

ABOUT ARETE CAPITAL ASIA

Arete Capital Asia is a boutique financial advisory firm based in Hong Kong. Our three Directors each have over 25+ years experience in international financial markets.

We are truly independent advisers - this means we offer advice based on the best solutions available and we are able to source a few opportunities that will never be shown by global banks. Charlie and Terry both dig deep and push boundaries to uncover and offer compelling risk / reward opportunities for our clients.

One such opportunity is investing in a fund managed by a quality US based direct lender - Owl Rock. This is the second fund from Owl Rock we show to our clients. This fund will make both investments and payouts over a multiple year period and will be wound down thereafter.

We believe this is an excellent means of taking USD floating rate interest rate exposure where the long investment period and illiquidity is rewarded with an exceptional yield.

OVERVIEW OF OWL ROCK TECHNOLOGY FINANCE CORP ("TECH BDC")

This aims to create a leading technology investing platform with a small number of key institutional partners. Owl Rock believes there is a significant opportunity to build a leading technology finance business that offers investors attractive current income and the potential for equity appreciation.

Technology is a large, diverse and growing sector, but incumbent capital providers can lack scale and diversity in product offering. Tech BDC will focus on providing customized, flexible financing solutions for companies that we believe are poised for strong growth.

Their strategy leverages their deep domain expertise, strong underwriting discipline and a flexible capital mandate. Target investments will typically generate significant free cash flow and are crucial elements of business workflows, providing mission critical services and products. Tech BDC represents a uniquely focused and structured opportunity, targeting a net 12% ROE.

HIGHLY ATTRACTIVE INVESTMENT CHARACTERISTICS

Many technology companies have historically had favorable, risk mitigating characteristics for lenders



COMPETITIVE TECHNOLOGY LENDING LANDSCAPE

Current competition comes from comparatively small pools of dedicated technology lending capital or larger pools of capital with a broad mandate. Tech BDC seeks to become a large pool of dedicated technology lending capital



TECH BDC

An institutional offering of proprietary investments in technology focused businesses.

An attractive opportunity to generate favorable risk-adjusted returns can exist in directly originated, proprietary credit and equity investments in technology businesses.

- Directly originated debt and equity investments in private U.S. companies in the technology sector.
- Structured as a private business development company ("BDC")
- Diversified portfolio, targeting 60 - 90 positions.
- Anticipate a portfolio that will maximize total return by generating current income from debt investments and other income producing securities, and capital appreciation from equity and equity-linked investments.
- Aim to create liquidity and potential for capital gain via IPO.

POTENTIAL UPSIDE THROUGH AN IPO

- By pursuing an IPO, Tech BDC has the potential to generate significant incremental returns over and above those generated by its portfolio.
- Scaled, technology-oriented lenders currently trade at a significant premium to their book value.



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OWL ROCK TECHNOLOGY INVESTMENTS MADE TO-DATE

Company	Owl Rock Investment	Facility Size (Par)	LIBOR /			YTM (3Yr)	Facility	Sponsor
			Spread	Floor	Rate			
Closed								
Trader Interactive, LLC	\$94,459	\$260,000	6.00%	1.85%	7.85%	1.50%	8.47%	1st Lien Goldman
Motus-Runzheimer	75,426	230,000	6.75%	1.73%	8.48%	2.50%	9.55%	1st Lien Thoma Bravo
Pomeroy Group LLC	58,945	240,000	6.00%	1.88%	7.88%	4.00%	9.51%	1st Lien Clearlake
Accela, Inc.	53,730	200,000	6.25%	2.31%	8.56%	2.50%	9.60%	1st Lien Berkshire Partners
SABA Software, Inc.	45,158	380,000	5.50%	1.89%	7.39%	1.25%	7.90%	1st Lien Vector Capital
Lytx, Inc.	46,503	575,000	6.75%	1.95%	8.70%	3.00%	9.98%	1st Lien GTCR
DataBank	40,000	110,000	7.50%	1.69%	9.19%	1.50%	9.83%	2nd Lien Digital Bridge
Tranzact	34,475	185,000	6.00%	2.30%	8.30%	6.00%	10.86%	1st Lien CD&R
Infoblox Inc.	30,000	250,000	8.75%	1.88%	10.63%	2.00%	11.49%	2nd Lien Vista Equity Partners
Network Merchants	32,488	228,000	6.75%	1.69%	8.44%	2.45%	9.58%	1st Lien Francisco Partners
Total Closed Investments	\$511,184	\$2,658,000	6.49%	1.91%	8.39%	2.55%	9.47%	
Committed / Pending Close								
Company A	250,000	445,000	-	-	-	-	-	1st Lien -
Company B (First Lien)	10,000	1,750,000	-	-	-	-	-	1st Lien -
Company B (Second Lien)	78,750	400,000	-	-	-	-	-	2nd Lien -
Company C (First Lien)*	10,000	775,000	-	-	-	-	-	1st Lien -
Company C (Second Lien)*	100,000	365,000	-	-	-	-	-	2nd Lien -
Company D*	50,000	145,000	-	-	-	-	-	1st Lien -
Company E*	50,000	110,000	-	-	-	-	-	1st Lien -
Total Investments	\$1,059,934	\$6,648,000						

