Adviser for such amounts paid on its behalf. Amounts payable to the Adviser are settled in the normal course of business without formal payment terms.

*Affiliated Transactions*

The Company may be prohibited under the 1940 Act from participating in certain transactions with its affiliates without prior approval of the directors who are not interested persons, and in some cases, the prior approval of the SEC. The Company, the Adviser and certain of their affiliates have been granted exemptive relief by the SEC for the Company to co-invest with other funds managed





**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

by the Adviser or certain of its affiliates, in a manner consistent with the Company's investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. Pursuant to such exemptive relief, the Company generally is permitted to co-invest with certain of its affiliates if a "required majority" (as defined in Section 57(o) of the 1940 Act) of the Board make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transaction, including the consideration to be paid, are reasonable and fair to the Company and its shareholders and do not involve overreaching of the Company or its shareholders on the part of any person concerned, (2) the transaction is consistent with the interests of the Company's shareholders and is consistent with its investment objective and strategies, and (3) the investment by its affiliates would not disadvantage the Company, and the Company's participation would not be on a basis different from or less advantageous than that on which its affiliates are investing. In addition, pursuant to an exemptive order issued by the SEC on April 8, 2020 and applicable to all BDCs, through December 31, 2020, the Company may, subject to the satisfaction of certain conditions, co-invest in its existing portfolio companies with certain other funds managed by the Adviser or its affiliates and covered by the Company's exemptive relief, even if such other funds have not previously invested in such existing portfolio company. Without this order, affiliated funds would not be able to participate in such co-investments with the Company unless the affiliated funds had previously acquired securities of the portfolio company in a co-investment transaction with the Company. The Adviser is under common control with Owl Rock Technology Advisors LLC ("ORTA"), Owl Rock Capital Private Fund Advisors LLC ("ORPFA") and Owl Rock Diversified Advisors LLC ("ORDA"), which are also investment advisers and indirect subsidiaries of Owl Rock Capital Partners. The Adviser, ORTA, ORPFA and ORDA are referred to as the "Owl Rock Advisers" and together with Owl Rock Capital Partners are referred to, collectively, as "Owl Rock." Owl Rock Advisers' investment allocation policy seeks to ensure equitable allocation of investment opportunities over time between the Company, Owl Rock Capital Corporation, a BDC advised by the Adviser, Owl Rock Technology Finance Corp., a BDC advised by ORTA, Owl Rock Capital Corporation III, a BDC advised by ORDA and/or other funds managed by the Adviser or its affiliates. As a result of exemptive relief, there could be significant overlap in the Company's investment portfolio and the investment portfolios of Owl Rock Capital Corporation, Owl Rock Technology Finance Corp., Owl Rock Capital Corporation III and/or other portfolio funds established by the Adviser or its affiliates that could avail themselves of the exemptive relief.

*Dealer Manager Agreement*

On February 8, 2017, the Company entered into a Dealer Manager Agreement (the "Dealer Manager Agreement") with Owl Rock Capital Securities LLC ("Owl Rock Securities"), an affiliate of the Adviser. On October 1, 2019, the Company entered into the Follow-on Dealer Manager Agreement with Owl Rock Securities (together with the Original Dealer Manager Agreement, the "Dealer Manager Agreement"). Under the terms of the Dealer Manager Agreement, Owl Rock Securities serves as the dealer manager for the Company's public offering of its shares of common stock. As dealer manager, Owl Rock Securities will earn a maximum sales load of up to 5.0% of the price per share for combined upfront selling commissions and dealer manager fees, a portion or all of which may be reallocated to selling broker-dealers. In connection with purchases of shares pursuant to the Company's distribution reinvestment plan, the upfront selling commissions and dealer manager fees will not be paid.

Owl Rock Securities is an affiliate of Owl Rock Capital Partners LP and will not make an independent review of the Company or its continuous public offering. This relationship may create conflicts in connection with the dealer manager's due diligence obligations under the federal securities laws. Although the dealer manager will examine the information in the Company's prospectus for accuracy and completeness, due to its affiliation with the Adviser, no independent review of the Company will be made in connection with the distribution of its shares.

Owl Rock Securities is a broker-dealer registered with the SEC, a member of the Financial Industry Regulatory Authority and a member of the Securities Investor Protection Corporation.

The Dealer Manager Agreement may be terminated at any time, without the payment of any penalty, by vote of a majority of the Company's directors who are not "interested persons", as defined in the 1940 Act, of the Company and who have no direct or indirect financial interest in the operation of the Company's distribution plan or the Dealer Manager Agreement or by vote of a majority of the outstanding voting securities of the Company, on not more than 60 days' written notice to Owl Rock Securities and the Adviser. The Dealer Manager Agreement will automatically terminate in the event of its assignment, as defined in the 1940 Act.

**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued***Expense Support and Conditional Reimbursement Agreement*

On February 6, 2017, the Company entered into an Expense Support and Conditional Reimbursement Agreement (the “Expense Support Agreement”) with the Adviser, the purpose of which is to ensure that no portion of the Company’s distributions to shareholders will represent a return of capital for U.S. federal income tax purposes. The Expense Support Agreement became effective as of April 4, 2017, the date that the Company met the minimum offering requirement.

On a quarterly basis, the Adviser reimburses the Company for “Operating Expenses” (as defined below) in an amount equal to the excess of the Company’s cumulative distributions paid to the Company’s shareholders in each quarter over “Available Operating Funds” (as defined below) received by the Company on account of its investment portfolio during such quarter. Any payments required to be made by the Adviser pursuant to the preceding sentence are referred to herein as an “Expense Payment”.

Pursuant to the Expense Support Agreement, “Operating Expenses” means all of the Company’s operating costs and expenses incurred, as determined in accordance with U.S. GAAP for investment companies. “Available Operating Funds” means the sum of (i) the Company’s estimated investment company taxable income (including realized net short-term capital gains reduced by realized net long-term capital losses), (ii) the Company’s realized net capital gains (including the excess of realized net long-term capital gains over realized net short-term capital losses) and (iii) dividends and other distributions paid to the Company on account of preferred and common equity investments in portfolio companies, if any (to the extent such amounts listed in clause (iii) are not included under clauses (i) and (ii) above).

The Adviser’s obligation to make an Expense Payment will automatically become a liability of the Adviser and the right to such Expense Payment will be an asset of the Company on the last business day of the applicable quarter. The Expense Payment for any quarter will be paid by the Adviser to the Company in any combination of cash or other immediately available funds, and/or offset against amounts due from the Company to the Adviser no later than the earlier of (i) the date on which the Company closes its books for such quarter, or (ii) forty-five days after the end of such quarter.

Following any quarter in which Available Operating Funds exceed the cumulative distributions paid by the Company in respect of such quarter (the amount of such excess being hereinafter referred to as “Excess Operating Funds”), the Company will pay such Excess Operating Funds, or a portion thereof, in accordance with the stipulations below, as applicable, to the Adviser, until such time as all Expense Payments made by the Adviser to the Company within three years prior to the last business day of such quarter have been reimbursed. Any payments required to be made by the Company are referred to as a “Reimbursement Payment”.

The amount of the Reimbursement Payment for any quarter shall equal the lesser of (i) the Excess Operating Funds in respect of such quarter and (ii) the aggregate amount of all Expense Payments made by the Adviser to the Company within three years prior to the last business day of such quarter that have not been previously reimbursed by the Company to the Adviser. The payment will be reduced to the extent that such Reimbursement Payments, together with all other Reimbursement Payments paid during the fiscal year, would cause Other Operating Expenses defined as the Company’s total Operating Expenses, excluding base management fees, incentive fees, organization and offering expenses, distribution and shareholder servicing fees, financing fees and costs, interest expense, brokerage commissions and extraordinary expenses (on an annualized basis and net of any Expense Payments received by the Company during the fiscal year) to exceed the lesser of: (i) 1.75% of the Company’s average net assets attributable to the shares of the Company’s common stock for the fiscal year-to-date period after taking such Expense Payments into account; and (ii) the percentage of the Company’s average net assets attributable to shares of the Company’s common stock represented by Other Operating Expenses during the fiscal year in which such Expense Payment was made (provided, however, that this clause (ii) shall not apply to any Reimbursement Payment which relates to an Expense Payment made during the same fiscal year).

No Reimbursement Payment for any quarter will be made if: (1) the “Effective Rate of Distributions Per Share” (as defined below) declared by the Company at the time of such Reimbursement Payment is less than the Effective Rate of Distributions Per Share at the time the Expense Payment was made to which such Reimbursement Payment relates, or (2) the Company’s “Operating Expense Ratio” (as defined below) at the time of such Reimbursement Payment is greater than the Operating Expense Ratio at the time the Expense Payment was made to which such Reimbursement Payment relates. Pursuant to the Expense Support Agreement, “Effective Rate of Distributions Per Share” means the annualized rate (based on a 365 day year) of regular cash distributions per share exclusive of returns of capital, distribution rate reductions due to distribution and shareholder fees, and declared special dividends or special distributions, if any. The “Operating Expense Ratio” is calculated by dividing Operating Expenses, less organizational and offering expenses, base management and incentive fees owed to Adviser, and interest expense, by the Company’s net assets.



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The specific amount of expenses reimbursed by the Adviser, if any, will be determined at the end of each quarter. The Company or the Adviser may terminate the Expense Support Agreement at any time, with or without notice. The Expense Support Agreement will automatically terminate in the event of (a) the termination of the Investment Advisory Agreement, or (b) the Board of the Company making a determination to dissolve or liquidate the Company. Upon termination of the Expense Support Agreement, the Company will be required to fund any Expense Payments, subject to the aforementioned requirements per the Expense Support Agreement, that have not been reimbursed by the Company to the Adviser.

As of June 30, 2020, the amount of Expense Support Payments provided by the Adviser since inception is \$25.0 million. During the three and six months ended June 30, 2020 and 2019, the Company did not repay expense support to the Adviser. The Company may or may not reimburse remaining expense support in the future.

The following table presents a summary of all expenses supported, and recouped, by the Adviser for each of the following three month periods in which the Company received Expense Support from the Adviser and the associated dates through which such expenses may be subject to reimbursement from the Company pursuant to the Expense Support Agreement:

| For the Quarter Ended | Amount of<br>Expense<br>Support | Recoupment<br>of Expense<br>Support | Unreimbursed<br>Expense<br>Support | Effective<br>Rate of<br>Distribution<br>per Share <sup>(1)</sup> | Reimbursement<br>Eligibility<br>Expiration | Operating<br>Expense<br>Ratio <sup>(2)</sup> |
|-----------------------|---------------------------------|-------------------------------------|------------------------------------|------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|
| (\$ in thousands)     |                                 |                                     |                                    |                                                                  |                                            |                                              |
| June 30, 2017         | \$ 1,061                        | \$ 1,061                            | \$ —                               | 7.0%                                                             | N/A                                        | 16.81%                                       |
| September 30, 2017    | 1,023                           | 258                                 | 765                                | 7.0%                                                             | September 30,<br>2020                      | 6.15%                                        |
| December 31, 2017     | 856                             | —                                   | 856                                | 7.0%                                                             | December 31,<br>2020                       | 2.83%                                        |
| March 31, 2018        | 1,871                           | —                                   | 1,871                              | 6.9%                                                             | March 31, 2021                             | 2.27%                                        |
| June 30, 2018         | 775                             | —                                   | 775                                | 6.9%                                                             | June 30, 2021                              | 1.53%                                        |
| March 31, 2019        | 1,835                           | —                                   | 1,835                              | 7.0%                                                             | March 31, 2022                             | 0.91%                                        |
| June 30, 2019         | 1,776                           | —                                   | 1,776                              | 7.0%                                                             | June 30, 2022                              | 0.79%                                        |
| September 30, 2019    | 1,081                           | —                                   | 1,081                              | 7.0%                                                             | September 30,<br>2022                      | 0.72%                                        |
| December 31, 2019     | 2,351                           | —                                   | 2,351                              | 7.0%                                                             | December 31,<br>2022                       | 0.69%                                        |
| March 31, 2020        | 6,587                           | —                                   | 6,587                              | 7.7%                                                             | March 31, 2023                             | 0.70%                                        |
| June 30, 2020         | 5,794                           | —                                   | 5,794                              | 7.4%                                                             | June 30, 2023                              | 0.70%                                        |
| <b>Total</b>          | \$ 25,010                       | \$ 1,319                            | \$ 23,691                          |                                                                  |                                            |                                              |

(1) The effective rate of distribution per share is expressed as a percentage equal to the projected annualized distribution amount as of the end of the applicable period (which is calculated by annualizing the regular weekly cash distributions per share as of such date without compounding), divided by the Company's gross offering price per share as of such date.

(2) The operating expense ratio is calculated by dividing operating expenses, less organizational and offering expenses, base management and incentive fees owed to the Adviser, and interest expense, by the Company's net assets.

**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued***License Agreement*

The Company has entered into a license agreement (the “License Agreement”), pursuant to which an affiliate of Owl Rock Capital Partners LP has granted the Company a non-exclusive license to use the name “Owl Rock.” Under the License Agreement, the Company has a right to use the Owl Rock name for so long as the Adviser or one of its affiliates remains the Company’s investment adviser. Other than with respect to this limited license, the Company will have no legal right to the “Owl Rock” name or logo.

*Promissory Note*

On May 18, 2017, the Board authorized the Company, as Borrower, to enter into a series of promissory notes (the “Promissory Notes”) with the Adviser. See Note 6 “Debt”.

**Note 4. Investments**

Under the 1940 Act, the Company is required to separately identify non-controlled investments where it owns 5% or more of a portfolio company’s outstanding voting securities and/or has the power to exercise control over the management or policies of such portfolio company as investments in “affiliated” companies. In addition, under the 1940 Act, the Company is required to separately identify investments where it owns more than 25% of a portfolio company’s outstanding voting securities and/or has the power to exercise control over the management or policies of such portfolio company as investments in “controlled” companies. Under the 1940 Act, “non-affiliated investments” are defined as investments that are neither controlled investments nor affiliated investments. Detailed information with respect to the Company’s non-controlled, non-affiliated; non-controlled, affiliated; and controlled affiliated investments is contained in the accompanying consolidated financial statements, including the consolidated schedule of investments. The information in the tables below is presented on an aggregate portfolio basis, without regard to whether they are non-controlled non-affiliated, non-controlled affiliated or controlled affiliated investments.

Investments at fair value and amortized cost consisted of the following as of June 30, 2020 and December 31, 2019:

| (\$ in thousands)                           | June 30, 2020         |                     | December 31, 2019     |                     |
|---------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                             | <u>Amortized Cost</u> | <u>Fair Value</u>   | <u>Amortized Cost</u> | <u>Fair Value</u>   |
| First-lien senior secured debt investments  | \$ 1,397,862          | \$ 1,357,703        | \$ 1,192,787          | \$ 1,191,620        |
| Second-lien senior secured debt investments | 312,503               | 298,640             | 248,541               | 248,196             |
| Unsecured debt investments                  | 495                   | 495                 | —                     | —                   |
| Equity investments                          | 22,624                | 22,813              | 1,679                 | 1,710               |
| <b>Total Investments</b>                    | <u>\$ 1,733,484</u>   | <u>\$ 1,679,651</u> | <u>\$ 1,443,007</u>   | <u>\$ 1,441,526</u> |

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The industry composition of investments based on fair value as of June 30, 2020 and December 31, 2019 was as follows:

|                                           | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------------------|----------------------|--------------------------|
| Advertising and media                     | 2.3 %                | 3.0 %                    |
| Aerospace and defense                     | 5.1                  | 5.9                      |
| Automotive                                | 1.5                  | 1.6                      |
| Buildings and real estate                 | 4.1                  | 5.6                      |
| Business services                         | 5.1                  | 6.4                      |
| Chemicals                                 | 2.3                  | 2.8                      |
| Consumer products                         | 4.1                  | 1.4                      |
| Containers and packaging                  | 1.6                  | 1.9                      |
| Distribution                              | 5.2                  | 5.4                      |
| Education                                 | 3.8                  | 4.3                      |
| Energy equipment and services             | 0.1                  | 0.1                      |
| Financial services                        | 1.8                  | 2.1                      |
| Food and beverage                         | 4.5                  | 5.5                      |
| Healthcare providers and services         | 7.9                  | 7.9                      |
| Healthcare technology                     | 5.6                  | 5.2                      |
| Household products                        | 1.4                  | 1.7                      |
| Infrastructure and environmental services | 0.8                  | 1.0                      |
| Insurance                                 | 9.6                  | 7.4                      |
| Internet software and services            | 10.3                 | 7.3                      |
| Leisure and entertainment                 | 1.6                  | 1.9                      |
| Manufacturing                             | 4.5                  | 3.9                      |
| Oil and gas                               | 1.6                  | 2.0                      |
| Professional services                     | 6.9                  | 7.8                      |
| Specialty retail                          | 3.9                  | 4.2                      |
| Telecommunications                        | 0.4                  | 0.5                      |
| Transportation                            | 4.0                  | 3.2                      |
| <b>Total</b>                              | <u>100.0 %</u>       | <u>100.0 %</u>           |

The geographic composition of investments based on fair value as of June 30, 2020 and December 31, 2019 was as follows:

|                | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|----------------|----------------------|--------------------------|
| United States: |                      |                          |
| Midwest        | 20.7 %               | 19.8 %                   |
| Northeast      | 13.8                 | 16.1                     |
| South          | 40.9                 | 43.3                     |
| West           | 18.1                 | 16.3                     |
| Belgium        | 1.8                  | 2.2                      |
| Canada         | 1.5                  | 0.5                      |
| Israel         | 0.7                  | —                        |
| United Kingdom | 2.5                  | 1.8                      |
| <b>Total</b>   | <u>100.0 %</u>       | <u>100.0 %</u>           |

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

## Note 5. Fair Value of Investments

*Investments*

The following tables present the fair value hierarchy of investments as of June 30, 2020 and December 31, 2019:

| (\$ in thousands)                           | Fair Value Hierarchy as of June 30, 2020 |                  |                     |                     |
|---------------------------------------------|------------------------------------------|------------------|---------------------|---------------------|
|                                             | Level 1                                  | Level 2          | Level 3             | Total               |
| First-lien senior secured debt investments  | \$ —                                     | \$ 76,129        | \$ 1,281,574        | \$ 1,357,703        |
| Second-lien senior secured debt investments | —                                        | 16,136           | 282,504             | 298,640             |
| Unsecured debt investments                  | —                                        | —                | 495                 | 495                 |
| Equity investments                          | —                                        | —                | 22,813              | 22,813              |
| <b>Total Investments</b>                    | <b>\$ —</b>                              | <b>\$ 92,265</b> | <b>\$ 1,587,386</b> | <b>\$ 1,679,651</b> |

| (\$ in thousands)                           | Fair Value Hierarchy as of December 31, 2019 |                  |                     |                     |
|---------------------------------------------|----------------------------------------------|------------------|---------------------|---------------------|
|                                             | Level 1                                      | Level 2          | Level 3             | Total               |
| First-lien senior secured debt investments  | \$ —                                         | \$ 51,673        | \$ 1,139,947        | \$ 1,191,620        |
| Second-lien senior secured debt investments | —                                            | 10,115           | 238,081             | 248,196             |
| Unsecured debt investments                  | —                                            | —                | 1,710               | 1,710               |
| <b>Total Investments</b>                    | <b>\$ —</b>                                  | <b>\$ 61,788</b> | <b>\$ 1,379,738</b> | <b>\$ 1,441,526</b> |



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The following tables present changes in the fair value of investments for which Level 3 inputs were used to determine the fair value as of and for the three and six months ended June 30, 2020 and 2019:

| (\$ in thousands)                           | As of and for the Three Months Ended June 30, 2020  |                                                      |                                  |                       |                     |
|---------------------------------------------|-----------------------------------------------------|------------------------------------------------------|----------------------------------|-----------------------|---------------------|
|                                             | First-lien<br>senior secured<br>debt<br>investments | Second-lien<br>senior<br>secured debt<br>investments | Unsecured<br>debt<br>investments | Equity<br>investments | Total               |
| Fair value, beginning of period             | \$ 1,292,494                                        | \$ 276,207                                           | \$ —                             | \$ 20,236             | \$ 1,588,937        |
| Purchases of investments, net               | 40,288                                              | —                                                    | 495                              | 143                   | 40,926              |
| Payment-in-kind                             | 1,642                                               | —                                                    | —                                | —                     | 1,642               |
| Proceeds from investments, net              | (50,736)                                            | —                                                    | —                                | —                     | (50,736)            |
| Net change in unrealized gain (loss)        | 23,587                                              | 6,165                                                | —                                | 2,434                 | 32,186              |
| Net realized gains (losses)                 | —                                                   | —                                                    | —                                | —                     | —                   |
| Net amortization of discount on investments | 1,232                                               | 132                                                  | —                                | —                     | 1,364               |
| Transfers into (out of) Level 3(1)          | (26,933)                                            | —                                                    | —                                | —                     | (26,933)            |
| <b>Fair value, end of period</b>            | <b>\$ 1,281,574</b>                                 | <b>\$ 282,504</b>                                    | <b>\$ 495</b>                    | <b>\$ 22,813</b>      | <b>\$ 1,587,386</b> |

- (1) Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur. For the three months ended June 30, 2020, transfers out of Level 3 to Level 2 were as a result of changes in the observability of significant inputs for certain portfolio companies.

| (\$ in thousands)                                   | As of and for the Six Months Ended June 30, 2020    |                                                      |                                  |                       |                     |
|-----------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|----------------------------------|-----------------------|---------------------|
|                                                     | First-lien<br>senior secured<br>debt<br>investments | Second-lien<br>senior<br>secured debt<br>investments | Unsecured<br>debt<br>investments | Equity<br>investments | Total               |
| Fair value, beginning of period                     | \$ 1,139,947                                        | \$ 238,081                                           | \$ —                             | \$ 1,710              | \$ 1,379,738        |
| Purchases of investments, net                       | 279,550                                             | 62,782                                               | 495                              | 20,945                | 363,772             |
| Payment-in-kind                                     | 2,014                                               | —                                                    | —                                | —                     | 2,014               |
| Proceeds from investments, net                      | (106,393)                                           | (5,200)                                              | —                                | —                     | (111,593)           |
| Net change in unrealized gain (loss) on investments | (36,280)                                            | (13,483)                                             | —                                | 158                   | (49,605)            |
| Net realized gain (loss) on investments             | 51                                                  | —                                                    | —                                | —                     | 51                  |
| Net amortization of discount on investments         | 2,685                                               | 324                                                  | —                                | —                     | 3,009               |
| Transfers into (out of) Level 3(1)                  | —                                                   | —                                                    | —                                | —                     | —                   |
| <b>Fair value, end of period</b>                    | <b>\$ 1,281,574</b>                                 | <b>\$ 282,504</b>                                    | <b>\$ 495</b>                    | <b>\$ 22,813</b>      | <b>\$ 1,587,386</b> |

- (1) Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

## As of and for the Three Months Ended June 30, 2019

| (\$ in thousands)                              | As of and for the Three Months Ended June 30, 2019 |                                             |                    | Total               |
|------------------------------------------------|----------------------------------------------------|---------------------------------------------|--------------------|---------------------|
|                                                | First-lien senior secured debt investments         | Second-lien senior secured debt investments | Equity investments |                     |
| Fair value, beginning of period                | \$ 716,034                                         | \$ 123,761                                  | \$ 1,840           | \$ 841,635          |
| Purchases of investments, net <sup>(2)</sup>   | 174,796                                            | 50,327                                      | 509                | 225,632             |
| Proceeds from investments, net                 | (55,045)                                           | (1,300)                                     | —                  | (56,345)            |
| Net change in unrealized gain (loss)           | 505                                                | 741                                         | 10                 | 1,256               |
| Net realized gains (losses)                    | —                                                  | —                                           | —                  | —                   |
| Net amortization of discount on investments    | 1,312                                              | 70                                          | —                  | 1,382               |
| Transfers into (out of) Level 3 <sup>(1)</sup> | —                                                  | —                                           | —                  | —                   |
| <b>Fair value, end of period</b>               | <b>\$ 837,602</b>                                  | <b>\$ 173,599</b>                           | <b>\$ 2,359</b>    | <b>\$ 1,013,560</b> |

(1) Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

(2) Purchases may include PIK.

## As of and for the Six Months Ended June 30, 2019

| (\$ in thousands)                                   | As of and for the Six Months Ended June 30, 2019 |                                             |                    | Total               |
|-----------------------------------------------------|--------------------------------------------------|---------------------------------------------|--------------------|---------------------|
|                                                     | First-lien senior secured debt investments       | Second-lien senior secured debt investments | Equity investments |                     |
| Fair value, beginning of period                     | \$ 587,776                                       | \$ 107,717                                  | \$ 1,655           | \$ 697,148          |
| Purchases of investments, net <sup>(2)</sup>        | 349,559                                          | 65,750                                      | 509                | 415,818             |
| Proceeds from investments, net                      | (81,085)                                         | (1,300)                                     | —                  | (82,385)            |
| Net change in unrealized gain (loss) on investments | 2,549                                            | 1,307                                       | 195                | 4,051               |
| Net realized gain (loss) on investments             | 22                                               | —                                           | —                  | 22                  |
| Net amortization of discount on investments         | 1,846                                            | 125                                         | —                  | 1,971               |
| Transfers into (out of) Level 3 <sup>(1)</sup>      | (23,065)                                         | —                                           | —                  | (23,065)            |
| <b>Fair value, end of period</b>                    | <b>\$ 837,602</b>                                | <b>\$ 173,599</b>                           | <b>\$ 2,359</b>    | <b>\$ 1,013,560</b> |

(1) Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

(2) Purchases may include PIK.

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The following tables present information with respect to the net change in unrealized gains (losses) on investments for which Level 3 inputs were used in determining the fair value that are still held by the Company for the three and six months ended June 30, 2020 and 2019:

| (\$ in thousands)                           | <b>Net change in<br/>unrealized gain (loss)<br/>for the Three Months<br/>Ended June 30, 2020 on<br/>Investments Held at<br/>June 30, 2020</b> | <b>Net change in<br/>unrealized gain (loss)<br/>for the Three Months<br/>Ended June 30, 2019<br/>on Investments Held at<br/>June 30, 2019</b> |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| First-lien senior secured debt investments  | \$ 23,093                                                                                                                                     | \$ 2,543                                                                                                                                      |
| Second-lien senior secured debt investments | 6,165                                                                                                                                         | 1,307                                                                                                                                         |
| Equity investments                          | 2,434                                                                                                                                         | 195                                                                                                                                           |
| <b>Total Investments</b>                    | <b>\$ 31,692</b>                                                                                                                              | <b>\$ 4,045</b>                                                                                                                               |

| (\$ in thousands)                           | <b>Net change in<br/>unrealized gain (loss)<br/>for the Six Months<br/>Ended June 30, 2020 on<br/>Investments Held at<br/>June 30, 2020</b> | <b>Net change in<br/>unrealized gain (loss)<br/>for the Six Months<br/>Ended June 30, 2019<br/>on Investments Held<br/>at June 30, 2019</b> |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| First-lien senior secured debt investments  | \$ (36,524)                                                                                                                                 | \$ 2,549                                                                                                                                    |
| Second-lien senior secured debt investments | (13,473)                                                                                                                                    | 1,307                                                                                                                                       |
| Equity investments                          | 158                                                                                                                                         | 195                                                                                                                                         |
| <b>Total Investments</b>                    | <b>\$ (49,839)</b>                                                                                                                          | <b>\$ 4,051</b>                                                                                                                             |

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The following tables present quantitative information about the significant unobservable inputs of the Company's Level 3 investments as of June 30, 2020 and December 31, 2019. The weighted average range of unobservable inputs is based on fair value of investments. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair value.

## As of June 30, 2020

| (\$ in thousands)                                          | <u>Fair Value</u> | <u>Valuation Technique</u> | <u>Unobservable Input</u> | <u>Range (Weighted Average)</u> | <u>Impact to Valuation from an Increase in Input</u> |
|------------------------------------------------------------|-------------------|----------------------------|---------------------------|---------------------------------|------------------------------------------------------|
| First-lien senior secured debt investments                 | \$ 16,795         | Recent Transaction         | Transaction Price         | 75.0% - 97.0%<br>(96.8%)        | Increase                                             |
|                                                            | 1,264,779         | Yield Analysis             | Market Yield              | 5.4% - 22.3%<br>(9.5%)          | Decrease                                             |
| Second-lien senior secured debt investments <sup>(1)</sup> | \$ 273,302        | Yield Analysis             | Market Yield              | 9.2% - 22.1%<br>(12.1%)         | Decrease                                             |
| Unsecured debt investments                                 | \$ 495            | Recent Transaction         | Transaction Price         | 99.0% - 99.0%<br>(99.0%)        | Increase                                             |
| Equity investments                                         | \$ 22,813         | Market Approach            | EBITDA Multiple           | 3.6x - 11.5<br>(4.6x)           | Increase                                             |

(1) Excludes investments with an aggregate fair value amounting to \$9,202, which the Company valued using indicative bid prices obtained from brokers

## As of December 31, 2019

| (\$ in thousands)                                         | <u>Fair Value</u> | <u>Valuation Technique</u> | <u>Unobservable Input</u> | <u>Range (Weighted Average)</u> | <u>Impact to Valuation from an Increase in Input</u> |
|-----------------------------------------------------------|-------------------|----------------------------|---------------------------|---------------------------------|------------------------------------------------------|
| First-lien senior secured debt investments <sup>(1)</sup> | \$ 199,302        | Recent Transaction         | Transaction Price         | 97.5% - 99.6%<br>(98.3%)        | Increase                                             |
|                                                           | 916,410           | Yield Analysis             | Market Yield              | 5.4%-13.2%<br>(8.9%)            | Decrease                                             |
| Second-lien senior secured debt investments               | \$ 5,366          | Recent Transaction         | Transaction Price         | 99.5%-99.5%<br>(99.5%)          | Increase                                             |
|                                                           | 232,715           | Yield Analysis             | Market Yield              | 9.2%-14.7%<br>(11.2%)           | Decrease                                             |
| Equity investments                                        | \$ 1,710          | Market Approach            | EBITDA Multiple           | 6.8x - 11.8x<br>(11.6x)         | Increase                                             |

(1) Excludes investments with an aggregate fair value amounting to \$24,235, which the Company valued using indicative bid prices obtained from brokers.



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The Company typically determines the fair value of its performing Level 3 debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to the expected life, portfolio company performance since close, and other terms and risks associated with an investment. Among other factors, a determinant of risk is the amount of leverage used by the portfolio company relative to its total enterprise value, and the rights and remedies of the Company's investment within the portfolio company's capital structure.

Significant unobservable quantitative inputs typically used in the fair value measurement of the Company's Level 3 debt investments primarily include current market yields, including relevant market indices, but may also include quotes from brokers, dealers, and pricing services as indicated by comparable investments. For the Company's Level 3 equity investments, a market approach, based on comparable publicly-traded company and comparable market transaction multiples of revenues, EBITDA, or some combination thereof and comparable market transactions typically would be used.

*Debt Not Carried at Fair Value*

Fair value is estimated by discounting remaining payments using applicable current market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available. The following table presents the carrying and fair values of the Company's debt obligations as of June 30, 2020 and December 31, 2019.

| (\$ in thousands)     | June 30, 2020         |                   | December 31, 2019     |                   |
|-----------------------|-----------------------|-------------------|-----------------------|-------------------|
|                       | Net Carrying Value(1) | Fair Value        | Net Carrying Value(2) | Fair Value        |
| SPV Asset Facility I  | \$ 296,042            | 296,042           | \$ 259,932            | 259,932           |
| SPV Asset Facility II | (2,442)               | (2,442)           | —                     | —                 |
| 2024 Notes            | 295,684               | 304,500           | 295,293               | 295,293           |
| Promissory Note       | —                     | —                 | —                     | —                 |
| <b>Total Debt</b>     | <b>\$ 589,284</b>     | <b>\$ 598,100</b> | <b>\$ 555,225</b>     | <b>\$ 555,225</b> |

- (1) The carrying value of the Company's SPV Asset Facility I, SPV Asset Facility II, and 2024 Notes are presented net of deferred financing costs of \$2.5 million, \$2.4 million and \$4.3 million, respectively.
- (2) The carrying value of the Company's SPV Asset Facility I and 2024 Notes are presented net of deferred unamortized debt issuance costs of \$5.7 million and \$4.7 million, respectively.

The following table presents fair value measurements of the Company's debt obligations as of June 30, 2020 and December 31, 2019:

| (\$ in thousands) | June 30, 2020     | December 31, 2019 |
|-------------------|-------------------|-------------------|
| Level 1           | \$ —              | —                 |
| Level 2           | —                 | —                 |
| Level 3           | 598,100           | 555,225           |
| <b>Total Debt</b> | <b>\$ 598,100</b> | <b>\$ 555,225</b> |

*Financial Instruments Not Carried at Fair Value*

As of June 30, 2020 and December 31, 2019, the carrying amounts of the Company's assets and liabilities, other than investments at fair value and debt, approximate fair value due to their short maturities.



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

## Note 6. Debt

In accordance with the 1940 Act, with certain limitations, the Company is allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% (or 150% if certain conditions are met) after such borrowing. The Company's asset coverage was 277% and 269% as of June 30, 2020 and December 31, 2019, respectively.

Debt obligations consisted of the following as of June 30, 2020 and December 31, 2019:

|                       | <b>June 30, 2020</b>                         |                                  |                                |                                  |
|-----------------------|----------------------------------------------|----------------------------------|--------------------------------|----------------------------------|
| (\$ in thousands)     | <b>Aggregate<br/>Principal<br/>Committed</b> | <b>Outstanding<br/>Principal</b> | <b>Amount<br/>Available(1)</b> | <b>Net Carrying<br/>Value(2)</b> |
| SPV Asset Facility I  | \$ 400,000                                   | \$ 298,487                       | \$ 101,513                     | \$ 296,042                       |
| SPV Asset Facility II | 200,000                                      | —                                | 200,000                        | (2,442)                          |
| 2024 Notes            | 300,000                                      | 300,000                          | —                              | 295,684                          |
| Promissory Note       | 50,000                                       | —                                | 50,000                         | —                                |
| <b>Total Debt</b>     | <b>\$ 950,000</b>                            | <b>\$ 598,487</b>                | <b>\$ 351,513</b>              | <b>\$ 589,284</b>                |

(1) The amount available reflects any limitations related to each credit facility's borrow base.

(2) The carrying value of the Company's SPV Asset Facility I, SPV Asset Facility II and 2024 Notes are presented net of deferred financing costs of \$2.5 million, \$2.4 million and \$4.3 million, respectively.

|                      | <b>December 31, 2019</b>                     |                                  |                                |                                  |
|----------------------|----------------------------------------------|----------------------------------|--------------------------------|----------------------------------|
| (\$ in thousands)    | <b>Aggregate<br/>Principal<br/>Committed</b> | <b>Outstanding<br/>Principal</b> | <b>Amount<br/>Available(1)</b> | <b>Net Carrying<br/>Value(2)</b> |
| SPV Asset Facility I | \$ 750,000                                   | \$ 265,672                       | \$ 272,778                     | \$ 259,932                       |
| 2024 Notes           | 300,000                                      | 300,000                          | —                              | 295,293                          |
| Promissory Note      | 50,000                                       | —                                | 50,000                         | —                                |
| <b>Total Debt</b>    | <b>\$ 1,100,000</b>                          | <b>\$ 565,672</b>                | <b>\$ 322,778</b>              | <b>\$ 555,225</b>                |

(1) The amount available reflects any limitations related to each credit facility's borrow base.

(2) The carrying value of the Company's SPV Asset Facility I and 2024 Notes are presented net of deferred unamortized debt issuance costs of \$5.7 million and \$4.7 million.



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

For the three and six months ended June 30, 2020 and 2019, the components of interest expense were as follows:

| (\$ in thousands)                   | For the Three Months Ended June 30, |                 | For the Six Months Ended June 30, |                  |
|-------------------------------------|-------------------------------------|-----------------|-----------------------------------|------------------|
|                                     | 2020                                | 2019            | 2020                              | 2019             |
| Interest expense                    | \$ 7,345                            | \$ 4,846        | \$ 15,927                         | \$ 9,475         |
| Amortization of debt issuance costs | 3,080                               | 530             | 3,906                             | 862              |
| <b>Total Interest Expense</b>       | <b>\$ 10,425</b>                    | <b>\$ 5,376</b> | <b>\$ 19,833</b>                  | <b>\$ 10,337</b> |
| Average interest rate               | 3.9 %                               | 4.9 %           | 4.1 %                             | 5.0 %            |
| Average daily borrowings            | \$ 639,747                          | \$ 385,681      | \$ 604,778                        | \$ 372,212       |

*SPV Asset Facility I*

On December 1, 2017 (the “SPV Asset Facility I Closing Date”), ORCC II Financing LLC and OR Lending II LLC (collectively, the “Subsidiaries”), each a Delaware limited liability company and a wholly-owned subsidiary of the Company, entered into a Credit Agreement (the “SPV Asset Facility I”). Parties to the SPV Asset Facility I include ORCC II Financing LLC and OR Lending II LLC, as Borrowers, and the lenders from time to time parties thereto (the “SPV I Lenders”), Goldman Sachs Bank USA as Sole Lead Arranger, Syndication Agent and Administrative Agent, State Street Bank and Trust Company as Collateral Administrator and Collateral Agent and Cortland Capital Market Services LLC as Collateral Custodian. On July 31, 2018, the parties to the SPV Asset Facility I amended the SPV Asset Facility I and the related transaction documents (the “SPV Facility I Amendment No. 1”) to increase the maximum principal amount of the SPV Asset Facility I, extend the reinvestment period and scheduled maturity of the SPV Asset Facility I, reduce the spread over LIBOR payable on the drawn amount of the SPV Asset Facility I and make certain other changes relating to the calculation of the borrowing base, the fees payable to Goldman Sachs Bank USA as Administrative Agent and the potential syndication of the SPV Asset Facility I. On March 11, 2019, the parties to the SPV Asset Facility I amended and restated the SPV Asset Facility I and the related transaction documents (the “SPV Facility I Amendment No. 2”) to establish and modify certain lender and Administration Agent consent rights, increase the maximum principal amount of the SPV Asset Facility I and add new lenders. On April 29, 2019, the parties to the SPV Asset Facility I amended and restated the SPV Asset Facility I and the related transaction documents (the “SPV Facility I Amendment No. 3”) to increase the maximum principal amount of the SPV Asset Facility I and make certain other changes, including dividing the loans under the SPV Asset Facility I into two separate Classes, Class A and Class B. The terms of the two classes of loans are generally the same, for example they have the same interest rate and maturity date, but differ with respect to certain make-whole payments, minimum spread payments, unused commitment fees, consent rights and other terms.

The summary below reflects the terms of the SPV Asset Facility I as amended by SPV Facility I Amendment No. 1, SPV Facility I Amendment No. 2, SPV Facility I Amendment No. 3, and the voluntary commitment reduction that the Subsidiaries effected on May 8, 2020.

From time to time, the Company sells and contributes certain investments to ORCC II Financing LLC pursuant to a Sale and Contribution Agreement by and between the Company and ORCC II Financing LLC. No gain or loss will be recognized as a result of these sales and contributions. Proceeds from the SPV Asset Facility I have been and will be used to finance the origination and acquisition of eligible assets by the Subsidiaries, including the purchase of such assets from the Company. The Company retains a residual interest in assets contributed to or acquired by the Subsidiaries through its ownership of the Subsidiaries. The maximum principal amount of the SPV Asset Facility I is \$400 million; the availability of this amount is subject to a borrowing base test, which is based on the amount of the Subsidiaries’ assets from time to time, and satisfaction of certain conditions, including certain concentration limits.

The SPV Asset Facility I provides for a reinvestment period up to and including November 30, 2021 (the “SPV Asset Facility I Commitment Termination Date”). Prior to the SPV Asset Facility I Commitment Termination Date, proceeds received by the Subsidiaries from interest, dividends, or fees on assets must be used to pay expenses and interest on outstanding borrowings, and the excess may be returned to the Company, subject to certain conditions. Proceeds received from principal on assets prior to the SPV Asset Facility I Commitment Termination Date must be used to make quarterly payments of principal on outstanding borrowings. Following the SPV Asset Facility I Commitment Termination Date, proceeds received by the Subsidiaries from interest and principal on collateral assets must be used to make quarterly payments of principal on outstanding borrowings. Subject to certain conditions,



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

between quarterly payment dates prior to and after the SPV Asset Facility I Commitment Termination Date, excess interest proceeds and principal proceeds may be released to the Subsidiaries to make distributions to the Company.

The SPV Asset Facility I will mature on November 30, 2022. Amounts drawn bear interest at LIBOR plus a 2.25% spread and after a ramp-up period, the spread is also payable on any undrawn amounts. The Company borrows utilizing three-month LIBOR rate loans. If LIBOR ceases to exist, the Company will have to renegotiate the terms of the SPV Asset Facility I. The SPV Asset Facility I contains customary covenants, including certain financial maintenance covenants, limitations on the activities of the Subsidiaries, including limitations on incurrence of incremental indebtedness, and customary events of default. The SPV Asset Facility I is secured by a perfected first priority security interest in the Company's equity interests in the Subsidiaries and in the assets of the Subsidiaries and on any payments received by the Subsidiaries in respect of those assets. Upon the occurrence of certain value adjustment events relating to the assets securing the SPV Asset Facility I, the Subsidiaries will also be required to provide certain cash collateral. Assets pledged to the SPV I Lenders will not be available to pay the debts of the Company.

Borrowings of the Subsidiaries are considered the Company's borrowings for purposes of complying with the asset coverage requirements under the 1940 Act.

In connection with the SPV Asset Facility I, the Company entered into a Non-Recourse Carveout Guaranty Agreement on the SPV Asset Facility I Closing Date, which was amended and restated twice on March 11, 2019 and April 29, 2019, with State Street Bank and Trust Company, on behalf of certain secured parties, and Goldman Sachs Bank USA. Pursuant to the Non-Recourse Carveout Guaranty Agreement, the Company guarantees certain losses, damages, costs, expenses, liabilities, claims and other obligations incurred in connection with certain instances of fraud or bad faith misrepresentation, material encumbrances of certain collateral, misappropriation of certain funds, certain transfers of assets, and the bad faith or willful breach of certain provisions of the SPV Asset Facility I.

*SPV Asset Facility II*

On April 14, 2020 (the "SPV Asset Facility II Closing Date"), ORCC II Financing II LLC ("ORCC II Financing II"), a Delaware limited liability company and newly formed subsidiary of the Company entered into a Credit Agreement (the "SPV Asset Facility II"), with ORCC II Financing II, as Borrower, the lenders from time to time parties thereto (the "SPV II Lenders"), Natixis, New York Branch, as Administrative Agent, State Street Bank and Trust Company as Collateral Agent and Cortland Capital Market Services LLC as Document Custodian.

From time to time, the Company expects to sell and contribute certain investments to ORCC II Financing II pursuant to a Sale and Contribution Agreement by and between the Company and ORCC II Financing II. No gain or loss will be recognized as a result of these sales and contributions. Proceeds from the SPV Asset Facility II will be used to finance the origination and acquisition of eligible assets by ORCC II Financing II, including the purchase of such assets from the Company. The Company retains a residual interest in assets contributed to or acquired by ORCC II Financing II through the Company's ownership of ORCC II Financing II. The maximum principal amount of the SPV Asset Facility II is \$200 million; the availability of this amount is subject to an overcollateralization ratio test, which is based on the value of ORCC II Financing II's assets from time to time, and satisfaction of certain conditions, including an interest coverage ratio test, certain concentration limits and collateral quality tests.

The SPV Asset Facility II provides for the ability to (1) draw term loans and (2) draw and redraw revolving loans under the SPV Asset Facility II for a period of up to two years after the SPV Asset Facility II Closing Date unless the revolving commitments are terminated or converted to term loans sooner as provided in the SPV Asset Facility II (the "SPV Asset Facility II Commitment Termination Date"). Unless otherwise terminated, the SPV Asset Facility II will mature on April 14, 2029 (the "Stated Maturity"). Prior to the Stated Maturity, proceeds received by ORCC II Financing II from principal and interest, dividends, or fees on assets must be used to pay fees, expenses and interest on outstanding borrowings, and the excess may be returned to the Company, subject to certain conditions. On the Stated Maturity, ORCC II Financing II must pay in full all outstanding fees and expenses and all principal and interest on outstanding borrowings, and the excess may be returned to the Company.

Amounts drawn bear interest at LIBOR (or, in the case of certain lenders that are commercial paper conduits, the lower of their cost of funds and LIBOR plus 0.25%) plus 3.00%. From the SPV Asset Facility II Closing Date to the SPV Asset Facility II Commitment Termination Date, there is a commitment fee that steps up during the year after the SPV Closing Date from 0.00% to 0.90% per annum on the undrawn amount, if any, of the revolving commitments in the SPV Asset Facility II. The SPV Asset Facility



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

II contains customary covenants, including certain financial maintenance covenants, limitations on the activities of ORCC II Financing II, including limitations on incurrence of incremental indebtedness, and customary events of default. The SPV Asset Facility II is secured by a perfected first priority security interest in the assets of ORCC II Financing II and on any payments received by ORCC II Financing II in respect of those assets. Assets pledged to the SPV II Lenders will not be available to pay the debts of the Company.

Borrowings of ORCC II Financing II are considered the Company's borrowings for purposes of complying with the asset coverage requirements under the 1940 Act.

*Promissory Note*

On May 18, 2017, the Board authorized the Company, as borrower, to enter into a series of Promissory Notes with the Adviser, as lender, to borrow up to an aggregate of \$10 million from the Adviser. On October 19, 2017, the Board increased the approved amount to an aggregate of \$15 million. On March 2, 2018, the Board increased the approved amount to an aggregate of \$20 million. On July 19, 2018, the Board increased the approved amount to an aggregate of \$35 million. On March 8, 2019, the Board increased the approved amount to an aggregate of \$50 million. The borrower may re-borrow any amount repaid; however, there is no funding commitment between the Adviser and the Company.

The interest rate on any such borrowing may be based on either the rate of interest for a LIBOR-Based Advance or the rate of interest for a Prime-Based Advance under the Loan and Security Agreement, dated as of February 22, 2017, as amended as of August 1, 2017 (as further amended or supplemented from time to time, the "Loan Agreement"), by and among the Lender, as borrower, and East West Bank.

The unpaid principal balance of any Promissory Notes and accrued interest thereon is payable by the Company from time to time at the discretion of the Company but immediately due and payable upon 120 days written notice by the Adviser, and in any event due and payable in full no later than January 15, 2018. On November 7, 2017, the Board approved a modification to the Promissory Notes which extended the original maturity date to December 31, 2018. On November 6, 2018, the Board approved an additional modification to the Promissory Notes which further extended the maturity date to December 31, 2019. On October 30, 2019, the Board approved an additional modification to the Promissory Notes which further extended the maturity date to December 31, 2020. The Company intends to use the borrowed funds to leverage its current investment portfolio and to make investments in portfolio companies consistent with its investment strategies.

*2024 Notes*

On November 21, 2019, the Company and the Adviser entered into a Purchase Agreement (the "Purchase Agreement") with Deutsche Bank Securities Inc. and Goldman Sachs & Co. LLC, as representatives of the several initial purchasers listed on Schedule 1 thereto (the "Initial Purchasers"), and GreensLedge Capital Markets LLC, as the capital markets advisor (the "Capital Markets Advisor") which Purchase Agreement relates to the Company's sale of \$300 million aggregate principal amount of the Company's 4.625% notes due 2024 (the "2024 Notes") to the Initial Purchasers in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and for initial resale by the Initial Purchasers to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A promulgated under the Securities Act. The Company relied upon these exemptions from registration based in part on representations made by the Initial Purchasers. The Purchase Agreement includes customary representations, warranties and covenants by us. Under the terms of the Purchase Agreement, the Company has agreed to indemnify the Initial Purchasers against certain liabilities under the Securities Act. The 2024 Notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

The 2024 Notes were issued pursuant to an Indenture dated as of November 26, 2019 (the "Base Indenture"), between the Company and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a First Supplemental Indenture, dated as of November 26, 2019 (the "First Supplemental Indenture" and together with the Base Indenture, the "Indenture"), between the Company and the Trustee. The 2024 Notes will mature on November 26, 2024, unless repurchased or redeemed in accordance with their terms prior to such date. The 2024 Notes bear interest at a rate of 4.625% per year payable semi-annually on May 26 and November 26 of each year, commencing on May 26, 2020. The 2024 Notes are the Company's direct, general unsecured obligations and rank senior in right of payment to all of the Company's future indebtedness or other obligations that are expressly subordinated, or



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

junior, in right of payment to the 2024 Notes. The 2024 Notes rank pari passu, or equal, in right of payment with all of the Company's existing and future indebtedness or other obligations that are not so subordinated. The 2024 Notes are effectively subordinated, or junior, to any of the Company's future secured indebtedness or other obligations (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness. The 2024 Notes are structurally subordinated, or junior, to all existing and future indebtedness and other obligations (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

The Indenture contains certain covenants, including covenants requiring us to (i) comply with the asset coverage requirements of the Investment Company Act of 1940, as amended, whether or not it is subject to those requirements, and (ii) provide financial information to the holders of the 2024 Notes and the Trustee if the Company is no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended. These covenants are subject to important limitations and exceptions that are described in the Indenture.