ATTRACTIVE ATTRIBUTES OF MIDDLE-MARKET DIRECT LENDING

DOWNSIDE PROTECTION

- **Due diligence:** Ability to conduct fulsome private side due diligence, including multiple opportunities to engage with the management team and sponsor; ongoing monitoring of loans.
- **Seniority:** First in line for payout, including in the event of a default, where there are available assets.
- **Security:** Typically first lien claim on cash, accounts receivable, inventory, property, plant and equipment, borrower's stock and intangibles.
- **Covenants:** Typically have maintenance-based financial covenants measured at least quarterly; robust affirmative and negative covenants.
- **Structure and Terms:** Directly negotiate credit documents with borrowers, not through an intermediary.
- **Defaults and recovery:** Historically fewer defaults and higher recoveries than broadly syndicated senior loans.

INTEREST RATE PROTECTION

- **Floating-rate coupon:** Investing in floating-rate coupon loans helps mitigate negative effect of rising interest rates.
- **Matched liability funding:** Borrowings floating rate.

ILLIQUIDITY PREMIUM

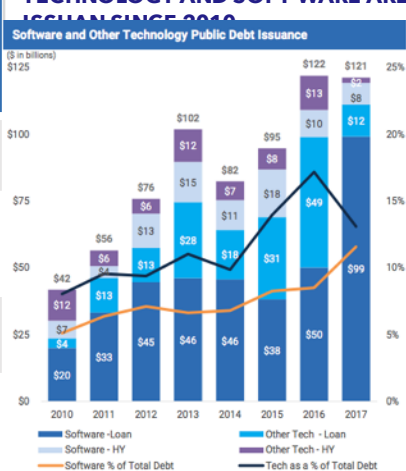
- **Origination fees and spread premium:** Higher origination fees and wider spreads than broadly syndicated loans enhance potential for attractive total return.

STABLE CASH YIELD AND QUARTERLY VALUATION

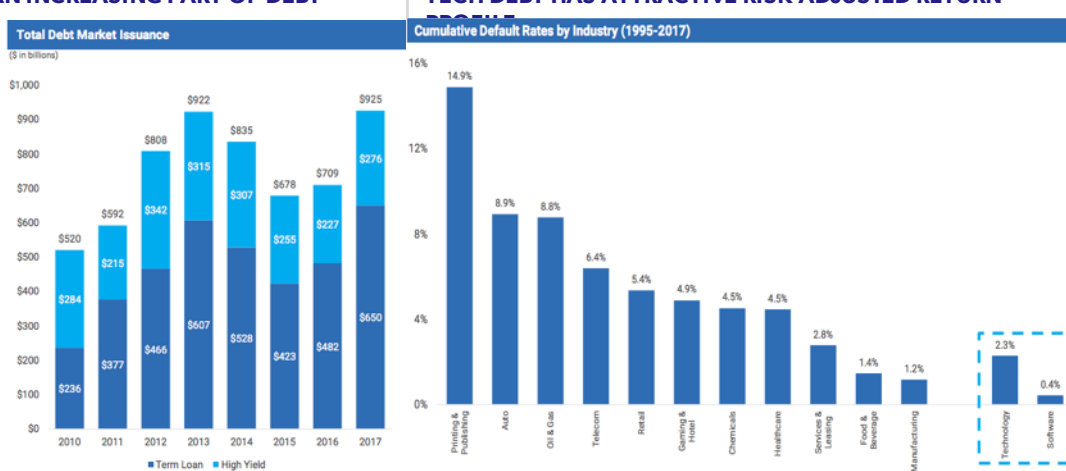
- **All-cash interest:** Coupons paid in cash on a quarterly basis.
- **Valuation:** Anticipate fair value of non-traded loans to be determined quarterly.

	Silicon Valley Bank	Hercules Capital	TPG Specialty Lending
Ticker	SIVB	HTGC	TS LX
Structure	Commercial Bank	BDC	BDC
Market Cap	\$17.1 billion	\$1.1 billion	\$1.2 billion
Price / Book	3.86x	1.27x	1.14x

TECHNOLOGY AND SOFTWARE ARE AN INCREASING PART OF DEBT



TECH DEBT HAS ATTRACTIVE RISK ADJUSTED RETURN



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