In addition, if a change of control repurchase event, as defined in the Indenture, occurs prior to maturity, holders of the 2024 Notes will have the right, at their option, to require the Company to repurchase for cash some or all of the 2024 Notes at a repurchase price equal to 100% of the aggregate principal amount of the 2024 Notes being repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

## Note 7. Commitments and Contingencies

### Portfolio Company Commitments

From time to time, the Company may enter into commitments to fund investments. As of June 30, 2020 and December 31, 2019, the Company had the following outstanding commitments to fund investments in current portfolio companies:

| Portfolio Company                                                | Investment                                       | June 30, 2020 | December 31,<br>2019 |
|------------------------------------------------------------------|--------------------------------------------------|---------------|----------------------|
| (\$ in thousands)                                                |                                                  |               |                      |
| 11849573 Canada Inc. (dba Intelrad Medical Systems Incorporated) | First lien senior secured delayed draw term loan | \$ 754        | \$ —                 |
| 11849573 Canada Inc. (dba Intelrad Medical Systems Incorporated) | First lien senior secured revolving loan         | 1,500         | —                    |
| 3ES Innovation Inc. (dba Aucerna)                                | First lien senior secured revolving loan         | 687           | 687                  |
| Amspec Services Inc.                                             | First lien senior secured revolving loan         | 49            | 1,538                |
| Apptio, Inc.                                                     | First lien senior secured revolving loan         | 490           | 490                  |
| Aramco, Inc.                                                     | First lien senior secured revolving loan         | 487           | 852                  |
| Ardonagh Midco 3 PLC                                             | First lien senior secured delayed draw term loan | 988           | —                    |
| Associations, Inc.                                               | First lien senior secured delayed draw term loan | 1,451         | 1,556                |
| Associations, Inc.                                               | First lien senior secured revolving loan         | —             | 1,000                |
| BIG Buyer, LLC                                                   | First lien senior secured revolving loan         | 833           | 1,250                |
| BIG Buyer, LLC                                                   | First lien senior secured delayed draw term loan | 3,750         | 3,750                |
| Caiman Merger Sub LLC (dba City Brewing)                         | First lien senior secured revolving loan         | 2,034         | 2,034                |
| ConnectWise, LLC                                                 | First lien senior secured revolving loan         | 3,611         | 3,611                |
| Covenant Surgical Partners, Inc.                                 | First lien senior secured delayed draw term loan | —             | 700                  |
| Definitive Healthcare Holdings, LLC                              | First lien senior secured delayed draw term loan | 6,087         | 6,087                |
| Definitive Healthcare Holdings, LLC                              | First lien senior secured revolving loan         | —             | 1,522                |
| Douglas Products and Packaging Company LLC                       | First lien senior secured revolving loan         | —             | 1,322                |





## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

| <u>Portfolio Company</u>                            | <u>Investment</u>                                | <u>June 30, 2020</u> | <u>December 31,<br/>2019</u> |
|-----------------------------------------------------|--------------------------------------------------|----------------------|------------------------------|
| Endries Acquisition, Inc.                           | First lien senior secured delayed draw term loan | 4,103                | 5,738                        |
| Endries Acquisition, Inc.                           | First lien senior secured revolving loan         | 3,000                | 3,000                        |
| Entertainment Benefits Group, LLC                   | First lien senior secured revolving loan         | 476                  | 2,400                        |
| Galls, LLC                                          | First lien senior secured revolving loan         | 648                  | 1,274                        |
| Galls, LLC                                          | First lien senior secured delayed draw term loan | —                    | 4,756                        |
| GC Agile Holdings Limited (dba Apex Fund Services)  | First lien senior secured revolving loan         | 859                  | 1,718                        |
| Genesis Acquisition Co. (dba Procare Software)      | First lien senior secured delayed draw term loan | 469                  | 527                          |
| Genesis Acquisition Co. (dba Procare Software)      | First lien senior secured revolving loan         | —                    | 190                          |
| Gerson Lehrman Group, Inc.                          | First lien senior secured revolving loan         | 765                  | 2,039                        |
| H&F Opportunities LUX III S.À R.L (dba Checkmarx)   | First lien senior secured revolving loan         | 4,583                | —                            |
| HGH Purchaser, Inc. (dba Horizon Services)          | First lien senior secured revolving loan         | 1,580                | 1,985                        |
| HGH Purchaser, Inc. (dba Horizon Services)          | First lien senior secured delayed draw term loan | 8,100                | 8,100                        |
| Hometown Food Company                               | First lien senior secured revolving loan         | 471                  | 471                          |
| Ideal Tridon Holdings, Inc.                         | First lien senior secured delayed draw term loan | 459                  | 459                          |
| Ideal Tridon Holdings, Inc.                         | First lien senior secured revolving loan         | 418                  | 1,200                        |
| Individual Foodservice Holdings, LLC                | First lien senior secured revolving loan         | 2,519                | 4,275                        |
| Individual Foodservice Holdings, LLC                | First lien senior secured delayed draw term loan | 4,694                | 7,500                        |
| Instructure, Inc.                                   | First lien senior secured revolving loan         | 1,851                | —                            |
| Integrity Marketing Acquisition, LLC                | First lien senior secured delayed draw term loan | —                    | 2,089                        |
| Integrity Marketing Acquisition, LLC                | First lien senior secured delayed draw term loan | —                    | 4,103                        |
| Integrity Marketing Acquisition, LLC                | First lien senior secured revolving loan         | 1,868                | 1,868                        |
| Interoperability Bidco, Inc.                        | First lien senior secured delayed draw term loan | 2,000                | 2,000                        |
| Interoperability Bidco, Inc.                        | First lien senior secured revolving loan         | —                    | 1,000                        |
| IQN Holding Corp. (dba Beeline)                     | First lien senior secured revolving loan         | 2,200                | 1,789                        |
| KWOR Acquisition, Inc. (dba Worley Claims Services) | First lien senior secured delayed draw term loan | 516                  | 607                          |
| KWOR Acquisition, Inc. (dba Worley Claims Services) | First lien senior secured revolving loan         | 1,300                | 1,300                        |
| Lazer Spot G B Holdings, Inc.                       | First lien senior secured delayed draw term loan | 1,056                | 3,771                        |
| Lazer Spot G B Holdings, Inc.                       | First lien senior secured revolving loan         | 4,524                | 6,938                        |
| Lightning Midco, LLC (dba Vector Solutions)         | First lien senior secured delayed draw term loan | —                    | 228                          |
| Lightning Midco, LLC (dba Vector Solutions)         | First lien senior secured revolving loan         | 121                  | 686                          |
| Litera Bidco LLC                                    | First lien senior secured revolving loan         | —                    | 1,013                        |
| Lytix, Inc.                                         | First lien senior secured delayed draw term loan | 4,697                | —                            |
| Lytix, Inc.                                         | First lien senior secured revolving loan         | —                    | 93                           |
| Manna Development Group, LLC                        | First lien senior secured revolving loan         | 146                  | 531                          |



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

| Portfolio Company                                                 | Investment                                        | June 30, 2020     | December 31,<br>2019 |
|-------------------------------------------------------------------|---------------------------------------------------|-------------------|----------------------|
| Mavis Tire Express Services Corp.                                 | Second lien senior secured delayed draw term loan | 1,688             | 5,168                |
| MINDBODY, Inc.                                                    | First lien senior secured revolving loan          | —                 | 1,071                |
| Nelipak Holding Company                                           | First lien senior secured revolving loan          | 527               | 832                  |
| Nelipak Holding Company                                           | First lien senior secured revolving loan          | —                 | 560                  |
| NMI Acquisitionco, Inc. (dba Network Merchants)                   | First lien senior secured revolving loan          | —                 | 85                   |
| Norvax, LLC (dba GoHealth)                                        | First lien senior secured revolving loan          | 2,727             | 2,728                |
| Offen, Inc.                                                       | First lien senior secured delayed draw term loan  | 1,327             | 1,327                |
| Peter C. Foy & Associated Insurance Services, LLC                 | First lien senior secured revolving loan          | 2,868             | —                    |
| Peter C. Foy & Associated Insurance Services, LLC                 | First lien senior secured delayed draw term loan  | 15,319            | —                    |
| Professional Plumbing Group, Inc.                                 | First lien senior secured revolving loan          | 171               | 743                  |
| Project Power Buyer, LLC (dba PEC-Veriforce)                      | First lien senior secured revolving loan          | 563               | 563                  |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)                   | First lien senior secured revolving loan          | 747               | 2,273                |
| RSC Acquisition, Inc (dba Risk Strategies)                        | First lien senior secured revolving loan          | 426               | 426                  |
| RSC Acquisition, Inc (dba Risk Strategies)                        | First lien senior secured delayed draw term loan  | 2,179             | 2,723                |
| RxSense Holdings, LLC                                             | First lien senior secured revolving loan          | —                 | 764                  |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group) | First lien senior secured delayed draw term loan  | 231               | 231                  |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)              | First lien senior secured revolving loan          | 520               | 387                  |
| TC Holdings, LLC (dba TrialCard)                                  | First lien senior secured revolving loan          | 3,315             | 3,315                |
| THG Acquisition, LLC (dba Hilb)                                   | First lien senior secured revolving loan          | 598               | 1,871                |
| THG Acquisition, LLC (dba Hilb)                                   | First lien senior secured delayed draw term loan  | 4,575             | 5,614                |
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC)         | First lien senior secured revolving loan          | 161               | 161                  |
| Troon Golf, L.L.C.                                                | First lien senior secured revolving loan          | 574               | 574                  |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)               | First lien senior secured revolving loan          | 469               | 469                  |
| Ultimate Baked Goods Midco, LLC                                   | First lien senior secured revolving loan          | 565               | 452                  |
| Valence Surface Technologies LLC                                  | First lien senior secured delayed draw term loan  | 1,500             | 7,500                |
| Valence Surface Technologies LLC                                  | First lien senior secured revolving loan          | 12                | 2,500                |
| WU Holdco, Inc. (dba Weiman Products, LLC)                        | First lien senior secured delayed draw term loan  | —                 | 2,420                |
| WU Holdco, Inc. (dba Weiman Products, LLC)                        | First lien senior secured revolving loan          | 13                | 1,989                |
| Zenith Energy U.S. Logistics Holdings, LLC                        | First lien senior secured delayed draw term loan  | 15,000            | —                    |
| <b>Total Unfunded Portfolio Company Commitments</b>               |                                                   | <b>\$ 132,219</b> | <b>\$ 146,793</b>    |

The Company maintains sufficient capacity to cover outstanding unfunded portfolio company commitments that the Company may be required to fund.



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued***Organizational and Offering Costs*

The Adviser has incurred organization and offering costs on behalf of the Company in the amount of \$11.3 million for the period from October 15, 2015 (Inception) to June 30, 2020, of which \$11.3 million has been charged to the Company pursuant to the Investment Advisory Agreement. Under the Investment Advisory Agreement and Administration Agreement, the Adviser is entitled to receive up to 1.5% of gross offering proceeds raised in the Company's continuous public offering until all organization and offering costs paid by the Adviser have been recovered.

The Adviser has incurred organization and offering costs on behalf of the Company in the amount of \$10.1 million for the period from October 15, 2015 (Inception) to December 31, 2019, of which \$10.1 million has been charged to the Company pursuant to the Investment Advisory Agreement.

*Other Commitments and Contingencies*

From time to time, the Company may become a party to certain legal proceedings incidental to the normal course of its business. As of June 30, 2020, management was not aware of any material pending or threatened litigation that would require accounting recognition or financial statement disclosure.

**Note 8. Net Assets***Share Issuances*

In connection with its formation, the Company had the authority to issue 300,000,000 common shares at \$0.01 per share par value. Effective as of June 18, 2019, the Company amended its charter to increase the number of shares of common stock it is authorized to issue from 300,000,000 to 450,000,000. Pursuant to the Company's Registration Statement on Form N-2 (File No. 333-213716), the Company registered 264,000,000 common shares, par value of \$0.01 per share, at an initial public offering price of \$9.47 per share and pursuant to the Company's Registration Statement of Form N-2 (File No. 333-232183), the Company registered an additional 160,000,000 common shares, par value \$0.01 per share, at an initial public offering price of \$9.56 per share.

On September 30, 2016, the Company issued 100 common shares for \$900 to the Adviser. The Company received \$900 in cash from the Adviser on November 17, 2016.

On April 4, 2017, the Company received subscription agreements totaling \$10 million for the purchase of shares of its common stock from a private placement from certain individuals and entities affiliated with the Adviser. Pursuant to the terms of those subscription agreements, the individuals and entities affiliated with the Adviser agreed to pay for such shares of common stock upon demand by one of the Company's executive officers. On April 4, 2017, the Company sold 277,778 shares pursuant to such subscription agreements and met the minimum offering requirement for the Company's continuous public offering of \$2.5 million. The purchase price of these shares sold in the private placement was \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of selling commissions and dealer manager fees.

The following table summarizes transactions with respect to shares of the Company's common stock during the three months ended June 30, 2020 and 2019:

| (\$ in thousands, except share amounts)                   | June 30, 2020 |           | June 30, 2019 |            |
|-----------------------------------------------------------|---------------|-----------|---------------|------------|
|                                                           | Shares        | Amount    | Shares        | Amount     |
| Shares/gross proceeds from the continuous public offering | 5,039,140     | \$ 43,165 | 12,477,078    | \$ 115,346 |
| Reinvestment of distributions                             | 1,136,350     | 9,534     | 544,509       | 4,938      |
| Repurchased Shares                                        | (2,062,645)   | (17,300)  | (219,982)     | (1,995)    |
| Total shares/gross proceeds                               | 4,112,845     | 35,399    | 12,801,605    | 118,289    |
| Sales load                                                | —             | (673)     | —             | (2,186)    |
| Total shares/net proceeds                                 | 4,112,845     | \$ 34,726 | 12,801,605    | \$ 116,103 |



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

The following table summarizes transactions with respect to shares of the Company's common stock during the six months ended June 30, 2020 and 2019:

| (\$ in thousands, except share amounts)                   | June 30, 2020 |            | June 30, 2019 |            |
|-----------------------------------------------------------|---------------|------------|---------------|------------|
|                                                           | Shares        | Amount     | Shares        | Amount     |
| Shares/gross proceeds from the continuous public offering | 23,231,938    | \$ 207,761 | 26,263,005    | \$ 242,787 |
| Reinvestment of distributions                             | 2,066,719     | 17,931     | 973,642       | 8,810      |
| Repurchased Shares                                        | (2,062,645)   | (17,300)   | (219,982)     | (1,995)    |
| Total shares/gross proceeds                               | 23,236,012    | 208,392    | 27,016,665    | 249,602    |
| Sales load                                                | —             | (2,622)    | —             | (5,166)    |
| Total shares/net proceeds                                 | 23,236,012    | \$ 205,770 | 27,016,665    | \$ 244,436 |

In the event of a material decline in the Company's net asset value per share, which the Company considers to be a 2.5% decrease below its current net offering price, the Company's Board will reduce the offering price in order to establish a new net offering price per share that is not more than 2.5% above the net asset value. The Company will not sell shares at a net offering price below the net asset value per share unless the Company obtains the requisite approval from its shareholders. To ensure that the offering price per share, net of sales load, is equal to or greater than net asset value per share on each subscription closing date and distribution reinvestment date, the Board increased the offering price per share of common stock on certain dates. The changes to the Company's offering price per share since the commencement of the Company's initial continuous public offering and associated approval and effective dates of such changes were as follows:

| Approval Date          | Effective Date    | Gross Offering Price Per Share | Net Offering Price Per Share |
|------------------------|-------------------|--------------------------------|------------------------------|
| Initial Offering Price | April 4, 2017     | \$ 9.47                        | \$ 9.00                      |
| May 2, 2017            | May 3, 2017       | \$ 9.52                        | \$ 9.04                      |
| January 17, 2018       | January 17, 2018  | \$ 9.53                        | \$ 9.05                      |
| January 31, 2018       | January 31, 2018  | \$ 9.55                        | \$ 9.07                      |
| July 18, 2018          | July 18, 2018     | \$ 9.56                        | \$ 9.08                      |
| October 9, 2018        | October 10, 2018  | \$ 9.57                        | \$ 9.09                      |
| January 22, 2019       | January 23, 2019  | \$ 9.46                        | \$ 8.99                      |
| February 19, 2019      | February 20, 2019 | \$ 9.51                        | \$ 9.03                      |
| February 27, 2019      | February 27, 2019 | \$ 9.52                        | \$ 9.04                      |
| April 3, 2019          | April 3, 2019     | \$ 9.54                        | \$ 9.06                      |
| April 9, 2019          | April 10, 2019    | \$ 9.55                        | \$ 9.07                      |
| July 3, 2019           | July 3, 2019      | \$ 9.56                        | \$ 9.08                      |
| October 9, 2019        | October 9, 2019   | \$ 9.49                        | \$ 9.02                      |
| January 15, 2020       | January 15, 2020  | \$ 9.51                        | \$ 9.03                      |
| March 10, 2020         | March 11, 2020    | \$ 9.41                        | \$ 8.94                      |
| March 18, 2020         | March 18, 2020    | \$ 8.83                        | \$ 8.39                      |
| March 25, 2020         | March 25, 2020    | \$ 8.74                        | \$ 8.30                      |
| April 15, 2020         | April 15, 2020    | \$ 8.80                        | \$ 8.36                      |
| April 22, 2020         | April 22, 2020    | \$ 8.85                        | \$ 8.41                      |
| May 19, 2020           | May 20, 2020      | \$ 8.87                        | \$ 8.43                      |
| May 27, 2020           | May 27, 2020      | \$ 8.93                        | \$ 8.48                      |
| June 2, 2020           | June 3, 2020      | \$ 8.96                        | \$ 8.51                      |
| June 9, 2020           | June 10, 2020     | \$ 9.02                        | \$ 8.57                      |
| June 16, 2020          | June 17, 2020     | \$ 9.05                        | \$ 8.60                      |
| July 14, 2020          | July 15, 2020     | \$ 9.08                        | \$ 8.63                      |
| July 22, 2020          | July 22, 2020     | \$ 9.12                        | \$ 8.66                      |
| July 29, 2020          | July 29, 2020     | \$ 9.14                        | \$ 8.68                      |





## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

*Distributions*

The Board authorizes and declares weekly distribution amounts per share of common stock, payable monthly in arrears. The following table presents cash distributions per share that were declared during the six months ended June 30, 2020:

| (\$ in thousands)                      | Distributions  |                  |
|----------------------------------------|----------------|------------------|
|                                        | Per Share      | Amount           |
| <b>2020</b>                            |                |                  |
| March 31, 2020 (fourteen record dates) | \$ 0.18        | \$ 20,896        |
| June 30, 2020 (thirteen record dates)  | \$ 0.17        | \$ 21,332        |
| <b>Total</b>                           | <b>\$ 0.35</b> | <b>\$ 42,228</b> |

The following table presents cash distributions per share that were declared during the six months ended June 30, 2019:

| (\$ in thousands)                      | Distributions  |                  |
|----------------------------------------|----------------|------------------|
|                                        | Per Share      | Amount           |
| <b>2019</b>                            |                |                  |
| March 31, 2019 (thirteen record dates) | \$ 0.17        | \$ 9,119         |
| June 30, 2019 (thirteen record dates)  | \$ 0.17        | \$ 11,455        |
| <b>Total</b>                           | <b>\$ 0.34</b> | <b>\$ 20,574</b> |

On February 27, 2019, the Board declared regular weekly distributions for April 2019 through June 2019. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On May 8, 2019, the Board declared regular weekly distributions for July 2019 through September 2019. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On February 19, 2020, the Board declared regular weekly distributions for April 2020 through June 2020. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On May 5, 2020, the Board declared regular weekly distributions for July 2020 through September 2020. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

With respect to distributions, the Company has adopted an “opt-in” dividend reinvestment plan for common shareholders. As a result, in the event of a declared distribution, each shareholder that has not “opted-in” to the dividend reinvestment plan will have their dividends or distributions automatically received in cash rather than reinvested in additional shares of the Company’s common stock. Shareholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received cash distributions.

The Company may fund its cash distributions to shareholders from any source of funds available to the Company, including but not limited to offering proceeds, net investment income from operations, capital gains proceeds from the sale of assets, dividends or other distributions paid to it on account of preferred and common equity investments in portfolio companies and expense support from the Adviser, which is subject to recoupment. In no event, however, will funds be advanced or borrowed for the purpose of distributions, if the amount of such distributions would exceed the Company’s accrued and received revenues for the previous four quarters, less paid and accrued operating expenses with respect to such revenues and costs.



## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

Through June 30, 2020, a portion of the Company's distributions resulted from expense support from the Adviser, and future distributions may result from expense support from the Adviser, each of which is subject to repayment by the Company within three years from the date of payment. The purpose of this arrangement is to avoid distributions being characterized as a return of capital for U.S. federal income tax purposes. Shareholders should understand that any such distribution is not based on the Company's investment performance, and can only be sustained if the Company achieves positive investment performance in future periods and/or the Adviser continues to provide expense support. Shareholders should also understand that the Company's future repayments of expense support will reduce the distributions that they would otherwise receive. There can be no assurance that the Company will achieve the performance necessary to sustain these distributions, or be able to pay distributions at all.

Sources of distributions, other than net investment income and realized gains on a U.S. GAAP basis, include required adjustments to U.S. GAAP net investment income in the current period to determine taxable income available for distributions. The following tables reflect the sources of cash distributions on a U.S. GAAP basis that the Company has declared on its shares of common stock during the six months ended June 30, 2020 and 2019:

| Source of Distribution                                 | Six Months Ended June 30, 2020 |                  |                |
|--------------------------------------------------------|--------------------------------|------------------|----------------|
|                                                        | Per Share                      | Amount           | Percentage     |
| (\$ in thousands, except per share amounts)            |                                |                  |                |
| Net investment income                                  | \$ 0.34                        | \$ 41,074        | 97.2 %         |
| Net realized gain (loss) on investments <sup>(1)</sup> | —                              | 110              | 0.3            |
| Distributions in excess of net investment income       | 0.01                           | 1,044            | 2.5            |
| <b>Total</b>                                           | <u>\$ 0.35</u>                 | <u>\$ 42,228</u> | <u>100.0 %</u> |

(1) The per share amount rounds to less than \$0.01 per share.

| Source of Distribution                                 | Six Months Ended June 30, 2019 |                  |                |
|--------------------------------------------------------|--------------------------------|------------------|----------------|
|                                                        | Per Share                      | Amount           | Percentage     |
| (\$ in thousands, except per share amounts)            |                                |                  |                |
| Net investment income                                  | \$ 0.33                        | \$ 19,604        | 95.3 %         |
| Net realized gain (loss) on investments <sup>(1)</sup> | —                              | 206              | 1.0            |
| Distributions in excess of net investment income       | 0.01                           | 764              | 3.7            |
| <b>Total</b>                                           | <u>\$ 0.34</u>                 | <u>\$ 20,574</u> | <u>100.0 %</u> |

(1) The per share amount rounds to less than \$0.01 per share.

**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued***Share Repurchases*

On March 4, 2019, the Company conducted a tender offer to repurchase up to \$6.2 million of its issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.06 per share (which reflects the net offering price per share in effect as of April 3, 2019). The offer expired on March 29, 2019, with approximately 119,874 shares purchased in connection with the repurchase offer.

On May 13, 2019, the Company conducted a tender offer to repurchase up to \$9.0 million of its issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.07 per share (which reflects the net offering price per share in effect as of June 12, 2019). The offer expired on June 10, 2019, with approximately 100,108 shares purchased in connection with the repurchase offer.

On March 9, 2020, the Company conducted a tender offer to repurchase up to \$21.4 million of its issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.30 per share (which reflects the net offering price per share in effect as of April 8, 2020). The offer expired on April 3, 2020, with approximately 1,462,441 shares purchased in connection with the repurchase offer.

On May 26, 2020, the Company conducted a tender offer to repurchase up to \$16.3 million of its issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.60 per share (which reflects the net offering price per share in effect as of June 24, 2020). The offer expired on June 22, 2020, with approximately 600,204 shares purchased in connection with the repurchase offer.

**Note 9. Earnings Per Share**

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2020 and 2019:

| (\$ in thousands, except per share amounts)                           | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|-----------------------------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                                       | <b>2020</b>                        | <b>2019</b> | <b>2020</b>                      | <b>2019</b> |
| Increase (decrease) in net assets resulting from operations           | \$ 58,404                          | \$ 13,307   | \$ (11,000)                      | \$ 27,045   |
| Weighted average shares of common stock outstanding—basic and diluted | 127,528,621                        | 69,110,851  | 122,140,484                      | 62,240,308  |
| Earnings per common share-basic and diluted                           | \$ 0.46                            | \$ 0.19     | \$ (0.09)                        | \$ 0.43     |

**Note 10. Income Taxes**

The Company has elected to be treated as a RIC under Subchapter M of the Code, and intends to operate in a manner so as to continue to qualify for the tax treatment applicable to RICs. To qualify for tax treatment as a RIC, the Company must, among other things, distribute to its shareholders in each taxable year generally at least 90% of the Company's investment company taxable income, as defined by the Code, and net tax-exempt income for that taxable year. To maintain tax treatment as a RIC, the Company, among other things, intends to make the requisite distributions to its shareholders, which generally relieves the Company from corporate-level U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, the Company can be expected to carry forward taxable income (including net capital gains, if any) in excess of current year dividend distributions from the current tax year into the next tax year and pay a nondeductible 4% U.S. federal excise tax on such taxable income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such income, the Company will accrue excise tax on estimated excess taxable income.

For the three and six months ended June 30, 2020 and 2019, the Company did not record expenses for U.S. federal excise tax.

## Owl Rock Capital Corporation II

## Notes to Consolidated Financial Statements (Unaudited) – Continued

## Note 11. Financial Highlights

The following are the financial highlights for a common share outstanding during the six months ended June 30, 2020 and 2019:

| (\$ in thousands, except share and per share amounts)                  | For the Six Months Ended June 30, |            |
|------------------------------------------------------------------------|-----------------------------------|------------|
|                                                                        | 2020                              | 2019       |
| <b>Per share data:</b>                                                 |                                   |            |
| Net asset value, at beginning of period                                | \$ 9.03                           | \$ 8.97    |
| Results of operations:                                                 |                                   |            |
| Net investment income <sup>(1)</sup>                                   | 0.34                              | 0.31       |
| Net realized and unrealized gain (loss) <sup>(5)</sup>                 | (0.43)                            | 0.14       |
| Net increase (decrease) in net assets resulting from operations        | \$ (0.09)                         | 0.45       |
| Shareholder distributions:                                             |                                   |            |
| Distributions from net investment income <sup>(2)</sup>                | (0.34)                            | (0.33)     |
| Distributions from net realized gains <sup>(2)(8)</sup>                | —                                 | —          |
| Distributions in excess of net investment income <sup>(2)</sup>        | (0.01)                            | (0.01)     |
| Net increase (decrease) in net assets from shareholders' distributions | \$ (0.35)                         | (0.34)     |
| Capital share transactions:                                            |                                   |            |
| Issuance of common stock above net asset value <sup>(8)</sup>          | —                                 | —          |
| Net increase in net assets resulting from capital share transactions   | —                                 | —          |
| Net asset value, at end of period                                      | \$ 8.59                           | \$ 9.08    |
| Total Return <sup>(3)(6)</sup>                                         | (1.0) %                           | 3.7 %      |
| <b>Ratios<sup>(7)</sup></b>                                            |                                   |            |
| Ratio of net expenses to average net assets <sup>(4)</sup>             | 5.2 %                             | 8.1 %      |
| Ratio of net investment income to average net assets                   | 7.9 %                             | 6.9 %      |
| Portfolio turnover rate                                                | 7.2 %                             | 9.0 %      |
| <b>Supplemental Data</b>                                               |                                   |            |
| Weighted-average shares outstanding                                    | 122,140,484                       | 62,240,308 |
| Shares outstanding, end of period                                      | 129,270,802                       | 75,877,365 |
| Net assets, end of period                                              | \$ 1,109,821                      | \$ 689,117 |

(1) The per share data was derived using the weighted average shares during the period.

(2) The per share data was derived using actual shares outstanding at the date of the relevant transaction.

(3) Total return is not annualized. An investment in the Company is subject to a maximum upfront sales load of 5% of the offering price, which will reduce the amount of capital available for investment. Total return displayed is net of all fees, including all operating expenses such as management fees, incentive fees, general and administrative expenses, organization and amortized offering expenses, and interest expenses.

(4) Operating expenses may vary in the future based on the amount of capital raised, the Adviser's election to continue expense support, and other unpredictable variables. For the six months ended June 30, 2020 and 2019, the total operating expenses to average net assets were 7.6% and 10.0%, respectively, prior to expense support provided by the Adviser, expense recoupment paid to the Adviser, and management and incentive fee waivers. Past performance is not a guarantee of future results.

(5) The amount shown at this caption is the balancing amount derived from the other figures in the schedule. The amount shown at this caption for a share outstanding throughout the year may not agree with the change in the aggregate gains and losses in portfolio securities for the year because of the timing of sales of the Company's shares in relation to fluctuating market values for the portfolio.

(6) Total return is calculated as the change in net asset value ("NAV") per share (assuming dividends and distributions, if any, are reinvested in accordance with the Company's dividend reinvestment plan), if any, divided by the beginning NAV per share (which for the purposes of this calculation is equal to the net offering price in effect at that time).



**Owl Rock Capital Corporation II****Notes to Consolidated Financial Statements (Unaudited) – Continued**

- (7) The ratio reflects an annualized amount, except in the case of non-recurring expenses (e.g. initial organization expenses).
- (8) The per share amount rounds to less than \$0.01 per share.

**Note 12. Subsequent Events**

The Company's management evaluated subsequent events through the date of issuance of these consolidated financial statements. Other than those previously disclosed, there have been no subsequent events that occurred during such period that would require disclosure in, or would be required to be recognized in, these consolidated financial statements.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information contained in this section should be read in conjunction with "ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA". This discussion contains forward-looking statements, which relate to future events or the future performance or financial condition of Owl Rock Capital Corporation II and involves numerous risks and uncertainties, including, but not limited to, those described in our Form 10-K for the fiscal year ended December 31, 2019 and in "ITEM 1A. RISK FACTORS". This discussion also should be read in conjunction with the "Cautionary Statement Regarding Forward Looking Statements" set forth on page 3 of this Quarterly Report on Form 10-Q. Actual results could differ materially from those implied or expressed in any forward-looking statements.

### Overview

Owl Rock Capital Corporation II (the "Company", "we", "us", or "our") is an externally managed, non-diversified closed-end management investment company that has elected to be treated as a business development company ("BDC") under the 1940 Act. Formed as a Maryland corporation on October 15, 2015, we are externally managed by Owl Rock Capital Advisors LLC (the "Adviser") which is responsible for sourcing potential investments, conducting due diligence on prospective investments, analyzing investment opportunities, structuring investments and monitoring our portfolio on an ongoing basis. The Adviser is registered as an investment adviser with the Securities and Exchange Commission ("SEC"). We have elected to be treated as a RIC under Subchapter M of the Code, and we intend to operate in a manner so as to continue to qualify for the tax treatment applicable to RICs. On March 15, 2017, we formed a wholly-owned subsidiary, OR Lending II LLC, a Delaware limited liability company, which holds a California finance lenders license. OR Lending II LLC originates loans to borrowers headquartered in California.

We are managed by our Adviser. Our Adviser is registered with the SEC as an investment adviser under the Advisers Act. Subject to the overall supervision of our Board, our Adviser manages the day-to-day operations of, and provides investment advisory and management services, to us. The Adviser or its affiliates may engage in certain organizational activities and receive attendant arrangement, structuring or similar fees. Our Adviser is responsible for managing our business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring our investments, and monitoring our portfolio companies on an ongoing basis through a team of management professionals. Our Board consists of seven directors, four of whom are independent.

We commenced a continuous public offering for up to 264,000,000 shares of our common stock on April 4, 2017. On January 29, 2020, we commenced the follow-on offering for up to 160,000,000 shares of our common stock. On September 30, 2016, the Adviser purchased 100 shares of our common stock at \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of combined upfront selling commissions and dealer manager fees. The Adviser will not tender these shares for repurchase as long as the Adviser remains our investment adviser. There is no current intention for the Adviser to discontinue in its role. On April 4, 2017, we received subscription agreements totaling \$10.0 million for the purchase of shares of our common stock from a private placement from certain individuals and entities affiliated with the Adviser. Pursuant to the terms of those subscription agreements, the individuals and entities affiliated with the Adviser agreed to pay for such shares of common stock upon demand by one of our executive officers. On April 4, 2017, we sold 277,778 shares pursuant to such subscription agreements and met the minimum offering requirement for our continuous public offering of \$2.5 million. The purchase price of these shares sold in the private placement was \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of selling commissions and dealer manager fees. In April 2017, we commenced operations and made our first portfolio company investment. Since meeting the minimum offering requirement and commencing our continuous public offering and through June 30, 2020, we have issued 127,233,697 shares of our common stock for gross proceeds of approximately \$1.2 billion, including seed capital contributed by our Adviser in September 2016 and approximately \$10.0 million in gross proceeds raised in the private placement from certain individuals and entities affiliated with Owl Rock Capital Advisors. As of August 11, 2020, we have issued 130,281,521 shares of our common stock and have raised total gross proceeds of approximately \$1.2 billion, including seed capital contributed by our Adviser in September 2016 and approximately \$10 million in gross proceeds raised from certain individuals and entities affiliated with Owl Rock Capital Advisors LLC.

Our Adviser also serves as investment adviser to Owl Rock Capital Corporation. Owl Rock Capital Corporation was formed on October 15, 2015 as a corporation under the laws of the State of Maryland and has elected to be treated as a BDC under the 1940 Act. Its investment objective is similar to our investment objective, which is to generate current income, and to a lesser extent, capital appreciation by targeting investment opportunities with favorable risk-adjusted returns. From March 3, 2016 through March 2, 2018, Owl Rock Capital Corporation conducted private offerings, or Private Offerings, of its common shares to investors in reliance on exemptions from the registration requirements of the Securities as amended. On July 18, 2019, Owl Rock Capital Corporation's common stock began trading on the New York Stock Exchange under the symbol "ORCC".



The Adviser is under common control with Owl Rock Technology Advisors LLC (“ORTA”), Owl Rock Capital Private Fund Advisors LLC (“ORPFA”), and Owl Rock Diversified Advisors LLC (“ORDA”), which also are investment advisers and subsidiaries of Owl Rock Capital Partners. The Adviser, ORTA, ORPFA and ORDA are referred to as the “Owl Rock Advisers” and together with Owl Rock Capital Partners are referred to, collectively, as “Owl Rock.”

In addition, we and the Adviser have entered into a dealer manager agreement with Owl Rock Securities and certain participating broker dealers to solicit capital. Fees paid pursuant to these agreements will be paid by our Adviser.

We may be prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, the prior approval of the SEC. We, our Adviser and certain affiliates, have been granted exemptive relief by the SEC to permit us to co-invest with other funds managed by our Adviser or certain of its affiliates, including Owl Rock Capital Corporation, Owl Rock Technology Finance Corp. and Owl Rock Capital Corporation III, in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. Pursuant to such exemptive relief, we generally are permitted to co-invest with certain of our affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to us and our shareholders and do not involve overreaching by us or our shareholders on the part of any person concerned, (2) the transaction is consistent with the interests of our shareholders and is consistent with our investment objective and strategies, and (3) the investment by our affiliates would not disadvantage us, and our participation would not be on a basis different from or less advantageous than that on which our affiliates are investing. In addition, pursuant to an exemptive order issued by the SEC on April 8, 2020 and applicable to all BDCs, through December 31, 2020, we may, subject to the satisfaction of certain conditions, co-invest in our existing portfolio companies with certain other funds managed by the Adviser or its affiliates and covered by our exemptive relief, even if such other funds have not previously invested in such existing portfolio company. Without this order, affiliated funds would not be able to participate in such co-investments with us unless the affiliated funds had previously acquired securities of the portfolio company in a co-investment transaction with us. Owl Rock Advisers’ allocation policy seeks to ensure equitable allocation of investment opportunities over time between us and other funds managed by our Adviser or its affiliates. As a result of the exemptive relief, there could be significant overlap in our investment portfolio and the investment portfolio of other funds established by our Adviser or its affiliates that could avail themselves of exemptive relief.

We have elected to be regulated as a BDC under the 1940 Act and as a regulated investment company (“RIC”) for tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). As a result, we are required to comply with various statutory and regulatory requirements, such as:

- the requirement to invest at least 70% of our assets in “qualifying assets”, as such term is defined in the 1940 Act;
- source of income limitations;
- asset diversification requirements; and
- the requirement to distribute (or be treated as distributing) in each taxable year at least 90% of our investment company taxable income and tax-exempt interest for that taxable year.

## COVID-19 Developments

In March 2020, the outbreak of COVID-19 was recognized as a pandemic by the World Health Organization. Shortly thereafter, the President of the United States declared a National Emergency throughout the United States attributable to such outbreak. The outbreak has become increasingly widespread in the United States, including in the markets in which the Company operates and in response to the outbreak, our Adviser instituted a work from home policy until it is deemed safe to return to the office.

We have and continue to assess the impact of COVID-19 on our portfolio companies. We cannot predict the full impact of the COVID-19 pandemic, including its duration in the United States and worldwide, the effectiveness of governmental responses designed to mitigate strain to businesses and the economy and the magnitude of the economic impact of the outbreak, including with respect to the travel restrictions, business closures and other quarantine measures imposed on service providers and other individuals by various local, state, and federal governmental authorities, as well as non-U.S. governmental authorities. While several countries, as well as certain states in the United States, have begun to lift travel restrictions, business closures and other quarantine measures with a view to reopening their economies, recurring COVID-19 outbreaks have led to the re-introduction of such restrictions in certain states in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. As such, we are unable to predict the duration of any business and supply-chain disruptions, the extent to which COVID-19 will negatively affect our portfolio companies' operating results or the impact that such disruptions may have on our results of operations and financial condition. Though the magnitude of the impact remains to be seen, we expect our portfolio companies and, by extension, our operating results to be adversely impacted by COVID-19 and depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies will experience financial distress and possibly default on their financial obligations to us and their other capital providers. Some of our portfolio companies have significantly curtailed business operations, furloughed or laid off employees and terminated service providers, and deferred capital expenditures, which could impair their business on a permanent basis, and we expect that additional portfolio companies may take similar actions.

We have built out our portfolio management team to include workout experts and continue to closely monitor our portfolio companies, which includes assessing each portfolio company's operational and liquidity exposure and outlook. We have executed amendments to our loan documents which provide covenant modifications or additional liquidity, sometimes by allowing a portion of our loan to be paid in PIK rather than cash and in connection with these amendments we may receive increased economics. Any of these developments would likely result in a decrease in the value of our investment in any such portfolio company. In addition, to the extent that the impact to our portfolio companies results in reduced interest payments or permanent impairments on our investments, we could see a decrease in our net investment income which could result in an increase in percentage of our cash flows dedicated to our debt obligations and could require us to reduce the future amount of distributions to our shareholders.

During the three months ended June 30, 2020, we experienced a decrease in originations, which reflects the lower levels of private equity deal activity in that time period. For the three months ending September 30, 2020, we expect the performance of our portfolio companies to continue to be impacted by COVID-19 and the related economic slowdown, and therefore, while we have highlighted our liquidity and available capital, we are focused on preserving that capital for our existing portfolio companies in order to protect the value of our investments.

## Our Investment Framework

We are a Maryland corporation organized primarily to originate and make loans to, and make debt and equity investments in, U.S. middle market companies. Our investment objective is to generate current income, and to a lesser extent, capital appreciation by targeting investment opportunities with favorable risk-adjusted returns. Since our Adviser and its affiliates began investment activities in April 2016 through June 30, 2020, our Adviser and its affiliates have originated \$22.0 billion aggregate principal amount of investments, of which \$20.4 billion of aggregate principal amount of investments prior to any subsequent exits or repayments, was retained by either us or a corporation or fund advised by our Adviser or its affiliates. We seek to generate current income primarily in U.S. middle market companies through direct originations of senior secured loans or originations of unsecured loans, subordinated loans or mezzanine loans and, to a lesser extent, investments in equity and equity-related securities including warrants, preferred stock and similar forms of senior equity.

We define “middle market companies” generally to mean companies with earnings before interest expense, income tax expense, depreciation and amortization, or “EBITDA,” between \$10 million and \$250 million annually and/or annual revenue of \$50 million to \$2.5 billion at the time of investment, although we may on occasion invest in smaller or larger companies if an opportunity presents itself. We generally seek to invest in companies with a loan-to-value ratio of 50% or below.

We expect that generally our portfolio composition will be majority debt or income producing securities, which may include “covenant-lite” loans (as defined below), with a lesser allocation to equity or equity-linked opportunities. In addition, we may invest a portion of our portfolio in opportunistic investments, which will not be our primary focus, but will be intended to enhance returns to our Shareholders. These investments may include high-yield bonds and broadly-syndicated loans. In addition, we generally do not intend to invest more than 20% of our total assets in companies whose principal place of business is outside the United States, although we do not generally intend to invest in companies whose principal place of business is in an emerging market. Our portfolio composition may fluctuate from time to time based on market conditions and interest rates; however, we seek to invest not more than 20% of our portfolio in any single industry classification and target portfolio companies that comprise 1-2% of our portfolio (with no individual portfolio company generally expected to comprise greater than 5% of our portfolio).

Covenants are contractual restrictions that lenders place on companies to limit the corporate actions a company may pursue. Generally, the loans in which we expect to invest will have financial maintenance covenants, which are used to proactively address materially adverse changes in a portfolio company’s financial performance. However, to a lesser extent, we may invest in “covenant-lite” loans. We use the term “covenant-lite” to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, “covenant-lite” loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower’s financial condition. Accordingly, to the extent we invest in “covenant-lite” loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

As of June 30, 2020, our average investment size in each of our portfolio companies was approximately \$17.5 million based on fair value. As of June 30, 2020, excluding certain investments that fall outside our typical borrower profile, our portfolio companies representing 95.9% of our total portfolio based on fair value, had weighted average annual revenue of \$527 million and weighted average annual EBITDA of \$118 million.

The companies in which we invest use our capital to support their growth, acquisitions, market or product expansion, refinancings and/or recapitalizations. The debt in which we invest typically is not rated by any rating agency, but if these instruments were rated, they would likely receive a rating of below investment grade (that is, below BBB- or Baa3), which is often referred to as “high yield” or “junk”.

## Key Components of Our Results of Operations

### *Investments*

We focus primarily on the direct origination of loans to middle market companies domiciled in the United States.

Our level of investment activity (both the number of investments and the size of each investment) can and will vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make.

In addition, as part of our risk strategy on investments, we may reduce the levels of certain investments through partial sales or syndication to additional lenders.

### *Revenues*

We generate revenues primarily in the form of interest income from the investments we hold. In addition, we may generate income from dividends on either direct equity investments or equity interests obtained in connection with originating loans, such as options, warrants or conversion rights. Our debt investments typically have a term of three to ten years. As of June 30, 2020, 96.7% of our debt investments based on fair value bear interest at a floating rate, subject to interest rate floors in certain cases. Interest on our debt investments is generally payable either monthly or quarterly.

Our investment portfolio consists primarily of floating rate loans, and our credit facilities bear interest at floating rates. Macro trends in base interest rates like London Interbank Offered Rate (“LIBOR”) may affect our net investment income over the long term. However, because we generally originate loans to a small number of portfolio companies each quarter, and those investments vary in size, our results in any given period, including the interest rate on investments that were sold or repaid in a period compared to the interest rate of new investments made during that period, often are idiosyncratic, and reflect the characteristics of the particular portfolio companies that we invested in or exited during the period and not necessarily any trends in our business or macro trends.

Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts under U.S. GAAP as interest income using the effective yield method for term instruments and the straight-line method for revolving or delayed draw instruments. Repayments of our debt investments can reduce interest income from period to period. The frequency or volume of these repayments may fluctuate significantly. We record prepayment premiums on loans as interest income. We may also generate revenue in the form of commitment, loan origination, structuring, or due diligence fees, fees for providing managerial assistance to our portfolio companies and possibly consulting fees.

Dividend income on equity investments is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded companies.

Our portfolio activity also reflects the proceeds from sales of investments. We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the amortized cost basis of the investment without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized gains (losses) on investments in the Consolidated Statements of Operations.

### *Expenses*

Our primary operating expenses include the payment of the management fee, performance based incentive fee, and expenses reimbursable under the Administration Agreement and Investment Advisory Agreement. The management fee and performance based incentive fee compensate our Adviser for work in identifying, evaluating, negotiating, closing, monitoring and realizing our investments.

Except as specifically provided below, all investment professionals and staff of the Adviser, when and to the extent engaged in providing investment advisory and management services to us, and the base compensation, bonus and benefits, and the routine overhead expenses, of such personnel allocable to such services, are provided and paid for by the Adviser. We bear our allocable portion of the compensation paid by the Adviser (or its affiliates) to our Chief Compliance Officer and Chief Financial Officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). We bear all other costs and expenses of our operations, administration and transactions, including, but not limited to (i) investment advisory



fees, including management fees and incentive fees, to the Adviser, pursuant to the Investment Advisory Agreement; (ii) our allocable portion of overhead and other expenses incurred by the Adviser in performing its administrative obligations under the Administration Agreement; and (iii) all other expenses of our operations and transactions including, without limitation, those relating to:

- expenses deemed to be “organization and offering expenses” for purposes of Conduct Rule 2310(a)(12) of Financial Industry Regulatory Authority (exclusive of commissions, the dealer manager fee, any discounts and other similar expenses paid by investors at the time of sale of our stock);
- the cost of corporate and organizational expenses relating to offerings of shares of our common stock;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting any sales and repurchases of our common stock and other securities;
- fees and expenses payable under any dealer manager agreements, if any;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- escrow agent, transfer agent and custodial fees and expenses;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors’ fees and expenses, including certain travel expenses;
- costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration fees, listing fees and licenses, and the compensation of professionals responsible for the preparation of the foregoing;
- the costs of any reports, proxy statements or other notices to our shareholders (including printing and mailing costs);
- the costs of any shareholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters;
- commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors’ and officers’ errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits, outside legal and consulting costs;
- costs of winding up;
- costs incurred in connection with the formation or maintenance of entities or vehicles to hold our assets for tax or other purposes;
- extraordinary expenses (such as litigation or indemnification); and
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

We expect, but cannot assure, that our general and administrative expenses will increase in dollar terms during periods of asset growth, but will decline as a percentage of total assets during such periods.

#### ***Expense Support and Conditional Reimbursement Agreement***

We have entered into an Expense Support and Conditional Reimbursement Agreement (the “Expense Support Agreement”) with the Adviser, the purpose of which is to ensure that no portion of our distributions to shareholders will represent a return of capital for U.S. federal income tax purposes. The Expense Support Agreement became effective as of April 4, 2017, the date that the Company met the minimum offering requirement.

On a quarterly basis, the Adviser shall reimburse us for “Operating Expenses” (as defined below) in an amount equal to the excess of our cumulative distributions paid to our shareholders in each quarter over “Available Operating Funds” (as defined below) received by us on account of our investment portfolio during such quarter. Any payments required to be made by the Adviser pursuant to the preceding sentence are referred to herein as an “Expense Payment”.

Pursuant to the Expense Support Agreement, “Operating Expenses” means all of our operating costs and expenses incurred, as determined in accordance with generally accepted accounting principles for investment companies. “Available Operating Funds” means the sum of (i) our estimated investment company taxable income (including realized net short-term capital gains reduced by realized net long-term capital losses), (ii) our realized net capital gains (including the excess of realized net long-term capital gains over realized net short-term capital losses) and (iii) dividends and other distributions paid to us on account of preferred and common equity investments in portfolio companies, if any (to the extent such amounts listed in clause (iii) are not included under clauses (i) and (ii) above).

The Adviser’s obligation to make an Expense Payment shall automatically become a liability of the Adviser and the right to such Expense Payment will be an asset of ours on the last business day of the applicable quarter. The Expense Payment for any quarter will be paid by the Adviser to us in any combination of cash or other immediately available funds, and/or offset against amounts due from us to the Adviser no later than the earlier of (i) the date on which we close our books for such quarter, or (ii) forty-five days after the end of such quarter.

Following any quarter in which Available Operating Funds exceed the cumulative distributions paid by us in respect of such quarter (the amount of such excess being hereinafter referred to as “Excess Operating Funds”), we will pay such Excess Operating Funds, or a portion thereof, in accordance with the stipulations below, as applicable, to the Adviser, until such time as all Expense Payments made by the Adviser to us within three years prior to the last business day of such quarter have been reimbursed. Any payments required to be made by us are referred to as a “Reimbursement Payment”.

The amount of the Reimbursement Payment for any quarter shall equal the lesser of (i) the Excess Operating Funds in respect of such quarter and (ii) the aggregate amount of all Expense Payments made by the Adviser to us within three years prior to the last business day of such quarter that have not been previously reimbursed by us to the Adviser. The payment will be reduced to the extent that such Reimbursement Payments, together with all other Reimbursement Payments paid during the fiscal year, would cause Other Operating Expenses defined as our total Operating Expenses, excluding base management fees, incentive fees, organization and offering expenses, distribution and shareholder servicing fees, financing fees and costs, interest expense, brokerage commissions and extraordinary expenses on an annualized basis and net of any Expense Payments received by us during the fiscal year to exceed the lesser of: (i) 1.75% of our average net assets attributable to the shares of our common stock for the fiscal year-to-date period after taking such Expense Payments into account; and (ii) the percentage of our average net assets attributable to shares of our common stock represented by Other Operating Expenses during the fiscal year in which such Expense Payment was made (provided, however, that this clause (ii) shall not apply to any Reimbursement Payment which relates to an Expense Payment made during the same fiscal year).

No Reimbursement Payment for any quarter will be made if: (1) the “Effective Rate of Distributions Per Share” (as defined below) declared by us at the time of such Reimbursement Payment is less than the Effective Rate of Distributions Per Share at the time the Expense Payment was made to which such Reimbursement Payment relates, or (2) our “Operating Expense Ratio” (as defined below) at the time of such Reimbursement Payment is greater than the Operating Expense Ratio at the time the Expense Payment was made to which such Reimbursement Payment relates. Pursuant to the Expense Support Agreement, “Effective Rate of Distributions Per Share” means the annualized rate (based on a 365 day year) of regular cash distributions per share exclusive of returns of capital, distribution rate reductions due to distribution and shareholder fees, and declared special dividends or special distributions, if any. The “Operating Expense Ratio” is calculated by dividing Operating Expenses, less organizational and offering expenses, base management and incentive fees owed to Adviser, and interest expense, by our net assets.

The specific amount of expenses reimbursed by the Adviser, if any, will be determined at the end of each quarter. We or the Adviser will be able to terminate the Expense Support Agreement at any time, with or without notice. The Expense Support Agreement will automatically terminate in the event of (a) the termination of the Investment Advisory Agreement, or (b) a determination by our Board to dissolve or liquidate the Company. Upon termination of the Expense Support Agreement, we will be required to fund any Expense Payments that have not been reimbursed by us to the Adviser. As of June 30, 2020, the amount of Expense Support payments provided by our Adviser since inception is \$25.0 million.

### ***Fee Waivers***

On June 8, 2018, the Adviser agreed to waive (A) any portion of the management fee that was in excess of 1.50% of our gross assets, excluding cash and cash-equivalents but including assets purchased with borrowed amounts at the end of the two most recently completed calendar quarters, calculated in accordance with the Investment Advisory Agreement, (B) any portion of the incentive fee on net investment income that was in excess of 17.5% of our pre-incentive fee net investment income, which was calculated in accordance with the Investment Advisory Agreement but based on a quarterly preferred return of 1.50% per quarter and an upper level





breakpoint of 1.818%, and (C) any portion of the incentive fee on capital gains that was in excess of 17.5% of our realized capital gains, if any, on a cumulative basis from inception through the end of such calendar year, net of all realized capital losses and unrealized capital depreciation on a cumulative basis, minus the aggregate amount of any previously paid incentive fee on capital gains as calculated in accordance with U.S. GAAP (the “Waiver”). Any portion of the management fee, incentive fee on net investment income and incentive fee on capital gains waived is be subject to recoupment.

On February 19, 2020, our Board approved the Investment Advisory Agreement, which reduced the management fee and incentive fee to the amounts specified in the Waiver.

### ***Reimbursement of Administrative Services***

We will reimburse our Adviser for the administrative expenses necessary for its performance of services to us. However, such reimbursement will be made at an amount equal to the lower of our Adviser’s actual costs or the amount that we would be required to pay for comparable administrative services in the same geographic location. Also, such costs will be reasonably allocated to us on the basis of assets, revenues, time records or other reasonable methods. We will not reimburse our Adviser for any services for which it receives a separate fee, for example rent, depreciation, utilities, capital equipment or other administrative items allocated to a controlling person of our Adviser.

### ***Leverage***

The amount of leverage we use in any period depends on a variety of factors, including cash available for investing, the cost of financing and general economic and market conditions. Generally, our total borrowings are limited so that we cannot incur additional borrowings, including through the issuance of additional debt securities, if such additional indebtedness would cause our asset coverage ratio to fall below 200%, as defined in the 1940 Act; however, recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. The reduced asset coverage requirement would permit a BDC to double the amount of leverage it could incur. We are permitted to increase our leverage capacity if shareholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive such shareholder approval, we would be permitted to increase our leverage capacity on the first day after such approval. Alternatively, we may increase the maximum amount of leverage we may incur to an asset coverage ratio of 150% if the required majority (as defined in Section 57(o) of the 1940 Act) of the independent members of our Board approves such increase with such approval becoming effective after one year. In either case, we would be required to extend to our shareholders, as of the date of such approval, the opportunity to sell the shares of common stock that they hold and we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. For shareholders accepting such an offer, the Company would be required to repurchase 25% of such shareholders’ eligible shares in each of the four calendar quarters following the calendar quarter in which the approval occurs. In addition, before incurring any such additional leverage, we would have to renegotiate or receive a waiver from the contractual leverage limitations under our existing credit facilities and notes.

In any period, our interest expense will depend largely on the extent of our borrowing and we expect interest expense will increase as we increase our leverage over time subject to the limits of the 1940 Act. In addition, we may dedicate assets to financing facilities.

### ***Market Trends***

We believe the middle-market lending environment provides opportunities for us to meet our goal of making investments that generate attractive risk-adjusted returns based on a combination of the following factors, which continue to remain true in the current environment, with the economic shutdown resulting from the COVID-19 national health emergency

***Limited Availability of Capital for Middle-Market Companies.*** We believe that regulatory and structural changes in the market have reduced the amount of capital available to U.S. middle-market companies. In particular, we believe there are currently fewer providers of capital to middle market companies. We believe that many commercial and investment banks have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital markets transactions. In addition, these lenders may be constrained in their ability to underwrite and hold bank loans and high yield securities for middle-market issuers as they seek to meet existing and future regulatory capital requirements. We also believe that there is a lack of market participants that are willing to hold meaningful amounts of certain middle-market loans. As a result, we believe our ability to minimize syndication risk for a company seeking financing by being able to hold its loans without

having to syndicate them, coupled with reduced capacity of traditional lenders to serve the middle-market, present an attractive opportunity to invest in middle-market companies.

**Capital Markets Have Been Unable to Fill the Void in U.S. Middle Market Finance Left by Banks.** While underwritten bond and syndicated loan markets have been robust in recent years, middle market companies are less able to access these markets for reasons including the following:

**High Yield Market** – Middle market companies generally are not issuing debt in an amount large enough to be an attractively sized bond. High yield bonds are generally purchased by institutional investors who, among other things, are focused on the liquidity characteristics of the bond being issued. For example, mutual funds and exchange traded funds (“ETFs”) are significant buyers of underwritten bonds. However, mutual funds and ETFs generally require the ability to liquidate their investments quickly in order to fund investor redemptions and/or comply with regulatory requirements. Accordingly, the existence of an active secondary market for bonds is an important consideration in these entities’ initial investment decision. Because there is typically little or no active secondary market for the debt of U.S. middle market companies, mutual funds and ETFs generally do not provide debt capital to U.S. middle market companies. We believe this is likely to be a persistent problem and creates an advantage for those like us who have a more stable capital base and have the ability to invest in illiquid assets.

**Syndicated Loan Market** – While the syndicated loan market is modestly more accommodating to middle market issuers, as with bonds, loan issue size and liquidity are key drivers of institutional appetite and, correspondingly, underwriters’ willingness to underwrite the loans. Loans arranged through a bank are done either on a “best efforts” basis or are underwritten with terms plus provisions that permit the underwriters to change certain terms, including pricing, structure, yield and tenor, otherwise known as “flex”, to successfully syndicate the loan, in the event the terms initially marketed are insufficiently attractive to investors. Furthermore, banks are generally reluctant to underwrite middle market loans because the arrangement fees they may earn on the placement of the debt generally are not sufficient to meet the banks’ return hurdles. Loans provided by companies such as ours provide certainty to issuers in that we can commit to a given amount of debt on specific terms, at stated coupons and with agreed upon fees. As we are the ultimate holder of the loans, we do not require market “flex” or other arrangements that banks may require when acting on an agency basis.

**Robust Demand for Debt Capital.** We believe U.S. middle market companies will continue to require access to debt capital to refinance existing debt, support growth and finance acquisitions. In addition, we believe the large amount of uninvested capital held by funds of private equity firms, estimated by Preqin Ltd., an alternative assets industry data and research company, to be \$1.5 trillion as of June 2019, will continue to drive deal activity. We expect that private equity sponsors will continue to pursue acquisitions and leverage their equity investments with secured loans provided by companies such as us.

**The Middle Market is a Large Addressable Market.** According to GE Capital’s National Center for the Middle Market 4<sup>th</sup> quarter 2019 Middle Market Indicator, there are approximately 200,000 U.S. middle market companies, which have approximately 47.9 million aggregate employees. Moreover, the U.S. middle market accounts for one-third of private sector gross domestic product (“GDP”). GE defines U.S. middle market companies as those between \$10 million and \$1 billion in annual revenue, which we believe has significant overlap with our definition of U.S. middle market companies.

**Attractive Investment Dynamics.** An imbalance between the supply of, and demand for, middle market debt capital creates attractive pricing dynamics. We believe the directly negotiated nature of middle market financings also generally provides more favorable terms to the lender, including stronger covenant and reporting packages, better call protection, and lender-protective change of control provisions. Additionally, we believe BDC managers’ expertise in credit selection and ability to manage through credit cycles has generally resulted in BDCs experiencing lower loss rates than U.S. commercial banks through credit cycles. Further, we believe that historical middle market default rates have been lower, and recovery rates have been higher, as compared to the larger market capitalization, broadly distributed market, leading to lower cumulative losses. Lastly, we believe that in the current environment, with the economic shutdown resulting from the COVID-19 national health emergency, lenders with available capital may be able to take advantage of attractive investment opportunities as the economy re-opens and may be able to achieve improved economic spreads and documentation terms.

**Conservative Capital Structures.** Following the credit crisis, which we define broadly as occurring between mid-2007 and mid-2009, lenders have generally required borrowers to maintain more equity as a percentage of their total capitalization, specifically to protect lenders during economic downturns. With more conservative capital structures, U.S. middle market companies have exhibited higher levels of cash flows available to service their debt. In addition, U.S. middle market companies often are characterized by simpler capital structures than larger borrowers, which facilitates a streamlined underwriting process and, when necessary, restructuring process.



***Attractive Opportunities in Investments in Loans.*** We invest in senior secured or unsecured loans, subordinated loans or mezzanine loans and, to a lesser extent, equity and equity-related securities. We believe that opportunities in senior secured loans are significant because of the floating rate structure of most senior secured debt issuances and because of the strong defensive characteristics of these types of investments. Given the current low interest rate environment, we believe that debt issues with floating interest rates offer a superior return profile as compared with fixed-rate investments, since floating rate structures are generally less susceptible to declines in value experienced by fixed-rate securities in a rising interest rate environment. Senior secured debt also provides strong defensive characteristics. Senior secured debt has priority in payment among an issuer's security holders whereby holders are due to receive payment before junior creditors and equity holders. Further, these investments are secured by the issuer's assets, which may provide protection in the event of a default.

### **Portfolio and Investment Activity**

As of June 30, 2020, based on fair value, our portfolio consisted of 80.8% first lien senior secured debt investments (of which 38% we consider to be unitranche debt investments (including "last-out" portions of such loans)), 17.8% second-lien senior secured debt investments, less than 0.1% unsecured notes and 1.4% equity investments.

As of June 30, 2020, our weighted average total yield of the portfolio at fair value and amortized cost was 7.4% and 7.2%, respectively, and our weighted average yield of accruing debt and income producing securities at fair value and amortized cost was 7.5% and 7.3%, respectively.

As of June 30, 2020 we had investments in 96 portfolio companies with an aggregate fair value of \$1.7 billion.

Based on current market conditions, the pace of our investment activities may vary.

Our investment activity for the three months ended June 30, 2020 and 2019 is presented below (information presented herein is at par value unless otherwise indicated).

(\$ in thousands)

|                                                                                       | <b>For the Three Months Ended June 30,</b> |                    |
|---------------------------------------------------------------------------------------|--------------------------------------------|--------------------|
|                                                                                       | <b>2020</b>                                | <b>2019</b>        |
| <b>New investment commitments</b>                                                     |                                            |                    |
| Gross originations                                                                    | \$ 64,040                                  | \$ 273,636         |
| Less: Sell downs                                                                      | (16,500)                                   | —                  |
| Total new investment commitments                                                      | <u>\$ 47,540</u>                           | <u>\$ 273,636</u>  |
| <b>Principal amount of investment funded:</b>                                         |                                            |                    |
| First-lien senior secured debt investments                                            | \$ 40,950                                  | \$ 168,187         |
| Second-lien senior secured debt investments                                           | 515                                        | 60,567             |
| Unsecured debt investments                                                            | 500                                        | —                  |
| Equity investments                                                                    | —                                          | 509                |
| Total principal amount of investments funded                                          | <u>\$ 41,965</u>                           | <u>\$ 229,263</u>  |
| <b>Principal amount of investments sold or repaid:</b>                                |                                            |                    |
| First-lien senior secured debt investments                                            | \$ (21,142)                                | \$ (47,724)        |
| Second-lien senior secured debt investments                                           | —                                          | (1,300)            |
| Unsecured debt investments                                                            | —                                          | —                  |
| Equity investments                                                                    | —                                          | —                  |
| Total principal amount of investments sold or repaid                                  | <u>\$ (21,142)</u>                         | <u>\$ (49,024)</u> |
| <b>Number of new investment commitments in new portfolio companies<sup>(1)</sup></b>  | 3                                          | 14                 |
| <b>Average new investment commitment amount</b>                                       | \$ 13,983                                  | \$ 12,035          |
| <b>Weighted average term for new investment commitments (in years)</b>                | 5.5                                        | 6.1                |
| <b>Percentage of new debt investment commitments at floating rates</b>                | 69.9%                                      | 100.0%             |
| <b>Percentage of new debt investment commitments at fixed rates</b>                   | 30.1%                                      | 0.0%               |
| <b>Weighted average interest rate of new investment commitments<sup>(2)</sup></b>     | 8.0%                                       | 8.3%               |
| <b>Weighted average spread over LIBOR of new floating rate investment commitments</b> | 7.5%                                       | 5.9%               |

(1) Number of new investment commitments represents commitments to a particular portfolio company.

(2) Assumes each floating rate commitment is subject to the greater of the interest rate floor (if applicable) or 3-month LIBOR, which was 0.30% and 2.32% as of June 30, 2020 and 2019, respectively.

As of June 30, 2020 and December 31, 2019, our investments consisted of the following:

|                                             | <b>June 30, 2020</b>  |                     | <b>December 31, 2019</b> |                     |
|---------------------------------------------|-----------------------|---------------------|--------------------------|---------------------|
|                                             | <b>Amortized Cost</b> | <b>Fair Value</b>   | <b>Amortized Cost</b>    | <b>Fair Value</b>   |
| First-lien senior secured debt investments  | \$ 1,397,862          | \$ 1,357,703        | (1)\$ 1,192,787          | \$ 1,191,620 (2)    |
| Second-lien senior secured debt investments | 312,503               | 298,640             | 248,541                  | 248,196             |
| Unsecured debt investments                  | 495                   | 495                 | —                        | —                   |
| Equity investments                          | 22,624                | 22,813              | 1,679                    | 1,710               |
| <b>Total Investments</b>                    | <u>\$ 1,733,484</u>   | <u>\$ 1,679,651</u> | <u>\$ 1,443,007</u>      | <u>\$ 1,441,526</u> |

(1) 38% of which we consider unitranche loans.

(2) 43% of which we consider unitranche loans.



The table below describes investments by industry composition based on fair value as of June 30, 2020 and December 31, 2019:

|                                           | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------------------|----------------------|--------------------------|
| Advertising and media                     | 2.3 %                | 3.0 %                    |
| Aerospace and defense                     | 5.1                  | 5.9                      |
| Automotive                                | 1.5                  | 1.6                      |
| Buildings and real estate                 | 4.1                  | 5.6                      |
| Business services                         | 5.1                  | 6.4                      |
| Chemicals                                 | 2.3                  | 2.8                      |
| Consumer products                         | 4.1                  | 1.4                      |
| Containers and packaging                  | 1.6                  | 1.9                      |
| Distribution                              | 5.2                  | 5.4                      |
| Education                                 | 3.8                  | 4.3                      |
| Energy equipment and services             | 0.1                  | 0.1                      |
| Financial services                        | 1.8                  | 2.1                      |
| Food and beverage                         | 4.5                  | 5.5                      |
| Healthcare providers and services         | 7.9                  | 7.9                      |
| Healthcare technology                     | 5.6                  | 5.2                      |
| Household products                        | 1.4                  | 1.7                      |
| Infrastructure and environmental services | 0.8                  | 1.0                      |
| Insurance                                 | 9.6                  | 7.4                      |
| Internet software and services            | 10.3                 | 7.3                      |
| Leisure and entertainment                 | 1.6                  | 1.9                      |
| Manufacturing                             | 4.5                  | 3.9                      |
| Oil and gas                               | 1.6                  | 2.0                      |
| Professional services                     | 6.9                  | 7.8                      |
| Specialty retail                          | 3.9                  | 4.2                      |
| Telecommunications                        | 0.4                  | 0.5                      |
| Transportation                            | 4.0                  | 3.2                      |
| <b>Total</b>                              | <u>100.0 %</u>       | <u>100.0 %</u>           |

The table below describes investments by geographic composition based on fair value as of June 30, 2020 and December 31, 2019:

|                | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|----------------|----------------------|--------------------------|
| United States: |                      |                          |
| Midwest        | 20.7 %               | 19.8 %                   |
| Northeast      | 13.8                 | 16.1                     |
| South          | 40.9                 | 43.3                     |
| West           | 18.1                 | 16.3                     |
| Belgium        | 1.8                  | 2.2                      |
| Canada         | 1.5                  | 0.5                      |
| Israel         | 0.7                  | —                        |
| United Kingdom | 2.5                  | 1.8                      |
| <b>Total</b>   | <u>100.0 %</u>       | <u>100.0 %</u>           |

The weighted average yields and interest rates of our investments at fair value as of June 30, 2020 and December 31, 2019 were as follows:

|                                                                               | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------------------------------------------------------|----------------------|--------------------------|
| Weighted average total yield of portfolio                                     | 7.4 %                | 8.4 %                    |
| Weighted average total yield of accruing debt and income producing securities | 7.5 %                | 8.4 %                    |
| Weighted average interest rate of accruing debt securities                    | 7.0 %                | 7.9 %                    |
| Weighted average spread over LIBOR of all accruing floating rate investments  | 6.1 %                | 6.1 %                    |

The weighted average yield of our accruing debt and income producing securities is not the same as a return on investment for our shareholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of all of our and our subsidiaries' fees and expenses. The weighted average yield was computed using the effective interest rates as of each respective date, including accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any. There can be no assurance that the weighted average yield will remain at its current level.

Our Adviser monitors our portfolio companies on an ongoing basis. It monitors the financial trends of each portfolio company to determine if they are meeting their respective business plans and to assess the appropriate course of action with respect to each portfolio company. Our Adviser has several methods of evaluating and monitoring the performance and fair value of our investments, which may include the following:

- assessment of success of the portfolio company in adhering to its business plan and compliance with covenants;
- periodic and regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- comparisons to other companies in the portfolio company's industry; and
- review of monthly or quarterly financial statements and financial projections for portfolio companies.



As part of the monitoring process, our Adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our Adviser rates the credit risk of all investments on a scale of 1 to 5. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. The rating system is as follows:

| Investment Rating | Description                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                 | Investments rated 1 involve the least amount of risk to our initial cost basis. The borrower is performing above expectations, and the trends and risk factors for this investment since origination or acquisition are generally favorable;                                                                                                                                                                                                      |
| 2                 | Investments rated 2 involve an acceptable level of risk that is similar to the risk at the time of origination or acquisition. The borrower is generally performing as expected and the risk factors are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a rating of 2;                                                                                                           |
| 3                 | Investments rated 3 involve a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination or acquisition;                                                                                                                                                                                                                                                                                  |
| 4                 | Investments rated 4 involve a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination or acquisition. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 120 days past due); and                                                                                               |
| 5                 | Investments rated 5 involve a borrower performing substantially below expectations and indicates that the loan's risk has increased substantially since origination or acquisition. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 5 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered. |

Our Adviser rates the investments in our portfolio at least quarterly and it is possible that the rating of a portfolio investment may be reduced or increased over time. For investments rated 3, 4 or 5, our Adviser enhances its level of scrutiny over the monitoring of such portfolio company.

The following table shows the composition of our portfolio on the 1 to 5 rating scale as of June 30, 2020 and December 31, 2019:

| Investment Rating | June 30, 2020                |                                  | December 31, 2019            |                                  |
|-------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|
|                   | Investments at<br>Fair Value | Percentage of<br>Total Portfolio | Investments at<br>Fair Value | Percentage of<br>Total Portfolio |
| (\$ in thousands) |                              |                                  |                              |                                  |
| 1                 | \$ 168,910                   | 10.1 %                           | \$ 97,002                    | 6.7 %                            |
| 2                 | 1,324,755                    | 78.9                             | 1,296,613                    | 90.0                             |
| 3                 | 112,994                      | 6.7                              | 47,911                       | 3.3                              |
| 4                 | 72,992                       | 4.3                              | —                            | —                                |
| 5                 | —                            | —                                | —                            | —                                |
| <b>Total</b>      | <u>\$ 1,679,651</u>          | <u>100.0 %</u>                   | <u>\$ 1,441,526</u>          | <u>100.0 %</u>                   |

The increase in investments rated by our Adviser as a 3 and 4 as of June 30, 2020 as compared to December 31, 2019 can be attributed to either COVID-19 related market disruptions or the underlying performance of the portfolio company. See “COVID-19 Developments” for additional information.

The following table shows the amortized cost of our performing and non-accrual debt investments as of June 30, 2020 and December 31, 2019:

| (\$ in thousands) | June 30, 2020       |                | December 31, 2019   |                |
|-------------------|---------------------|----------------|---------------------|----------------|
|                   | Amortized Cost      | Percentage     | Amortized Cost      | Percentage     |
| Performing        | \$ 1,679,381        | 98.2 %         | \$ 1,441,328        | 100.0 %        |
| Non-accrual       | 31,479              | 1.8            | —                   | —              |
| <b>Total</b>      | <b>\$ 1,710,860</b> | <b>100.0 %</b> | <b>\$ 1,441,328</b> | <b>100.0 %</b> |

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected in full. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management’s judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management’s judgment, are likely to remain current. Management may make exceptions to this treatment and determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

## Results of Operations

The following table represents the operating results for the three and six months ended June 30, 2020 and 2019:

| (\$ in thousands)                                                      | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|------------------------------------------------------------------------|-----------------------------|------------------|---------------------------|------------------|
|                                                                        | 2020                        | 2019             | 2020                      | 2019             |
| Total Investment Income                                                | \$ 33,564                   | \$ 23,499        | \$ 67,872                 | \$ 42,427        |
| Less: Net Operating Expenses                                           | 13,607                      | 12,159           | 26,798                    | 22,823           |
| Net Investment Income (Loss)                                           | 19,957                      | 11,340           | 41,074                    | 19,604           |
| Net realized gain (loss)                                               | 2                           | (27)             | 110                       | 206              |
| Net change in unrealized gain (loss)                                   | 38,445                      | 1,994            | (52,184)                  | 7,235            |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b> | <b>\$ 58,404</b>            | <b>\$ 13,307</b> | <b>\$ (11,000)</b>        | <b>\$ 27,045</b> |

Net increase (decrease) in net assets resulting from operations can vary from period to period as a result of various factors, including the level of new investment commitments, expenses, the recognition of realized gains and losses and changes in unrealized appreciation and depreciation on the investment portfolio.

## Investment Income

Investment income for the three and six months ended June 30, 2020 and 2019 were as follows:

| (\$ in thousands)                | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|----------------------------------|-----------------------------|------------------|---------------------------|------------------|
|                                  | 2020                        | 2019             | 2020                      | 2019             |
| Interest income from investments | \$ 32,697                   | \$ 23,157        | \$ 66,396                 | \$ 41,753        |
| Dividend income                  | 307                         | —                | 307                       | —                |
| Other income                     | 560                         | 342              | 1,169                     | 674              |
| <b>Total investment income</b>   | <b>\$ 33,564</b>            | <b>\$ 23,499</b> | <b>\$ 67,872</b>          | <b>\$ 42,427</b> |

*For the Three Months Ended June 30, 2020 and 2019*

Investment income increased to \$33.6 million for the three months ended June 30, 2020 from \$23.5 million for the same period in prior year primarily due to an increase in our investment portfolio, which, at par, increased from \$1.1 billion as of June 30, 2019 to \$1.8 billion as of June 30, 2020, partially offset by a decrease in our portfolio’s weighted average yield at amortized cost from 8.7% as



of June 30, 2019 to 7.2% as of June 30, 2020. Included in interest income are other fees such as prepayment fees and accelerated amortization of upfront fees from unscheduled paydowns. Period over period, income generated from these fees decreased, which is attributed to the decreased repayment activity in the current period, to \$0.5 million from \$1.3 million, for the three months ended June 30, 2020 and 2019, respectively. For the three months ended June 30, 2020, PIK income represented approximately 5.0% of investment income. For the three months ended June 30, 2019 payment-in-kind income represented less than 5% of investment income. Other income increased period-over-period due to an increase in incremental fee income, which are fees that are generally available to us as a result of closing investments and normally paid at the time of closing. We expect that investment income will continue to increase provided that our investment portfolio continues to increase.

*For the Six Months Ended June 30, 2020 and 2019*

Investment income increased to \$67.9 million for the six months ended June 30, 2020 from \$42.4 million for the same period in prior year primarily due to an increase in interest income as a result of an increase in our investment portfolio. Our investment portfolio, at par, increased from \$1.1 billion as of June 30, 2019 to \$1.8 billion as of June 30, 2020, partially offset by a decrease in our portfolio's weighted average yield at amortized cost from 8.7% as of June 30, 2019 to 7.2% as of June 30, 2020. Included in interest income are other fees such as prepayment fees and accelerated amortization of upfront fees from unscheduled paydowns. Period over period, income generated from these fees represented \$2.2 million and \$1.4 million, for the six months ended June 30, 2020 and 2019, respectively. For both the six months ended June 30, 2020 and 2019, PIK income represented less than 5% of investment income. Other income increased period-over-period due to an increase in incremental fee income, which are fees that are generally available to us as a result of closing investments and normally paid at the time of closing. We expect that investment income will continue to increase provided that our investment portfolio continues to increase.

**Expenses**

Expenses for the three and six months ended June 30, 2020 and 2019 were as follows:

| (\$ in thousands)                    | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|--------------------------------------|-----------------------------|------------------|---------------------------|------------------|
|                                      | 2020                        | 2019             | 2020                      | 2019             |
| Offering costs                       | \$ 762                      | \$ 900           | \$ 1,438                  | \$ 1,999         |
| Interest expense                     | 10,425                      | 5,376            | 19,833                    | 10,337           |
| Management fee                       | 6,276                       | 4,500            | 12,633                    | 8,156            |
| Performance based incentive fees     | —                           | 2,795            | 2,028                     | 5,092            |
| Professional fees                    | 988                         | 786              | 1,914                     | 1,476            |
| Directors' fees                      | 252                         | 153              | 508                       | 302              |
| Other general and administrative     | 698                         | 417              | 1,331                     | 873              |
| Total operating expenses             | \$ 19,401                   | \$ 14,927        | \$ 39,685                 | \$ 28,235        |
| Management and incentive fees waived | —                           | (992)            | (506)                     | (1,801)          |
| Expense Support                      | (5,794)                     | (1,776)          | (12,381)                  | (3,611)          |
| <b>Net operating expenses</b>        | <b>\$ 13,607</b>            | <b>\$ 12,159</b> | <b>\$ 26,798</b>          | <b>\$ 22,823</b> |

*For the Three Months Ended June 30, 2020 and 2019*

Net operating expenses increased to \$13.6 million for the three months ended June 30, 2020 from \$12.2 million for the same period ended June 30, 2019 primarily due to increases in interest expense and management fees, which were partially offset by a decrease in performance based incentive fees. The increase in interest expense of \$5.0 million was driven by an increase in average daily borrowings to \$640 million from \$386 million period over period. The increase in management fees (gross of waivers) of \$1.8 million is due to an increase in gross assets driven by an increase in investments. The decrease in performance based incentive fees of \$2.8 million is due to a decrease in pre-incentive fee net investment income.

*For the Six Months Ended June 30, 2020 and 2019*

Net operating expenses increased to \$26.8 million for the six months ended June 30, 2020 from \$22.8 million for the same period ended June 30, 2019 primarily due to increases in interest expense and management fees, which were partially offset by a decrease in performance based incentive fees. The increase in interest expense of \$9.5 million was driven by an increase in average daily borrowings to \$605 million from \$372 million period over period. The increase in management fees (gross of waivers) of \$4.5 million



is due to an increase in gross assets driven by an increase in investments. The decrease in performance based incentive fees of \$3.1 million is due to a decrease in pre-incentive fee net investment income.

### *Net Unrealized Gain (Loss)*

We fair value our portfolio investments quarterly and any changes in fair value are recorded as unrealized gains or losses. During the three and six months ended June 30, 2020 and 2019, net unrealized gains (losses) were comprised of the following:

| (\$ in thousands)                                           | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|-------------------------------------------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                                                             | 2020                        | 2019            | 2020                      | 2019            |
| Net change in unrealized gain on investments                | \$ 45,130                   | \$ 2,728        | \$ 2,970                  | \$ 8,247        |
| Net change in unrealized loss on investments                | (6,889)                     | (747)           | (55,181)                  | (987)           |
| Translation of assets and liabilities in foreign currencies | 204                         | 13              | 27                        | (25)            |
| <b>Net change in unrealized gain (loss)</b>                 | <b>\$ 38,445</b>            | <b>\$ 1,994</b> | <b>\$ (52,184)</b>        | <b>\$ 7,235</b> |

#### *For the Three Months Ended June 30, 2020 and 2019*

For the three months ended June 30, 2020, the net unrealized gain was primarily driven by an increase in the fair value of our debt investments as compared to March 31, 2020. As of June 30, 2020, the fair value of our debt investments as a percentage of principal was 95.3% as compared to 93.3% as of March 31, 2020. The primary driver of our portfolio's net unrealized gains for the three months ended June 30, 2020 was due improved market conditions and tightening of credit spreads as business began to reopen and the government provided fiscal stimulus to support the economy. See "COVID-19 Developments" for additional information. The ten largest contributors to the change in net unrealized gain (loss) on investments during the three months ended June 30, 2020 consisted of the following:

| Portfolio Company<br>(\$ in thousands)           | Net Change in Unrealized<br>Gain (Loss) |
|--------------------------------------------------|-----------------------------------------|
| Dealer Tire, LLC                                 | \$ 3,684                                |
| H-Food Holdings, LLC                             | 2,174                                   |
| Norvax, LLC (dba GoHealth)                       | 1,834                                   |
| Moore Holdings                                   | 1,756                                   |
| Geodigm Corporation (dba National Dentex)        | 1,427                                   |
| WU Holdco, Inc. (dba Weiman Products, LLC)       | 1,354                                   |
| KS Management Services, L.L.C.                   | 1,348                                   |
| Informatica LLC (fka Informatica Corporation)    | 1,290                                   |
| ConnectWise, LLC                                 | 1,193                                   |
| Remaining portfolio companies                    | 24,128                                  |
| Swipe Acquisition Corporation (dba PLI)          | (1,947)                                 |
| <b>Net unrealized gain (loss) on investments</b> | <b>\$ 38,241</b>                        |

#### *For the Six Months Ended June 30, 2020 and 2019*

For the six months ended June 30, 2020, the net unrealized loss was primarily driven by a decrease in the fair value of our debt investments as compared to December 31, 2019. As of June 30, 2020, the fair value of our debt investments as a percentage of principal was 95.3% as compared to 98.2% as of December 31, 2019. The primary driver of our portfolio's net unrealized loss for the six months ended June 30, 2020 was due to current market conditions and credit spreads widening. See "COVID-19 Developments"

for additional information. The ten largest contributors to the change in net unrealized gain (loss) on investments during the six months ended June 30, 2020 consisted of the following:

| Portfolio Company<br>(\$ in thousands)           | Net Change in Unrealized<br>Gain (Loss) |
|--------------------------------------------------|-----------------------------------------|
| Aviation Solutions Midco, LLC (dba STS Aviation) | \$ (4,908)                              |
| Swipe Acquisition Corporation (dba PLI)          | (3,377)                                 |
| CIBT Global, Inc.                                | (2,817)                                 |
| Valence Surface Technologies LLC                 | (2,743)                                 |
| Innovative Water Care Global Corporation         | (2,071)                                 |
| Severin Acquisition, LLC (dba PowerSchool)       | (1,545)                                 |
| Entertainment Benefits Group, LLC                | (1,523)                                 |
| HGH Purchaser, Inc. (dba Horizon Services)       | (1,517)                                 |
| Blackhawk Network Holdings, Inc.                 | (1,418)                                 |
| Geodigm Corporation (dba National Dentex)        | (1,392)                                 |
| Remaining portfolio companies                    | (28,900)                                |
| <b>Net unrealized gain (loss) on investments</b> | <b>\$ (52,211)</b>                      |

### Net Realized Gains (Losses)

The realized gains and losses on fully exited and partially exited portfolio companies during the three and six months ended June 30, 2020 and 2019 were comprised of the following:

| (\$ in thousands)                                         | Three Months Ended June 30, |                | Six Months Ended June 30, |               |
|-----------------------------------------------------------|-----------------------------|----------------|---------------------------|---------------|
|                                                           | 2020                        | 2019           | 2020                      | 2019          |
| Net realized gain (loss) on investments                   | \$ —                        | \$ —           | \$ 122                    | \$ 210        |
| Net realized gain (loss) on foreign currency transactions | 2                           | (27)           | (12)                      | (4)           |
| <b>Net realized gain (loss)</b>                           | <b>\$ 2</b>                 | <b>\$ (27)</b> | <b>\$ 110</b>             | <b>\$ 206</b> |

### Realized Gross Internal Rate of Return

Since we began investing in 2017 through June 30, 2020, our exited investments have resulted in an aggregate cash flow realized gross internal rate of return to us of over 12.4% (based on total capital invested of \$316.4 million and total proceeds from these exited investments of \$346.9 million). Over seventy percent of these exited investments resulted in an aggregate cash flow realized gross internal rate of return (“IRR”) to us of 8% or greater.

IRR, is a measure of our discounted cash flows (inflows and outflows). Specifically, IRR is the discount rate at which the net present value of all cash flows is equal to zero. That is, IRR is the discount rate at which the present value of total capital invested in each of our investments is equal to the present value of all realized returns from that investment. Our IRR calculations are unaudited.

Capital invested, with respect to an investment, represents the aggregate cost basis allocable to the realized or unrealized portion of the investment, net of any upfront fees paid at closing for the term loan portion of the investment.

Realized returns, with respect to an investment, represents the total cash received with respect to each investment, including all amortization payments, interest, dividends, prepayment fees, upfront fees (except upfront fees paid at closing for the term loan portion of an investment), administrative fees, agent fees, amendment fees, accrued interest, and other fees and proceeds.

Gross IRR, with respect to an investment, is calculated based on the dates that we invested capital and dates we received distributions, regardless of when we made distributions to our shareholders. Initial investments are assumed to occur at time zero.

Gross IRR reflects historical results relating to our past performance and is not necessarily indicative of our future results. In addition, gross IRR does not reflect the effect of management fees, expenses, incentive fees or taxes borne, or to be borne, by us or our shareholders, and would be lower if it did.

Aggregate cash flow realized gross IRR on our exited investments reflects only invested and realized cash amounts as described above and does not reflect any unrealized gains or losses in our portfolio.





## Financial Condition, Liquidity and Capital Resources

Our liquidity and capital resources are generated primarily from the net proceeds of any offering of our common stock and from cash flows from interest, dividends and fees earned from our investments and principal repayments and proceeds from sales of our investments. The primary uses of our cash are for (i) investments in portfolio companies and other investments and to comply with certain portfolio diversification requirements, (ii) the cost of operations (including paying or reimbursing our Adviser), (iii) debt service, repayment and other financing costs of any borrowings and (iv) cash distributions to the holders of our shares.

We may from time to time enter into additional debt facilities, increase the size of our existing credit facilities or issue additional debt securities. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to incur borrowings, issue debt securities or issue preferred stock, if immediately after the borrowing or issuance, the ratio of total assets (less total liabilities other than indebtedness) to total indebtedness plus preferred stock, is at least 200% (or 150% if certain conditions are met). As of June 30, 2020 and December 31, 2019, our asset coverage ratios were 277% and 269%, respectively. We seek to carefully consider our unfunded commitments for the purpose of planning our ongoing financial leverage. Further, we maintain sufficient borrowing capacity within the 200% (or 150% if certain conditions are met) asset coverage limitation to cover any outstanding unfunded commitments we are required to fund.

Cash as of June 30, 2020 is expected to be sufficient for our investing activities and to conduct our operations in the near term. As of June 30, 2020, we had \$46.6 million in cash. During the six months ended June 30, 2020, we used \$223.4 million in cash for operating activities, primarily as a result of funding portfolio investments of \$418.9 million, partially offset by sell downs and repayments of portfolio investments of \$134.5 million, and other operating activity of \$61.0 million. Lastly, cash provided by financing activities was \$196.9 million during the period, which was the result of proceeds from net borrowings on our credit facilities of \$33.0 million and proceeds from the issuance of shares of \$205.1 million, partially offset by distributions paid of \$21.2 million, debt issuance costs of \$2.7 million and repurchased shares of \$17.3 million.

As of June 30, 2019, we had \$39.0 million in cash. During the six months ended June 30, 2019, we used \$338.1 million in cash for operating activities, primarily as a result of funding portfolio investments of \$459.5 million, partially offset by sell downs and repayments of portfolio investments of \$89.7 million, and other operating activity of \$31.7 million. Lastly, cash provided by financing activities was \$356.1 million during the period, which was the result of proceeds from net borrowings on our credit facilities of \$136.1 million and proceeds from the issuance of shares of \$237.6 million, partially offset by distributions paid of \$11.8 million, repurchased shares of \$2.0 million and debt issuance costs of \$3.8 million.

### *Net Assets*

### *Share Issuances*

In connection with our formation, we had the authority to issue 300,000,000 common shares at \$0.01 per share par value. Effective as of June 18, 2019, we amended our charter to increase the number of shares of common stock we are authorized to issue from 300,000,000 to 450,000,000. Pursuant to our Registration Statement on Form N-2 (File No. 333-213716), we registered 264,000,000 common shares, par value of \$0.01 per share, at an initial public offering price of \$9.47 per share and pursuant to our Registration Statement on Form N-2 (File No. 333-232183), we registered an additional 160,000,000 common shares, par value \$0.01 per share, at an initial public offering price of \$9.56 per share.

On September 30, 2016, we issued 100 common shares for \$900 to the Adviser. We received \$900 in cash from the Adviser on November 17, 2016.

On April 4, 2017, we received subscription agreements totaling \$10 million for the purchase of shares of our common stock from a private placement from certain individuals and entities affiliated with the Adviser. Pursuant to the terms of those subscription agreements, the individuals and entities affiliated with the Adviser agreed to pay for such shares of common stock upon demand by one of our executive officers. On April 4, 2017, we sold 277,778 shares pursuant to such subscription agreements and met the minimum offering requirement for our continuous public offering of \$2.5 million. The purchase price of these shares sold in the private placement was \$9.00 per share, which represented the initial public offering price of \$9.47 per share, net of selling commissions and dealer manager fees.



The following table summarizes transactions with respect to shares of our common stock during the three months ended June 30, 2020 and 2019:

| (\$ in thousands, except share amounts)                   | June 30, 2020 |           | June 30, 2019 |            |
|-----------------------------------------------------------|---------------|-----------|---------------|------------|
|                                                           | Shares        | Amount    | Shares        | Amount     |
| Shares/gross proceeds from the continuous public offering | 5,039,140     | \$ 43,165 | 12,477,078    | \$ 115,346 |
| Reinvestment of distributions                             | 1,136,350     | 9,534     | 544,509       | 4,938      |
| Repurchased Shares                                        | (2,062,645)   | (17,300)  | (219,982)     | (1,995)    |
| Total shares/gross proceeds                               | 4,112,845     | 35,399    | 12,801,605    | 118,289    |
| Sales load                                                | —             | (673)     | —             | (2,186)    |
| Total shares/net proceeds                                 | 4,112,845     | \$ 34,726 | 12,801,605    | \$ 116,103 |

The following table summarizes transactions with respect to shares of our common stock during the six months ended June 30, 2020 and 2019:

| (\$ in thousands, except share amounts)                   | June 30, 2020 |            | June 30, 2019 |            |
|-----------------------------------------------------------|---------------|------------|---------------|------------|
|                                                           | Shares        | Amount     | Shares        | Amount     |
| Shares/gross proceeds from the continuous public offering | 23,231,938    | \$ 207,761 | 26,263,005    | \$ 242,787 |
| Reinvestment of distributions                             | 2,066,719     | 17,931     | 973,642       | 8,810      |
| Repurchased Shares                                        | (2,062,645)   | (17,300)   | (219,982)     | (1,995)    |
| Total shares/gross proceeds                               | 23,236,012    | 208,392    | 27,016,665    | 249,602    |
| Sales load                                                | —             | (2,622)    | —             | (5,166)    |
| Total shares/net proceeds                                 | 23,236,012    | \$ 205,770 | 27,016,665    | \$ 244,436 |

In the event of a material decline in our net asset value per share, which we consider to be a 2.5% decrease below its current net offering price, our Board will reduce the offering price in order to establish a new net offering price per share that is not more than 2.5% above the net asset value. We will not sell shares at a net offering price below the net asset value per share unless we obtain the requisite approval from our shareholders. To ensure that the offering price per share, net of sales load, is equal to or greater than net asset value per share on each subscription closing date and distribution reinvestment date, the Board increased the offering price per share of common stock on certain dates. The changes to our offering price per share since the commencement of our initial continuous public offering and associated approval and effective dates of such changes were as follows:

| <b>Approval Date</b>   | <b>Effective Date</b> | <b>Gross Offering Price Per Share</b> | <b>Net Offering Price Per Share</b> |
|------------------------|-----------------------|---------------------------------------|-------------------------------------|
| Initial Offering Price | April 4, 2017         | \$ 9.47                               | \$ 9.00                             |
| May 2, 2017            | May 3, 2017           | \$ 9.52                               | \$ 9.04                             |
| January 17, 2018       | January 17, 2018      | \$ 9.53                               | \$ 9.05                             |
| January 31, 2018       | January 31, 2018      | \$ 9.55                               | \$ 9.07                             |
| July 18, 2018          | July 18, 2018         | \$ 9.56                               | \$ 9.08                             |
| October 9, 2018        | October 10, 2018      | \$ 9.57                               | \$ 9.09                             |
| January 22, 2019       | January 23, 2019      | \$ 9.46                               | \$ 8.99                             |
| February 19, 2019      | February 20, 2019     | \$ 9.51                               | \$ 9.03                             |
| February 27, 2019      | February 27, 2019     | \$ 9.52                               | \$ 9.04                             |
| April 3, 2019          | April 3, 2019         | \$ 9.54                               | \$ 9.06                             |
| April 9, 2019          | April 10, 2019        | \$ 9.55                               | \$ 9.07                             |
| July 3, 2019           | July 3, 2019          | \$ 9.56                               | \$ 9.08                             |
| October 9, 2019        | October 9, 2019       | \$ 9.49                               | \$ 9.02                             |
| January 15, 2020       | January 15, 2020      | \$ 9.51                               | \$ 9.03                             |
| March 10, 2020         | March 11, 2020        | \$ 9.41                               | \$ 8.94                             |
| March 18, 2020         | March 18, 2020        | \$ 8.83                               | \$ 8.39                             |
| March 25, 2020         | March 25, 2020        | \$ 8.74                               | \$ 8.30                             |
| April 15, 2020         | April 15, 2020        | \$ 8.80                               | \$ 8.36                             |
| April 22, 2020         | April 22, 2020        | \$ 8.85                               | \$ 8.41                             |
| May 19, 2020           | May 20, 2020          | \$ 8.87                               | \$ 8.43                             |
| May 27, 2020           | May 27, 2020          | \$ 8.93                               | \$ 8.48                             |
| June 2, 2020           | June 3, 2020          | \$ 8.96                               | \$ 8.51                             |
| June 9, 2020           | June 10, 2020         | \$ 9.02                               | \$ 8.57                             |
| June 16, 2020          | June 17, 2020         | \$ 9.05                               | \$ 8.60                             |
| July 14, 2020          | July 15, 2020         | \$ 9.08                               | \$ 8.63                             |
| July 22, 2020          | July 22, 2020         | \$ 9.12                               | \$ 8.66                             |
| July 29, 2020          | July 29, 2020         | \$ 9.14                               | \$ 8.68                             |

*Distributions*

The Board authorizes and declares weekly distribution amounts per share of common stock, payable monthly in arrears. The following table presents cash distributions per share that were declared during the six months ended June 30, 2020:

| (\$ in thousands)                      | <b>Distributions</b> |                  |
|----------------------------------------|----------------------|------------------|
|                                        | <b>Per Share</b>     | <b>Amount</b>    |
| <b>2020</b>                            |                      |                  |
| March 31, 2020 (fourteen record dates) | \$ 0.18              | \$ 20,896        |
| June 30, 2020 (thirteen record dates)  | \$ 0.17              | \$ 21,332        |
| <b>Total</b>                           | <b>\$ 0.35</b>       | <b>\$ 42,228</b> |

The following table presents cash distributions per share that were declared during the six months ended June 30, 2019:

| (\$ in thousands)                      | <b>Distributions</b> |                  |
|----------------------------------------|----------------------|------------------|
|                                        | <b>Per Share</b>     | <b>Amount</b>    |
| <b>2019</b>                            |                      |                  |
| March 31, 2019 (thirteen record dates) | \$ 0.17              | \$ 9,119         |
| June 30, 2019 (thirteen record dates)  | \$ 0.17              | \$ 11,455        |
| <b>Total</b>                           | <b>\$ 0.34</b>       | <b>\$ 20,574</b> |

On February 27, 2019, our Board declared regular weekly distributions for April 2019 through June 2019. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On May 8, 2019, our Board declared regular weekly distributions for July 2019 through September 2019. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On February 19, 2020, our Board declared regular weekly distributions for April 2020 through June 2020. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

On May 5, 2020, our Board declared regular weekly distributions for July 2020 through September 2020. The regular weekly cash distributions, each in the gross amount of \$0.012867 per share, will be payable monthly to shareholders of record as of the weekly record date.

With respect to distributions, we have adopted an “opt-in” dividend reinvestment plan for common shareholders. As a result, in the event of a declared distribution, each shareholder that has not “opted-in” to the dividend reinvestment plan will have their dividends or distributions automatically received in cash rather than reinvested in additional shares of our common stock. Shareholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received cash distributions.

We may fund our cash distributions to shareholders from any source of funds available to us, including but not limited to offering proceeds, net investment income from operations, capital gains proceeds from the sale of assets, dividends or other distributions paid to us on account of preferred and common equity investments in portfolio companies and expense support from the Adviser, which is subject to recoupment. In no event, however, will funds be advanced or borrowed for purpose of distributions, if the amount of such distributions would exceed our accrued and received Net Revenues for the previous four quarters, less paid and accrued operating expenses with respect to such revenues and costs.

Through June 30, 2020, a portion of our distributions resulted from expense support from the Adviser, and future distributions may result from expense support from the Adviser, each of which is subject to repayment by us within three years from the date of payment. The purpose of this arrangement is to avoid distributions being characterized as a return of capital for U.S. federal income tax purposes. Shareholders should understand that any such distributions are not based on our investment performance and can only be sustained if we achieve positive investment performance in future periods and/or the Adviser continues to provide expense support. Shareholders should also understand that our future repayments of expense support will reduce the distributions that they would otherwise receive. There can be no assurance that we will achieve the performance necessary to sustain these distributions or be able to pay distributions at all.

Sources of distributions, other than net investment income and realized gains on a U.S. GAAP basis, include required adjustments to U.S. GAAP net investment income in the current period to determine taxable income available for distributions. The following tables reflect the sources of cash distributions on a U.S. GAAP basis that we have declared on our shares of common stock during the six months ended June 30, 2020 and 2019:

| <b>Source of Distribution</b>                          | <b>Six Months Ended June 30, 2020</b> |                  |                   |
|--------------------------------------------------------|---------------------------------------|------------------|-------------------|
|                                                        | <b>Per Share</b>                      | <b>Amount</b>    | <b>Percentage</b> |
| (\$ in thousands, except per share amounts)            |                                       |                  |                   |
| Net investment income                                  | \$ 0.34                               | \$ 41,074        | 97.2 %            |
| Net realized gain (loss) on investments <sup>(1)</sup> | —                                     | 110              | 0.3               |
| Distributions in excess of net investment income       | 0.01                                  | 1,044            | 2.5               |
| <b>Total</b>                                           | <b>\$ 0.35</b>                        | <b>\$ 42,228</b> | <b>100.0 %</b>    |

(1) The per share amount rounds to less than \$0.01 per share.

| <b>Source of Distribution</b>                          | <b>Six Months Ended June 30, 2019</b> |                  |                   |
|--------------------------------------------------------|---------------------------------------|------------------|-------------------|
|                                                        | <b>Per Share</b>                      | <b>Amount</b>    | <b>Percentage</b> |
| (\$ in thousands, except per share amounts)            |                                       |                  |                   |
| Net investment income                                  | \$ 0.33                               | \$ 19,604        | 95.3 %            |
| Net realized gain (loss) on investments <sup>(1)</sup> | —                                     | 206              | 1.0               |
| Distributions in excess of net investment income       | 0.01                                  | 764              | 3.7               |
| <b>Total</b>                                           | <b>\$ 0.34</b>                        | <b>\$ 20,574</b> | <b>100.0 %</b>    |

(1) The per share amount rounds to less than \$0.01 per share.

#### *Share Repurchases*

In the third quarter of 2017, we began offering, and on a quarterly basis, intend to continue offering, to repurchase shares of our common stock on such terms as may be determined by our Board in its complete discretion. The Board has complete discretion to determine whether we will engage in any share repurchase, and if so, the terms of such repurchase. At the discretion of our Board, the Company may use cash on hand, cash available from borrowings, and cash from the sale of our investments as of the end of the applicable period to repurchase shares.

We intend to limit the number of shares to be repurchased in each quarter to the lesser of (a) 2.5% of the weighted average number of shares of our common stock outstanding in the prior 12-month period and (b) the number of shares we can repurchase with the proceeds we receive from the sale of shares of our common stock under our distribution reinvestment plan. All shares purchased by us pursuant to the terms of each offer to repurchase will be retired and thereafter will be authorized and unissued shares.

Any periodic repurchase offers are subject in part to our available cash and compliance with the BDC and RIC qualification and diversification rules promulgated under the 1940 Act and the Code, respectively. While we intend to continue to conduct quarterly tender offers as described above, we are not required to do so and may suspend or terminate the share repurchase program at any time.

On March 4, 2019, we conducted a tender offer to repurchase up to \$6.2 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.06 per share (which reflects the net offering price per share in effect as of April 3, 2019). The offer expired on March 29, 2019, with approximately 119,874 shares purchased in connection with the repurchase offer.



On May 13, 2019, we conducted a tender offer to repurchase up to \$9.0 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.07 per share (which reflects the net offering price per share in effect as of June 12, 2019). The offer expired on June 10, 2019, with approximately 100,108 shares purchased in connection with the repurchase offer.

On March 9, 2020, we conducted a tender offer to repurchase up to \$21.4 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.30 per share (which reflects the net offering price per share in effect as of April 8, 2020). The offer expired on April 3, 2020, with approximately 1,462,441 shares purchased in connection with the repurchase offer.

On May 26, 2020, we conducted a tender offer to repurchase up to \$16.3 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.60 per share (which reflects the net offering price per share in effect as of June 24, 2020). The offer expired on June 22, 2020, with approximately 600,204 shares purchased in connection with the repurchase offer.

#### *Total Return Since Inception*

Cumulative total return for the period April 4, 2017 to June 30, 2020 was 17.3% (without upfront sales load) and 11.4% (with maximum upfront sales load). The following table presents cumulative total returns for the six months ended June 30, 2020, rolling 1-year, 3-year and 5-year periods and since inception.

|                                             | Shareholder Returns (Without Sales Charge) |        |        |        |                 |                                         | Shareholder Returns (With Maximum Sales Charge) |
|---------------------------------------------|--------------------------------------------|--------|--------|--------|-----------------|-----------------------------------------|-------------------------------------------------|
|                                             | Annualized Total Return                    |        |        |        |                 |                                         | Cumulative Total Return Since Inception         |
|                                             | YTD                                        | 1-Year | 3-Year | 5-Year | Since Inception | Cumulative Total Return Since Inception |                                                 |
| Total Shareholder Returns <sup>(1)(2)</sup> | -1.0%                                      | -1.3%  | 5.0%   | N/A    | 5.3%            | 17.3%                                   | 11.4%                                           |

(1) Compounded monthly.

(2) Total return is calculated as the change in net asset value (“NAV”) per share (assuming dividends and distributions, if any, are reinvested in accordance with the Company’s dividend reinvestment plan), if any, divided by the beginning NAV per share (which for the purposes of this calculation is equal to the net offering price in effect at that time).

Past performance does not guarantee future results. Returns reflect reinvestment of distributions and the deduction of ongoing expenses that are borne by investors, such as management fees, incentive fees, interest expense, offering costs, professional fees, director fees and other general and administrative expenses. An investment in ORCC II is subject to a maximum upfront sales load of 5% of the offering price, which will reduce the amount of capital available for investment. Operating expenses may vary in the future based on the amount of capital raised, the Adviser’s election to continue expense support, and other unpredictable variables.



**Debt***Aggregate Borrowings*

Our debt obligations consisted of the following as of June 30, 2020 and December 31, 2019:

|                       | <b>June 30, 2020</b>                         |                                  |                                |                                  |
|-----------------------|----------------------------------------------|----------------------------------|--------------------------------|----------------------------------|
| (\$ in thousands)     | <b>Aggregate<br/>Principal<br/>Committed</b> | <b>Outstanding<br/>Principal</b> | <b>Amount<br/>Available(1)</b> | <b>Net Carrying<br/>Value(2)</b> |
| SPV Asset Facility I  | \$ 400,000                                   | \$ 298,487                       | \$ 101,513                     | \$ 296,042                       |
| SPV Asset Facility II | 200,000                                      | —                                | 200,000                        | (2,442)                          |
| 2024 Notes            | 300,000                                      | 300,000                          | —                              | 295,684                          |
| Promissory Note       | 50,000                                       | —                                | 50,000                         | —                                |
| <b>Total Debt</b>     | <b>\$ 950,000</b>                            | <b>\$ 598,487</b>                | <b>\$ 351,513</b>              | <b>\$ 589,284</b>                |

(1) The amount available reflects any limitations related to each credit facility's borrow base.

(2) The carrying value of the Company's SPV Asset Facility I, SPV Asset Facility II and 2024 Notes are presented net of deferred financing costs of \$2.5 million, \$2.4 million and \$4.3 million, respectively.

|                      | <b>December 31, 2019</b>                     |                                  |                                |                                  |
|----------------------|----------------------------------------------|----------------------------------|--------------------------------|----------------------------------|
| (\$ in thousands)    | <b>Aggregate<br/>Principal<br/>Committed</b> | <b>Outstanding<br/>Principal</b> | <b>Amount<br/>Available(1)</b> | <b>Net Carrying<br/>Value(2)</b> |
| SPV Asset Facility I | \$ 750,000                                   | \$ 265,672                       | \$ 272,778                     | \$ 259,932                       |
| 2024 Notes           | 300,000                                      | 300,000                          | —                              | 295,293                          |
| Promissory Note      | 50,000                                       | —                                | 50,000                         | —                                |
| <b>Total Debt</b>    | <b>\$ 1,100,000</b>                          | <b>\$ 565,672</b>                | <b>\$ 322,778</b>              | <b>\$ 555,225</b>                |

(1) The amount available reflects any limitations related to each credit facility's borrow base.

(2) The carrying value of the Company's SPV Asset Facility I and 2024 Notes are presented net of deferred financing costs of \$5.7 million and \$4.7 million, respectively.

For the three and six months ended June 30, 2020 and 2019, the components of interest expense were as follows:

| (\$ in thousands)                   | <b>For the Three Months Ended June 30,</b> |                 | <b>For the Six Months Ended<br/>June 30,</b> |                  |
|-------------------------------------|--------------------------------------------|-----------------|----------------------------------------------|------------------|
|                                     | <b>2020</b>                                | <b>2019</b>     | <b>2020</b>                                  | <b>2019</b>      |
| Interest expense                    | \$ 7,345                                   | \$ 4,846        | \$ 15,927                                    | \$ 9,475         |
| Amortization of debt issuance costs | 3,080                                      | 530             | 3,906                                        | 862              |
| <b>Total Interest Expense</b>       | <b>\$ 10,425</b>                           | <b>\$ 5,376</b> | <b>\$ 19,833</b>                             | <b>\$ 10,337</b> |
| Average interest rate               | 3.9 %                                      | 4.9 %           | 4.1 %                                        | 5.0 %            |
| Average daily borrowings            | \$ 639,747                                 | \$ 385,681      | \$ 604,778                                   | \$ 372,212       |

*Senior Securities*

Information about our senior securities is shown in the following table as of June 30, 2020 and the fiscal years ended December 31, 2019, 2018 and 2017.

| <b>Class and Period</b>      | <b>Total Amount<br/>Outstanding<br/>Exclusive of<br/>Treasury<br/>Securities(1)<br/>(\$ in millions)</b> | <b>Asset Coverage<br/>per Unit(2)</b> | <b>Involuntary<br/>Liquidating<br/>Preference per<br/>Unit(3)</b> | <b>Average<br/>Market Value<br/>per Unit(4)</b> |
|------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|
| <b>Promissory Note</b>       |                                                                                                          |                                       |                                                                   |                                                 |
| June 30, 2020 (unaudited)    | \$ —                                                                                                     | \$ 2,775                              | —                                                                 | N/A                                             |
| December 31, 2019            | \$ —                                                                                                     | \$ 2,687                              | —                                                                 | N/A                                             |
| December 31, 2018            | \$ —                                                                                                     | \$ 2,397                              | —                                                                 | N/A                                             |
| December 31, 2017            | \$ —                                                                                                     | \$ 4,969                              | —                                                                 | N/A                                             |
| <b>SPV Asset Facility I</b>  |                                                                                                          |                                       |                                                                   |                                                 |
| June 30, 2020 (unaudited)    | \$ 298.5                                                                                                 | \$ 2,775                              | —                                                                 | N/A                                             |
| December 31, 2019            | \$ 265.7                                                                                                 | \$ 2,687                              | —                                                                 | N/A                                             |
| December 31, 2018            | \$ 302.5                                                                                                 | \$ 2,397                              | —                                                                 | N/A                                             |
| December 31, 2017            | \$ 20.0                                                                                                  | \$ 4,969                              | —                                                                 | N/A                                             |
| <b>SPV Asset Facility II</b> |                                                                                                          |                                       |                                                                   |                                                 |
| June 30, 2020 (unaudited)    | \$ —                                                                                                     | \$ 2,775                              | —                                                                 | N/A                                             |
| <b>2024 Notes</b>            |                                                                                                          |                                       |                                                                   |                                                 |
| June 30, 2020 (unaudited)    | \$ 300.0                                                                                                 | \$ 2,775                              | —                                                                 | N/A                                             |
| December 31, 2019            | \$ 300.0                                                                                                 | \$ 2,687                              | —                                                                 | N/A                                             |

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per unit is the ratio of the carrying value of our total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness and is calculated on a consolidated basis.
- (3) The amount to which such class of senior security would be entitled upon our involuntary liquidation in preference to any security junior to it. The "—" in this column indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.
- (4) Not applicable because the senior securities are not registered for public trading.

*SPV Asset Facility I*

On December 1, 2017 (the "SPV Asset Facility I Closing Date"), ORCC II Financing LLC and OR Lending II LLC (collectively, the "Subsidiaries"), each a Delaware limited liability company and a wholly-owned subsidiary of us, entered into a Credit Agreement (the "SPV Asset Facility I"). Parties to the SPV Asset Facility I include ORCC II Financing LLC and OR Lending II LLC, as Borrowers, and the lenders from time to time parties thereto (the "SPV I Lenders"), Goldman Sachs Bank USA as Sole Lead Arranger, Syndication Agent and Administrative Agent, State Street Bank and Trust Company as Collateral Administrator and Collateral Agent and Cortland Capital Market Services LLC as Collateral Custodian. On July 31, 2018, the parties to the SPV Asset Facility I amended the SPV Asset Facility I and the related transaction documents (the "SPV Facility I Amendment No. 1") to increase the maximum principal amount of the SPV Asset Facility I, extend the reinvestment period and scheduled maturity of the SPV Asset Facility I, reduce the spread over LIBOR payable on the drawn amount of the SPV Asset Facility I and make certain other changes relating to the calculation of the borrowing base, the fees payable to Goldman Sachs Bank USA as Administrative Agent and the potential syndication of the SPV Asset Facility I. On March 11, 2019, the parties to the SPV Asset Facility I amended and restated the SPV Asset Facility I and the related transaction documents (the "SPV Facility I Amendment No. 2") to establish and modify certain lender and Administration Agent consent rights, increase the maximum principal amount of the SPV Asset Facility I and add new lenders. On April 29, 2019, the parties to the SPV Asset Facility I amended and restated the SPV Asset Facility I and the related transaction documents (the "SPV Facility I Amendment No. 3") to increase the maximum principal amount of the SPV Asset Facility I and make certain other changes, including dividing the loans under the SPV Asset Facility I into two separate Classes, Class A and Class B. The terms of the two classes of loans are generally the same, for example they have the same interest rate and maturity date



but differ with respect to certain make-whole payments, minimum spread payments, unused commitment fees, consent rights and other terms.

The summary below reflects the terms of the SPV Asset Facility I as amended by SPV Facility I Amendment No. 1, SPV Facility I Amendment No. 2, SPV Facility I Amendment No. 3, and the voluntary commitment reduction that the Subsidiaries effected on May 8, 2020.

From time to time, we sell and contribute certain investments to ORCC II Financing LLC pursuant to a Sale and Contribution Agreement by and between us and ORCC II Financing LLC. No gain or loss will be recognized as a result of these sales and contributions. Proceeds from the SPV Asset Facility I have been and will be used to finance the origination and acquisition of eligible assets by the Subsidiaries, including the purchase of such assets from us. We retain a residual interest in assets contributed to or acquired by the Subsidiaries through our ownership of the Subsidiaries. The maximum principal amount of the SPV Asset Facility I is \$400 million; the availability of this amount is subject to a borrowing base test, which is based on the amount of the Subsidiaries' assets from time to time, and satisfaction of certain conditions, including certain concentration limits

The SPV Asset Facility I provides for a reinvestment period up to and including November 30, 2021. (the "SPV Asset Facility I Commitment Termination Date"). Prior to the SPV Asset Facility I Commitment Termination Date, proceeds received by the Subsidiaries from interest, dividends, or fees on assets must be used to pay expenses and interest on outstanding borrowings, and the excess may be returned to the Company, subject to certain conditions. Proceeds received from principal on assets prior to the SPV Asset Facility I Commitment Termination Date must be used to make quarterly payments of principal on outstanding borrowings. Following the SPV Asset Facility I Commitment Termination Date, proceeds received by the Subsidiaries from interest and principal on collateral assets must be used to make quarterly payments of principal on outstanding borrowings. Subject to certain conditions, between quarterly payment dates prior to and after the SPV Asset Facility I Commitment Termination Date, excess interest proceeds and principal proceeds may be released to the Subsidiaries to make distributions to us.

The SPV Asset Facility I will mature on November 30, 2022. Amounts drawn bear interest at LIBOR plus a 2.25% spread and after a ramp-up period, the spread is also payable on any undrawn amounts. The Company borrows utilizing three-month LIBOR rate loans. If LIBOR ceases to exist, we will have to renegotiate the terms of the SPV Asset Facility I. The SPV Asset Facility I contains customary covenants, including certain financial maintenance covenants, limitations on the activities of the Subsidiaries, including limitations on incurrence of incremental indebtedness, and customary events of default. The SPV Asset Facility I is secured by a perfected first priority security interest in our equity interests in the Subsidiaries and in the assets of the Subsidiaries and on any payments received by the Subsidiaries in respect of those assets. Upon the occurrence of certain value adjustment events relating to the assets securing the SPV Asset Facility I, the Subsidiaries will also be required to provide certain cash collateral. Assets pledged to the SPV I Lenders will not be available to pay our debts.

Borrowings of the Subsidiaries are considered our borrowings for purposes of complying with the asset coverage requirements under the 1940 Act.

In connection with the SPV Asset Facility I, we entered into a Non-Recourse Carveout Guaranty Agreement on the SPV Asset Facility I Closing Date, which was amended and restated twice on March 11, 2019 and April 29, 2019, with State Street Bank and Trust Company, on behalf of certain secured parties, and Goldman Sachs Bank USA. Pursuant to the Non-Recourse Carveout Guaranty Agreement, we guarantee certain losses, damages, costs, expenses, liabilities, claims and other obligations incurred in connection with certain instances of fraud or bad faith misrepresentation, material encumbrances of certain collateral, misappropriation of certain funds, certain transfers of assets, and the bad faith or willful breach of certain provisions of the SPV Asset Facility I.

#### *SPV Asset Facility II*

On April 14, 2020 (the "SPV Asset Facility II Closing Date"), ORCC II Financing II LLC ("ORCC II Financing II"), a Delaware limited liability company and newly formed subsidiary of us entered into a Credit Agreement (the "SPV Asset Facility II"), with ORCC II Financing II, as Borrower, the lenders from time to time parties thereto (the "SPV II Lenders"), Natixis, New York Branch, as Administrative Agent, State Street Bank and Trust Company as Collateral Agent and Cortland Capital Market Services LLC as Document Custodian.

From time to time, we expect to sell and contribute certain investments to ORCC II Financing II pursuant to a Sale and Contribution Agreement by and between us and ORCC II Financing II. No gain or loss will be recognized as a result of these sales and contributions. Proceeds from the SPV Asset Facility II will be used to finance the origination and acquisition of eligible assets by

ORCC II Financing II, including the purchase of such assets from us. We retain a residual interest in assets contributed to or acquired by ORCC II Financing II through our ownership of ORCC II Financing II. The maximum principal amount of the SPV Asset Facility II is \$200 million; the availability of this amount is subject to an overcollateralization ratio test, which is based on the value of ORCC II Financing II's assets from time to time, and satisfaction of certain conditions, including an interest coverage ratio test, certain concentration limits and collateral quality tests.

The SPV Asset Facility II provides for the ability to (1) draw term loans and (2) draw and redraw revolving loans under the SPV Asset Facility II for a period of up to two years after the SPV Asset Facility II Closing Date unless the revolving commitments are terminated or converted to term loans sooner as provided in the SPV Asset Facility II (the "SPV Asset Facility II Commitment Termination Date"). Unless otherwise terminated, the SPV Asset Facility II will mature on April 14, 2029 (the "Stated Maturity"). Prior to the Stated Maturity, proceeds received by ORCC II Financing II from principal and interest, dividends, or fees on assets must be used to pay fees, expenses and interest on outstanding borrowings, and the excess may be returned to us, subject to certain conditions. On the Stated Maturity, ORCC II Financing II must pay in full all outstanding fees and expenses and all principal and interest on outstanding borrowings, and the excess may be returned to us.

Amounts drawn bear interest at LIBOR (or, in the case of certain lenders that are commercial paper conduits, the lower of their cost of funds and LIBOR plus 0.25%) plus 3.00%. From the SPV Asset Facility II Closing Date to the SPV Asset Facility II Commitment Termination Date, there is a commitment fee that steps up during the year after the SPV Closing Date from 0.00% to 0.90% per annum on the undrawn amount, if any, of the revolving commitments in the SPV Asset Facility II. The SPV Asset Facility II contains customary covenants, including certain financial maintenance covenants, limitations on the activities of ORCC II Financing II, including limitations on incurrence of incremental indebtedness, and customary events of default. The SPV Asset Facility II is secured by a perfected first priority security interest in the assets of ORCC II Financing II and on any payments received by ORCC II Financing II in respect of those assets. Assets pledged to the SPV II Lenders will not be available to pay the debts of the Company.

Borrowings of ORCC II Financing II are considered our borrowings for purposes of complying with the asset coverage requirements under the 1940 Act.

#### *Promissory Note*

On May 18, 2017, our Board authorized us, as borrower, to enter into a series of promissory notes (the "Promissory Notes") with our Adviser, as lender, to borrow up to an aggregate of \$10 million from our Adviser. On October 19, 2017, our Board increased the approved amount to an aggregate of \$15 million. On November 7, 2017, our Board approved a further modification to the Promissory Notes which extended the original maturity date from January 15, 2018 to December 31, 2018. On November 6, 2018, our Board approved an additional modification to the Promissory Notes which further extended the maturity date to December 31, 2019. On March 2, 2018, our Board increased the approved amount to an aggregate of \$20 million. On July 19, 2018, our Board increased the approved amount to an aggregate of \$35 million. On March 8, 2019, the Board increased the approved amount to an aggregate of \$50 million. On October 30, 2019, the Board approved an additional modification to the Promissory Notes which further extended the maturity date to December 31, 2020. We may re-borrow any amount repaid; however, there is no funding commitment between the Adviser and us.

The interest rate on any such borrowing may be based on either the rate of interest for a LIBOR-Based Advance or the rate of interest for a Prime-Based Advance under the Loan and Security Agreement, dated as of February 22, 2017, as amended as of August 1, 2017 (as further amended or supplemented from time to time, the "Loan Agreement"), by and among the Lender, as borrower, and East West Bank.

The unpaid principal balance of any Promissory Notes and accrued interest thereon is payable by us from time to time at our discretion but immediately due and payable upon 120 days written notice by our Adviser, and in any event due and payable in full no later than December 31, 2020. We intend to use the borrowed funds to leverage our current investment portfolio and to make investments in portfolio companies consistent with our investment strategies.

#### *2024 Notes*

On November 21, 2019, we and the Advisor entered into a Purchase Agreement (the "Purchase Agreement") with Deutsche Bank Securities Inc. and Goldman Sachs & Co. LLC, as representatives of the several initial purchasers listed on Schedule 1 thereto (the "Initial Purchasers"), and GreensLedge Capital Markets LLC, as the capital markets advisor (the "Capital Markets Advisor") which Purchase Agreement relates to our sale of \$300 million aggregate principal amount of our 4.625% notes due 2024 (the "2024 Notes")



to the Initial Purchasers in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and for initial resale by the Initial Purchasers to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A promulgated under the Securities Act. We relied upon these exemptions from registration based in part on representations made by the Initial Purchasers. The Purchase Agreement includes customary representations, warranties and covenants by us. Under the terms of the Purchase Agreement, we have agreed to indemnify the Initial Purchasers against certain liabilities under the Securities Act. The 2024 Notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

The 2024 Notes were issued pursuant to an Indenture dated as of November 26, 2019 (the “Base Indenture”), between us and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and a First Supplemental Indenture, dated as of November 26, 2019 (the “First Supplemental Indenture” and together with the Base Indenture, the “Indenture”), between us and the Trustee. The 2024 Notes will mature on November 26, 2024, unless repurchased or redeemed in accordance with their terms prior to such date. The 2024 Notes bear interest at a rate of 4.625% per year payable semi-annually on May 26 and November 26 of each year, commencing on May 26, 2020. The 2024 Notes will be our direct, general unsecured obligations and will rank senior in right of payment to all of our future indebtedness or other obligations that are expressly subordinated, or junior, in right of payment to the 2024 Notes. The 2024 Notes will rank pari passu, or equal, in right of payment with all of our existing and future indebtedness or other obligations that are not so subordinated. The 2024 Notes will rank effectively subordinated, or junior, to any of our future secured indebtedness or other obligations (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness. The 2024 Notes will rank structurally subordinated, or junior, to all existing and future indebtedness and other obligations (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

The Indenture contains certain covenants, including covenants requiring us to (i) comply with the asset coverage requirements of the Investment Company Act of 1940, as amended, whether or not it is subject to those requirements, and (ii) provide financial information to the holders of the 2024 Notes and the Trustee if we are no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended. These covenants are subject to important limitations and exceptions that are described in the Indenture.

In addition, if a change of control repurchase event, as defined in the Indenture, occurs prior to maturity, holders of the 2024 Notes will have the right, at their option, to require us to repurchase for cash some or all of the 2024 Notes at a repurchase price equal to 100% of the aggregate principal amount of the 2024 Notes being repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

**Off-Balance Sheet Arrangements***Portfolio Company Commitments*

From time to time, we may enter into commitments to fund investments. As of June 30, 2020 and December 31, 2019, we had the following outstanding commitments to fund investments in current portfolio companies:

| <b>Portfolio Company</b>                                         | <b>Investment</b>                                | <b>June 30, 2020</b> | <b>December 31, 2019</b> |
|------------------------------------------------------------------|--------------------------------------------------|----------------------|--------------------------|
| (\$ in thousands)                                                |                                                  |                      |                          |
| 11849573 Canada Inc. (dba Intelrad Medical Systems Incorporated) | First lien senior secured delayed draw term loan | \$ 754               | \$ —                     |
| 11849573 Canada Inc. (dba Intelrad Medical Systems Incorporated) | First lien senior secured revolving loan         | 1,500                | —                        |
| 3ES Innovation Inc. (dba Aucerna)                                | First lien senior secured revolving loan         | 687                  | 687                      |
| Amspec Services Inc.                                             | First lien senior secured revolving loan         | 49                   | 1,538                    |
| Apptio, Inc.                                                     | First lien senior secured revolving loan         | 490                  | 490                      |
| Aramco, Inc.                                                     | First lien senior secured revolving loan         | 487                  | 852                      |
| Ardonagh Midco 3 PLC                                             | First lien senior secured delayed draw term loan | 988                  | —                        |
| Associations, Inc.                                               | First lien senior secured delayed draw term loan | 1,451                | 1,556                    |
| Associations, Inc.                                               | First lien senior secured revolving loan         | —                    | 1,000                    |
| BIG Buyer, LLC                                                   | First lien senior secured revolving loan         | 833                  | 1,250                    |
| BIG Buyer, LLC                                                   | First lien senior secured delayed draw term loan | 3,750                | 3,750                    |
| Caiman Merger Sub LLC (dba City Brewing)                         | First lien senior secured revolving loan         | 2,034                | 2,034                    |
| ConnectWise, LLC                                                 | First lien senior secured revolving loan         | 3,611                | 3,611                    |
| Covenant Surgical Partners, Inc.                                 | First lien senior secured delayed draw term loan | —                    | 700                      |
| Definitive Healthcare Holdings, LLC                              | First lien senior secured delayed draw term loan | 6,087                | 6,087                    |
| Definitive Healthcare Holdings, LLC                              | First lien senior secured revolving loan         | —                    | 1,522                    |
| Douglas Products and Packaging Company LLC                       | First lien senior secured revolving loan         | —                    | 1,322                    |
| Endries Acquisition, Inc.                                        | First lien senior secured delayed draw term loan | 4,103                | 5,738                    |
| Endries Acquisition, Inc.                                        | First lien senior secured revolving loan         | 3,000                | 3,000                    |
| Entertainment Benefits Group, LLC                                | First lien senior secured revolving loan         | 476                  | 2,400                    |
| Galls, LLC                                                       | First lien senior secured revolving loan         | 648                  | 1,274                    |
| Galls, LLC                                                       | First lien senior secured delayed draw term loan | —                    | 4,756                    |
| GC Agile Holdings Limited (dba Apex Fund Services)               | First lien senior secured revolving loan         | 859                  | 1,718                    |
| Genesis Acquisition Co. (dba Procure Software)                   | First lien senior secured delayed draw term loan | 469                  | 527                      |
| Genesis Acquisition Co. (dba Procure Software)                   | First lien senior secured revolving loan         | —                    | 190                      |
| Gerson Lehrman Group, Inc.                                       | First lien senior secured revolving loan         | 765                  | 2,039                    |
| H&F Opportunities LUX III S.À R.L (dba Checkmarx)                | First lien senior secured revolving loan         | 4,583                | —                        |
| HGH Purchaser, Inc. (dba Horizon Services)                       | First lien senior secured revolving loan         | 1,580                | 1,985                    |
| HGH Purchaser, Inc. (dba Horizon Services)                       | First lien senior secured delayed draw term loan | 8,100                | 8,100                    |
| Hometown Food Company                                            | First lien senior secured revolving loan         | 471                  | 471                      |
| Ideal Tridon Holdings, Inc.                                      | First lien senior secured delayed draw term loan | 459                  | 459                      |
| Ideal Tridon Holdings, Inc.                                      | First lien senior secured revolving loan         | 418                  | 1,200                    |





| <u>Portfolio Company</u>                                          | <u>Investment</u>                                 | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------------------------------------------|---------------------------------------------------|----------------------|--------------------------|
| Individual Foodservice Holdings, LLC                              | First lien senior secured revolving loan          | 2,519                | 4,275                    |
| Individual Foodservice Holdings, LLC                              | First lien senior secured delayed draw term loan  | 4,694                | 7,500                    |
| Instructure, Inc.                                                 | First lien senior secured revolving loan          | 1,851                | —                        |
| Integrity Marketing Acquisition, LLC                              | First lien senior secured delayed draw term loan  | —                    | 2,089                    |
| Integrity Marketing Acquisition, LLC                              | First lien senior secured delayed draw term loan  | —                    | 4,103                    |
| Integrity Marketing Acquisition, LLC                              | First lien senior secured revolving loan          | 1,868                | 1,868                    |
| Interoperability Bidco, Inc.                                      | First lien senior secured delayed draw term loan  | 2,000                | 2,000                    |
| Interoperability Bidco, Inc.                                      | First lien senior secured revolving loan          | —                    | 1,000                    |
| IQN Holding Corp. (dba Beeline)                                   | First lien senior secured revolving loan          | 2,200                | 1,789                    |
| KWOR Acquisition, Inc. (dba Worley Claims Services)               | First lien senior secured delayed draw term loan  | 516                  | 607                      |
| KWOR Acquisition, Inc. (dba Worley Claims Services)               | First lien senior secured revolving loan          | 1,300                | 1,300                    |
| Lazer Spot G B Holdings, Inc.                                     | First lien senior secured delayed draw term loan  | 1,056                | 3,771                    |
| Lazer Spot G B Holdings, Inc.                                     | First lien senior secured revolving loan          | 4,524                | 6,938                    |
| Lightning Midco, LLC (dba Vector Solutions)                       | First lien senior secured delayed draw term loan  | —                    | 228                      |
| Lightning Midco, LLC (dba Vector Solutions)                       | First lien senior secured revolving loan          | 121                  | 686                      |
| Litera Bidco LLC                                                  | First lien senior secured revolving loan          | —                    | 1,013                    |
| Lytix, Inc.                                                       | First lien senior secured delayed draw term loan  | 4,697                | —                        |
| Lytix, Inc.                                                       | First lien senior secured revolving loan          | —                    | 93                       |
| Manna Development Group, LLC                                      | First lien senior secured revolving loan          | 146                  | 531                      |
| Mavis Tire Express Services Corp.                                 | Second lien senior secured delayed draw term loan | 1,688                | 5,168                    |
| MINDBODY, Inc.                                                    | First lien senior secured revolving loan          | —                    | 1,071                    |
| Nelipak Holding Company                                           | First lien senior secured revolving loan          | 527                  | 832                      |
| Nelipak Holding Company                                           | First lien senior secured revolving loan          | —                    | 560                      |
| NMI Acquisitionco, Inc. (dba Network Merchants)                   | First lien senior secured revolving loan          | —                    | 85                       |
| Norvax, LLC (dba GoHealth)                                        | First lien senior secured revolving loan          | 2,727                | 2,728                    |
| Offen, Inc.                                                       | First lien senior secured delayed draw term loan  | 1,327                | 1,327                    |
| Peter C. Foy & Associated Insurance Services, LLC                 | First lien senior secured revolving loan          | 2,868                | —                        |
| Peter C. Foy & Associated Insurance Services, LLC                 | First lien senior secured delayed draw term loan  | 15,319               | —                        |
| Professional Plumbing Group, Inc.                                 | First lien senior secured revolving loan          | 171                  | 743                      |
| Project Power Buyer, LLC (dba PEC-Veriforce)                      | First lien senior secured revolving loan          | 563                  | 563                      |
| Reef Global, Inc. (fka Cheese Acquisition, LLC)                   | First lien senior secured revolving loan          | 747                  | 2,273                    |
| RSC Acquisition, Inc (dba Risk Strategies)                        | First lien senior secured revolving loan          | 426                  | 426                      |
| RSC Acquisition, Inc (dba Risk Strategies)                        | First lien senior secured delayed draw term loan  | 2,179                | 2,723                    |
| RxSense Holdings, LLC                                             | First lien senior secured revolving loan          | —                    | 764                      |
| Safety Products/JHC Acquisition Corp. (dba Justrite Safety Group) | First lien senior secured delayed draw term loan  | 231                  | 231                      |
| Sara Lee Frozen Bakery, LLC (fka KSLB Holdings, LLC)              | First lien senior secured revolving loan          | 520                  | 387                      |



| <u>Portfolio Company</u>                                  | <u>Investment</u>                                | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------------------------------------|--------------------------------------------------|----------------------|--------------------------|
| TC Holdings, LLC (dba TrialCard)                          | First lien senior secured revolving loan         | 3,315                | 3,315                    |
| THG Acquisition, LLC (dba Hilb)                           | First lien senior secured revolving loan         | 598                  | 1,871                    |
| THG Acquisition, LLC (dba Hilb)                           | First lien senior secured delayed draw term loan | 4,575                | 5,614                    |
| Trader Interactive, LLC (fka Dominion Web Solutions, LLC) | First lien senior secured revolving loan         | 161                  | 161                      |
| Troon Golf, L.L.C.                                        | First lien senior secured revolving loan         | 574                  | 574                      |
| TSB Purchaser, Inc. (dba Teaching Strategies, Inc.)       | First lien senior secured revolving loan         | 469                  | 469                      |
| Ultimate Baked Goods Midco, LLC                           | First lien senior secured revolving loan         | 565                  | 452                      |
| Valence Surface Technologies LLC                          | First lien senior secured delayed draw term loan | 1,500                | 7,500                    |
| Valence Surface Technologies LLC                          | First lien senior secured revolving loan         | 12                   | 2,500                    |
| WU Holdco, Inc. (dba Weiman Products, LLC)                | First lien senior secured delayed draw term loan | —                    | 2,420                    |
| WU Holdco, Inc. (dba Weiman Products, LLC)                | First lien senior secured revolving loan         | 13                   | 1,989                    |
| Zenith Energy U.S. Logistics Holdings, LLC                | First lien senior secured delayed draw term loan | 15,000               | —                        |
| <b>Total Unfunded Portfolio Company Commitments</b>       |                                                  | <u>\$ 132,219</u>    | <u>\$ 146,793</u>        |

We maintain sufficient borrowing capacity to cover outstanding unfunded portfolio company commitments that we may be required to fund. We seek to carefully consider our unfunded portfolio company commitments for the purpose of planning our ongoing financial leverage. Further, we maintain sufficient borrowing capacity within the 200% asset coverage limitation to cover any outstanding portfolio company unfunded commitments we are required to fund.

#### *Organizational and Offering Costs*

The Adviser has incurred organization and offering costs on behalf of us in the amount of \$11.3 million for the period from October 15, 2015 (Inception) to June 30, 2020, of which \$11.3 million has been charged to us pursuant to the Investment Advisory Agreement. Under the Investment Advisory Agreement and Administration Agreement, the Adviser is entitled to receive up to 1.5% of gross offering proceeds raised in our continuous public offering until all organization and offering costs paid by the Adviser have been recovered.

The Adviser had incurred organization and offering costs on behalf of us in the amount of \$10.1 million for the period from October 15, 2015 (Inception) to December 31, 2019, of which \$10.1 million had been charged to us pursuant to the Investment Advisory Agreement. Under the Investment Advisory Agreement and Administration Agreement, the Adviser is entitled to receive up to 1.5% of gross offering proceeds raised in our continuous public offering until all organization and offering costs paid by the Adviser have been recovered.

#### *Other Commitments and Contingencies*

From time to time, we may become a party to certain legal proceedings incidental to the normal course of our business. As of June 30, 2020, we were not aware of any material pending or threatened litigation that would require accounting recognition or financial statement disclosure.

## Contractual Obligations

A summary of our contractual payment obligations under our SPV Asset Facility I, SPV Asset Facility II, 2024 Notes and Promissory Note as of June 30, 2020, is as follows:

| (\$ in thousands)                    | Payments Due by Period |                  |                   |                   |               |
|--------------------------------------|------------------------|------------------|-------------------|-------------------|---------------|
|                                      | Total                  | Less than 1 year | 1-3 years         | 3-5 years         | After 5 years |
| SPV Asset Facility I                 | \$ 298,487             | \$ —             | \$ 298,487        | \$ —              | \$ —          |
| SPV Asset Facility II                | —                      | —                | —                 | —                 | —             |
| 2024 Notes                           | 300,000                | —                | —                 | 300,000           | —             |
| Promissory Note                      | —                      | —                | —                 | —                 | —             |
| <b>Total Contractual Obligations</b> | <b>\$ 598,487</b>      | <b>\$ —</b>      | <b>\$ 298,487</b> | <b>\$ 300,000</b> | <b>\$ —</b>   |

## Related Party Transactions

We have entered into a number of business relationships with affiliated or related parties, including the following:

- the Investment Advisory Agreement;
- the Administration Agreement;
- the Expense Support Agreement;
- the Dealer Manager Agreement; and
- the License Agreement.

In addition to the aforementioned agreements, we, our Adviser and certain of our Adviser's affiliates have been granted exemptive relief by the SEC to permit us to co-invest with other funds managed by our Adviser or certain of its affiliates, including Owl Rock Capital Corporation, Owl Rock Capital Corporation III and Owl Rock Technology Finance Corp., in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. See "ITEM 1. – Notes to Consolidated Financial Statements – Note 3. Agreements and Related Party Transactions" for further details.

Our Board has authorized us to enter into a series of Promissory Notes with our Adviser to borrow up to \$50 million. See "ITEM 1. – Notes to Consolidated Financial Statements – Note. 6 Debt" for further details.

## Critical Accounting Policies

The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. Our critical accounting policies should be read in connection with our risk factors as disclosed in our Form 10-K for the fiscal year ended December 31, 2019 and in "ITEM 1A. – RISK FACTORS."

### *Investments at Fair Value*

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. The net change in unrealized gains or losses primarily reflects the change in investment values, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period.

Investments for which market quotations are readily available are typically valued at the bid price of those market quotations. To validate market quotations, we utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available, as is the case for substantially all of our investments, are valued at fair value as determined in good faith by our Board, based on, among other things, the input of the Adviser, our audit committee and independent third-party valuation firm(s) engaged at the direction of the Board.



As part of the valuation process, the Board takes into account relevant factors in determining the fair value of our investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, and overall changes in the interest rate environment and the credit markets that may affect the price at which similar investments may be made in the future. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Board considers whether the pricing indicated by the external event corroborates its valuation.

The Board undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;
- With respect to investments for which market quotations are not readily available, the valuation process begins with the independent valuation firm(s) providing a preliminary valuation of each investment to the Adviser's valuation committee;
- Preliminary valuation conclusions are documented and discussed with the Adviser's valuation committee. Agreed upon valuation recommendations are presented to the Audit Committee;
- The Audit Committee reviews the valuation recommendations and recommends values for each investment to the Board; and
- The Board reviews the recommended valuations and determines the fair value of each investment.

We conduct this valuation process on a quarterly basis.

We apply Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820"), as amended, which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, we consider its principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfer occurred. In addition to using the above inputs in investment valuations, we apply the valuation policy approved by our Board that is consistent with ASC 820. Consistent with the valuation policy, we evaluate the source of the inputs, including any markets in which our investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. When an investment is valued based on prices provided by reputable dealers or pricing services (that is, broker quotes), we subject those prices to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level 2 or Level 3 investment. For example, we, or the independent valuation firm(s), review pricing support provided by dealers or pricing services in order to determine if observable market information is being used, versus unobservable inputs.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein.





### ***Interest and Dividend Income Recognition***

Interest income is recorded on the accrual basis and includes amortization of discounts or premiums. Certain investments may have contractual payment-in-kind (“PIK”) interest or dividends. PIK interest represents accrued interest that is added to the principal amount of the investment on the respective interest payment dates rather than being paid in cash and generally becomes due at maturity. Discounts and premiums to par value on securities purchased are amortized into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the amortization of discounts or premiums, if any. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees and unamortized discounts are recorded as interest income in the current period.

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected in full. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management’s judgment regarding collectability. If at any point we believe PIK interest is not expected to be realized, the investment generating PIK interest will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are generally reversed through interest income. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management’s judgment, are likely to remain current. Management may make exceptions to this treatment and determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded on the accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

### ***Distributions***

We have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. To obtain and maintain our tax treatment as a RIC, we must distribute (or be deemed to distribute) in each taxable year distributions for tax purposes equal to at least 90 percent of the sum of our:

- investment company taxable income (which is generally our ordinary income plus the excess of realized short-term capital gains over realized net long-term capital losses), determined without regard to the deduction for dividends paid, for such taxable year; and
- net tax-exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for such taxable year.

As a RIC, we (but not our shareholders) generally will not be subject to U.S. federal tax on investment company taxable income and net capital gains that we distribute to our shareholders.

We intend to distribute annually all or substantially all of such income. To the extent that we retain our net capital gains or any investment company taxable income, we generally will be subject to corporate-level U.S. federal income tax. We can be expected to carry forward our net capital gains or any investment company taxable income in excess of current year dividend distributions and pay the U.S. federal excise tax as described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. We may be subject to a nondeductible 4% U.S. federal excise tax if we do not distribute (or are treated as distributing) during each calendar year an amount at least equal to the sum of:

- 98% of our net ordinary income excluding certain ordinary gains or losses for that calendar year;
- 98.2% of our capital gain net income, adjusted for certain ordinary gains and losses, recognized for the twelve-month period ending on October 31 of that calendar year; and
- 100% of any income or gains recognized, but not distributed, in preceding years.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed and as a result, in such cases, the excise tax will be imposed. In such an event, we will be liable for this tax only on the amount by which we do not meet the foregoing distribution requirement.



We intend to pay monthly distributions to our shareholders out of assets legally available for distribution. All distributions will be paid at the discretion of our Board and will depend on our earnings, financial condition, maintenance of our tax treatment as a RIC, compliance with applicable BDC regulations and such other factors as our Board may deem relevant from time to time.

To the extent our current taxable earnings for a year fall below the total amount of our distributions for that year, a portion of those distributions may be deemed a return of capital to our shareholders for U.S. federal income tax purposes. Thus, the source of a distribution to our shareholders may be the original capital invested by the shareholder rather than our income or gains. Shareholders should read written disclosure carefully and should not assume that the source of any distribution is our ordinary income or gains.

With respect to distributions, the Company has adopted an “opt-in” dividend reinvestment plan for common shareholders. As a result, in the event of a declared distribution, each shareholder that has not “opted-in” to the dividend reinvestment plan will have their dividends or distributions automatically received in cash rather than reinvested in additional shares of our common stock. Shareholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received cash distributions.

### ***Income Taxes***

We have elected to be treated as a BDC under the 1940 Act. We have also elected to be treated as a RIC under the Code beginning with our taxable year ended December 31, 2017 and intend to continue to qualify for tax treatment as a RIC. So long as we maintain our tax treatment as a RIC, we generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute at least annually to our shareholders as distributions. Rather, any tax liability related to income earned and distributed by us represents obligations of our investors and will not be reflected in our consolidated financial statements.

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. In addition, to qualify for RIC tax treatment, we must distribute to our shareholders, for each taxable year, at least 90% of our “investment company taxable income” for that year, which is generally our ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses. In order for us to not be subject to U.S. federal excise taxes, we must distribute annually an amount at least equal to the sum of (i) 98% of our net ordinary income (taking into account certain deferrals and elections) for the calendar year, (ii) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years. We, at our discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% nondeductible U.S. excise tax on this income.

We evaluate tax positions taken or expected to be taken in the course of preparing our consolidated financial statements to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold are reserved and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. There were no material uncertain tax positions through December 31, 2019. The 2016 through 2018 tax years remain subject to examination by U.S. federal, state and local tax authorities.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Uncertainty with respect to the economic effects of the COVID-19 outbreak has introduced significant volatility in the financial markets, and the effect of the volatility could materially impact our market risks, including those listed below. We are subject to financial market risks, including valuation risk and interest rate risk.

#### *Valuation Risk*

We have invested, and plan to continue to invest, primarily in illiquid debt and equity securities of private companies. Most of our investments will not have a readily available market price, and we value these investments at fair value as determined in good faith by our Board, based on, among other things, the input of the Adviser, our Audit Committee and independent third-party valuation firm(s) engaged at the direction of the Board, and in accordance with our valuation policy. There is no single standard for determining fair value. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize amounts that are different from the amounts presented and such differences could be material.

#### *Interest Rate Risk*

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. We intend to fund portions of our investments with borrowings, and at such time, our net investment income will be affected by the difference between the rate at which we invest and the rate at which we borrow. Accordingly, we cannot assure you that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of June 30, 2020, 96.7% of our debt investments based on fair value in our portfolio were at floating rates. Additionally, the weighted average LIBOR floor, based on fair value, of our debt investments was 0.78%.

Based on our Consolidated Statements of Assets and Liabilities as of June 30, 2020, the following table shows the annualized impact on net income of hypothetical base rate changes in interest rates on our debt investments (considering interest rate floors for floating rate instruments) assuming each floating rate investment is subject to 3 month LIBOR and there are no changes in our investment and borrowing structure.

| (\$ in millions)     | <u>Interest Income</u> | <u>Interest Expense</u> | <u>Net Income</u> |
|----------------------|------------------------|-------------------------|-------------------|
| Up 300 basis points  | \$ 49.5                | \$ 9.0                  | \$ 40.5           |
| Up 200 basis points  | \$ 33.0                | \$ 6.0                  | \$ 27.0           |
| Up 100 basis points  | \$ 16.5                | \$ 3.0                  | \$ 13.5           |
| Up 50 basis points   | \$ 8.2                 | \$ 1.5                  | \$ 6.7            |
| Down 25 basis points | \$ (0.9)               | \$ (0.7)                | \$ (0.2)          |
| Down 50 basis points | \$ (1.0)               | \$ (0.9)                | \$ (0.1)          |

We may in the future hedge against interest rate fluctuations by using hedging instruments such as additional interest rate swaps, futures, options, and forward contracts. While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments.

#### *Currency Risk*

From time to time, we may make investments that are denominated in a foreign currency. These investments are translated into U.S. dollars at each balance sheet date, exposing us to movements in foreign exchange rates. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us. We may seek to utilize instruments such as, but not limited to, forward contracts to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates. We also have the ability to borrow in certain foreign currencies under our credit facilities. Instead of entering into a foreign currency forward contract in connection with loans or other investments we have made that are denominated in a foreign currency, we may borrow in that currency to establish a natural hedge against our loan or investment. To the extent the loan or investment is based on a floating rate other than a rate under which we can borrow under our credit facilities, we may seek to utilize interest rate derivatives to hedge our exposure to changes in the associated rate.



**Item 4. Controls and Procedures*****(a) Evaluation of Disclosure Controls and Procedures***

In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q and determined that our disclosure controls and procedures are effective as of the end of the period covered by the Quarterly Report on Form 10-Q.

***(b) Changes in Internal Controls Over Financial Reporting***

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, are any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us. While the outcome of any such future legal or regulatory proceedings cannot be predicted with certainty, we do not expect that any such future proceedings will have a material effect upon our financial condition or results of operations.

### Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, "ITEM 1A. RISK FACTORS" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and Part II, "Item 1A. RISK FACTORS" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

#### Risks Related to Our Business

##### *Political, social and economic uncertainty, including uncertainty related to the COVID-19 pandemic, creates and exacerbates risks.*

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which companies and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the U.S. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including portfolio company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, in December 2019, COVID-19 emerged in China and has since spread rapidly to other countries, including the United States. This outbreak has led and for an unknown period of time will continue to lead to disruptions in local, regional, national and global markets and economies affected thereby. With respect to the U.S. credit markets (in particular for middle market loans), this outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) government imposition of various forms of shelter in place orders and the closing of "non-essential" businesses, resulting in significant disruption to the businesses of many middle-market loan borrowers including supply chains, demand and practical aspects of their operations, as well as in lay-offs of employees, and, while these effects are hoped to be temporary, some effects could be persistent or even permanent; (ii) increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of these markets including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (v) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which will not necessarily adequately address the problems facing the loan market and middle market businesses. This outbreak is having, and any future outbreaks could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a





borrower default, each of which could negatively impact the amount and quality of loans available for investment by us and returns to us, among other things. While several countries, as well as certain states in the United States, have begun to lift shelter in place order and various business closures with a view to reopening their economies, recurring COVID-19 outbreaks have led to the re-introduction of such restrictions in certain states in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. As of the date of this Quarterly Report, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on us and our portfolio companies.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact us, our portfolio companies and our investments, it is clear that these types of events are impacting and will, for at least some time, continue to impact us and our portfolio companies and, in many instances, the impact will be adverse and profound. For example, middle market companies in which we may invest are being significantly impacted by these emerging events and the uncertainty caused by these events. The effects of a public health emergency may materially and adversely impact (i) the value and performance of us and our portfolio companies, (ii) the ability of our borrowers to continue to meet loan covenants or repay loans provided by us on a timely basis or at all, which may require us to restructure our investments or write down the value of our investments, (iii) our ability to repay debt obligations, on a timely basis or at all, or (iv) our ability to source, manage and divest investments and achieve our investment objectives, all of which could result in significant losses to us.

If the economy is unable to substantially reopen, and high levels of unemployment continue for an extended period of time, loan delinquencies, loan non-accruals, problem assets, and bankruptcies may increase. In addition, collateral for our loans may decline in value, which could cause loan losses to increase and the net worth and liquidity of loan guarantors could decline, impairing their ability to honor commitments to us. An increase in loan delinquencies and non-accruals or a decrease in loan collateral and guarantor net worth could result in increased costs and reduced income which would have a material adverse effect on our business, financial condition or results of operations.

We will also be negatively affected if the operations and effectiveness of us or a portfolio company (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted.

***The COVID-19 pandemic has caused severe disruptions in the U.S. economy and has disrupted financial activity in the areas in which we or our portfolio companies operate.***

The COVID-19 pandemic has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries, including industries in which certain of our portfolio companies operate. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn.

Disruptions in the capital markets caused by the COVID-19 pandemic have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, limit our ability to grow and have a material negative impact on our and our portfolio companies' operating results and the fair values of our debt and equity investments.

***Any public health emergency, including the COVID-19 pandemic or any outbreak of other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on us and the fair value of our investments and our portfolio companies.***

The extent of the impact of any public health emergency, including the COVID-19 pandemic, on our and our portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the actions taken by governmental authorities to contain its financial and economic impact, the extent of any related travel



advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In addition, our and our portfolio companies' operations may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any of our or our portfolio companies' personnel. This could create widespread business continuity issues for us and our portfolio companies.

These factors may also cause the valuation of our investments to differ materially from the values that we may ultimately realize. Our valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based on estimates, comparisons and qualitative evaluations of private information. As a result, our valuations may not show the completed or continuing impact of the COVID-19 pandemic and the resulting measures taken in response thereto. Any public health emergency, including the COVID-19 pandemic or any outbreak of other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on us and the fair value of our investments and our portfolio companies.

***The capital markets are currently in a period of disruption and economic uncertainty. Such market conditions have materially and adversely affected debt and equity capital markets, which have had, and may continue to have, a negative impact on our business and operations.***

The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019, as evidenced by the volatility in global stock markets as a result of, among other things, uncertainty surrounding the COVID-19 pandemic and the fluctuating price of commodities such as oil. Despite actions of the U.S. federal government and foreign governments, these events have contributed to worsening general economic conditions that are materially and adversely impacting the broader financial and credit markets and reducing the availability of debt and equity capital for the market as a whole. These conditions could continue for a prolonged period of time or worsen in the future.

Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the full impact of the COVID-19 pandemic on our business. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus can be controlled and abated and when and how the economy may be reopened. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, we could be subject to any of the following risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, and results of operations:

- Current market conditions may make it difficult to raise equity capital because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than the NAV per share without first obtaining approval for such issuance from our stockholders and our independent directors. In addition, these market conditions may make it difficult to access or obtain new indebtedness with similar terms to our existing indebtedness.
- Significant changes or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity).
- Significant changes in the capital markets, such as the recent disruption in economic activity caused by the COVID-19 pandemic, have adversely affected, and may continue to adversely affect, the pace of our investment activity and economic activity generally. Additionally, the recent disruption in economic activity caused by the COVID-19 pandemic has had, and may continue to have, a negative effect on the potential for liquidity events involving our investments. The illiquidity of our investments may make it difficult for us to sell such investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital, and any required sale of all or a portion of our investments as a result, could have a material adverse effect on our business, financial condition or results of operations.

***The current period of capital markets disruption and economic uncertainty may make it difficult to extend the maturity of, or refinance, our existing indebtedness or obtain new indebtedness and any failure to do so could have a material adverse effect on our business, financial condition or results of operations.***

Current market conditions may make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently



experience, including being at a higher cost in rising rate environments. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. An inability to extend the maturity of, or refinance, our existing indebtedness or obtain new indebtedness could have a material adverse effect on our business, financial condition or results of operations.

***Global economic, political and market conditions may adversely affect our business, financial condition and results of operations, including our revenue growth and profitability.***

The current worldwide financial markets situation, as well as various social and political tensions in the United States and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may contribute to increased market volatility, may have long term effects on the United States and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. For example, the outbreak in December 2019 of COVID-19, continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so. See “—Political, social and economic uncertainty, including uncertainty related to the COVID-19 pandemic, creates and exacerbates risks.”

***Economic recessions or downturns could impair our portfolio companies and harm our operating results.***

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our debt investments during these periods. The recent global outbreak of COVID-19 has disrupted economic markets, and the prolonged economic impact is uncertain. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn. Many manufacturers of goods in China and other countries in Asia have seen a downturn in production due to the suspension of business and temporary closure of factories in an attempt to curb the spread of the illness. As the impact of COVID-19 spreads to other parts of the world, similar impacts may occur with respect to affected countries. In the past, instability in the global capital markets resulted in disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major domestic and international financial institutions. In particular, in past periods of instability, the financial services sector was negatively impacted by significant write-offs as the value of the assets held by financial firms declined, impairing their capital positions and abilities to lend and invest. In addition, continued uncertainty surrounding the negotiation of trade deals between Britain and the European Union following the United Kingdom's exit from the European Union and uncertainty between the United States and other countries, including China, with respect to trade policies, treaties, and tariffs, among other factors, have caused disruption in the global markets. There can be no assurance that market conditions will not worsen in the future.

In an economic downturn, we may have non-performing assets or non-performing assets may increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may also decrease the value of any collateral securing our loans. A severe recession may further decrease the value of such collateral and result in losses of value in our portfolio and a decrease in our revenues, net income, assets and net worth. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us on terms we deem acceptable. These events could prevent us from increasing investments and harm our operating results.

The occurrence of recessionary conditions and/or negative developments in the domestic and international credit markets may significantly affect the markets in which we do business, the value of our investments, and our ongoing operations, costs and profitability. Any such unfavorable economic conditions, including rising interest rates, may also increase our funding costs, limit our access to capital markets or negatively impact our ability to obtain financing, particularly from the debt markets. In addition, any future financial market uncertainty could lead to financial market disruptions and could further impact our ability to obtain financing. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results and financial condition.

***Terrorist attacks, acts of war, global health emergencies or natural disasters may impact the businesses in which we invest and harm our business, operating results and financial condition.***

Terrorist acts, acts of war, global health emergencies or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, global health emergencies or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business,



operating results and financial condition. Losses from terrorist attacks, global health emergencies and natural disasters are generally uninsurable.

***Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively.***

The occurrence of a disaster, such as a cyber-attack against us or against a third-party that has access to our data or networks, a natural catastrophe, an industrial accident, failure of our disaster recovery systems, or consequential employee error, could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to cyber-attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break-ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation.

Third parties with which we do business may also be sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure, destruction, or other cybersecurity incidents that adversely affects our data, resulting in increased costs and other consequences as described above. We and our service providers are currently impacted by quarantines and similar measures being enacted by governments in response to COVID-19, which are obstructing the regular functioning of business workforces (including requiring employees to work from external locations and their homes). In response to the outbreak, our Adviser instituted a work from home policy until it is deemed safe to return to the office. Policies of extended periods of remote working could strain technology resources, introduce operational risks and otherwise heighten the risks described above. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic.

***The market value of our common stock may fluctuate significantly.***

The market value and liquidity, if any, of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- changes in the value of our portfolio of investments and derivative instruments as a result of changes in market factors, such as interest rate shifts, and also portfolio specific performance, such as portfolio company defaults, among other reasons;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;
- loss of RIC tax treatment or business development company status;
- distributions that exceed our net investment income and net income as reported according to U.S. GAAP;
- changes in earnings or variations in operating results;
- changes in accounting guidelines governing valuation of our investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors;
- departure of our Adviser or certain of its key personnel;
- general economic trends and other external factors;
- loss of a major funding source; and
- the length and duration of the COVID-19 outbreak in the U.S. as well as worldwide and the magnitude of the economic impact of that outbreak.

***The interest rates of our term loans to our portfolio companies that extend beyond 2021 might be subject to change based on recent regulatory changes.***

LIBOR, the London Interbank Offered Rate, is the basic rate of interest used in lending transactions between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in term loans we extend to portfolio companies such that the interest due to us pursuant to a term loan extended to a

portfolio company is calculated using LIBOR. The terms of our debt investments generally include minimum interest rate floors which are calculated based on LIBOR.

The United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will not compel panel banks to contribute to LIBOR after 2021. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. Central banks and regulators in a number of major jurisdictions (for example, United States, United Kingdom, European Union, Switzerland and Japan) have convened working groups to find, and implement the transition to, suitable replacements for interbank offered rates ("IBORs"). To identify a successor rate for U.S. dollar LIBOR, the Alternative Reference Rates Committee ("ARRC"), a U.S.-based group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, was formed. The ARRC has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. In addition, on March 25, 2020, the FCA stated that although the central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed, the outbreak of COVID-19 has impacted the timing of many firms' transition planning, and the FCA will continue to assess the impact of the COVID-19 outbreak on transition timelines and update the marketplace as soon as possible. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, at this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or other reforms to LIBOR that may be enacted in the United States, United Kingdom or elsewhere or, whether the COVID-19 outbreak will have further effect on LIBOR transition plans. The elimination of LIBOR or any other changes or reforms to the determination or supervision of LIBOR could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations. In addition, if LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate, in order to replace LIBOR with the new standard that is established, which may have an adverse effect on our overall financial condition or results of operations. Following the replacement of LIBOR, some or all of these credit agreements may bear interest at a lower interest rate, which could have an adverse impact on our results of operations. Moreover, if LIBOR ceases to exist, we may need to renegotiate certain terms of our credit facilities. If we are unable to do so, amounts drawn under our credit facilities may bear interest at a higher rate, which would increase the cost of our borrowings and, in turn, affect our results of operations.



**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In order to satisfy the reinvestment portion of our dividends for the six months ended June 30, 2020, we issued the following shares of common stock to stockholders of record on the dates noted below who did not opt out of our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended.

| <u>Date of Issuance</u> | <u>Record Date</u> | <u>Number of Shares</u> | <u>Purchase Price per Share</u> |
|-------------------------|--------------------|-------------------------|---------------------------------|
| January 2, 2020         | December 31, 2019  | 336,695                 | \$ 9.02                         |
| January 29, 2020        | January 28, 2020   | 286,920                 | \$ 9.03                         |
| February 26, 2020       | February 25, 2020  | 306,754                 | \$ 9.03                         |
| April 1, 2020           | March 31, 2020     | 434,943                 | \$ 8.30                         |
| April 29, 2020          | April 28, 2020     | 349,691                 | \$ 8.41                         |
| May 27, 2020            | May 26, 2020       | 351,716                 | \$ 8.48                         |

On March 4, 2019, we conducted a tender offer to repurchase up to \$6.2 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.06 per share (which reflects the net offering price per share in effect as of April 3, 2019). The offer expired on March 29, 2019, with approximately 119,874 shares purchased in connection with the repurchase offer.

On May 13, 2019, we conducted a tender offer to repurchase up to \$9.0 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$9.07 per share (which reflects the net offering price per share in effect as of June 12, 2019). The offer expired on June 10, 2019, with approximately 100,108 shares purchased in connection with the repurchase offer.

On March 9, 2020, we conducted a tender offer to repurchase up to \$21.4 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.30 per share (which reflects the net offering price per share in effect as of April 8, 2020). The offer expired on April 3, 2020, with approximately 1,462,441 shares purchased in connection with the repurchase offer.

On May 26, 2020, we conducted a tender offer to repurchase up to \$16.3 million of our issued and outstanding common stock, par value \$0.01 per share, at a price equal to \$8.60 per share (which reflects the net offering price per share in effect as of June 24, 2020). The offer expired on June 22, 2020, with approximately 600,204 shares purchased in connection with the repurchase offer.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

Not applicable.

**Item 6. Exhibits, Financial Statement Schedules.**

| Exhibit Number | Description of Exhibits                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1            | <a href="#"><u>Articles of Amendment and Restatement (incorporated by reference to Exhibit (a)(3) to Post-Effective Amendment No. 1 to the Registration Statement on Form N-2, filed on April 4, 2017).</u></a>                                                                                                                                                                                                                                                                        |
| 3.2            | <a href="#"><u>Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company's current Report on Form 8-K, filed on June 18, 2019).</u></a>                                                                                                                                                                                                                                                                                                                           |
| 3.3            | <a href="#"><u>First Amended and Restated Bylaws (incorporated by reference to Exhibit (b) to Post-Effective Amendment No. 1 to the Registration Statement on Form N-2, filed on April 4, 2017).</u></a>                                                                                                                                                                                                                                                                               |
| 10.1           | <a href="#"><u>Credit Agreement, dated as of April 14, 2020, among ORCC II Financing II LLC, as Borrower, the Lenders referred to therein, Natixis, New York Branch, as Administrative Agent, State Street Bank and Trust Company, as collateral Agent, Collateral Administrator, Custodian and Cortland Capital Market Services LLC as document custodian (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 16, 2020).</u></a> |
| 10.2           | <a href="#"><u>Sale and Contribution Agreement, dated as of April 14, 2020, between Owl Rock Capital Corporation II, as Seller and ORCC II Financing II LLC, as Purchaser (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on April 16, 2020).</u></a>                                                                                                                                                                                  |
| 31.1*          | <a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                         |
| 31.2*          | <a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                         |
| 32.1**         | <a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                          |
| 32.2**         | <a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                          |
| 99.1*          | <a href="#"><u>Code of Ethics</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

\* Filed herewith.

\*\* Furnished herewith.

