Blue Owl Capital Corporation
Fourth Quarter and Full Year 2025 Earnings Call
February 19, 2026

Presenters
Craig Packer – CEO
Logan Nicholson – President
Jonathan Lamm – CFO & COO
Michael Mosticchio – Head of BDC Investor Relations

Q&A Participants
Brian McKenna – Citizens
Finian O'Shea – Wells Fargo
Arren Cyganovich – Truist Securities
Robert Dodd – Raymond James
Kenneth Lee – RBC Capital Markets
Casey Alexander – Compass Point
John Hecht – Jefferies
Paul Johnson – KBW

Operator
Good morning, everyone, and welcome to Blue Owl Capital Corporation's Fourth Quarter and Full Year 2025 Earnings Call. As a reminder, this call is being recorded.

At this time, I'd like to turn the call over to Mike Mosticchio, Head of BDC Investor Relations. Mike, please go ahead.

Michael Mosticchio
Thank you, operator, and welcome to Blue Owl Capital Corporation's Fourth Quarter and Full Year 2025 Earnings Conference Call. Yesterday, OBDC issued its earnings release and posted earnings presentation for the fourth quarter and full year ended December 31st, 2025. These should be reviewed in connection with the company's 10-K filed yesterday with the SEC.

All materials referenced during today's call, including the press releases, presentation and 10-K, are available on the News and Events section of the company's website at blueowlcapitalcorporation.com.

Joining us on the call today are Craig Packer, Chief Executive Officer; Logan Nicholson, President; and Jonathan Lamm, Chief Financial Officer. I'd like to remind listeners that remarks made during today's call may contain forward-looking statements, which are not guarantees of future performance or results and involve a number of risks and uncertainties that are outside of the company's control. Actual results may differ materially from those in forward-looking statements as a result of a number of factors, including those described in OBDC's filings with the SEC. The company assumes no obligation to update any forward-looking statements.

We'd also like to remind everyone that we'll refer to non-GAAP measures on the call, which are reconciled to GAAP figures in our earnings presentation available on the Events and Presentations section of our website. Certain information discussed on this call and in the company's earnings materials, including information related to portfolio companies, was derived from third-party sources and has not been independently verified. The company makes no such representations or warranties with respect to this information.

With that, I'll turn the call over to Craig.

Craig Packer
Thanks, Mike, and good morning, everyone. We appreciate your joining us today. There's been a lot of recent investor attention on OBDC and the other BDCs that we manage, as well as the private credit industry more broadly. Much of this focus has been on credit quality and whether fundamentals are holding up. At a certain level, we understand investor concerns as the industry has grown significantly in the last few years, so I'd like to start off by reassuring you that credit quality in OBDC remains strong, and we expect that to continue.

Before we get into our results, I want to address our future plans for OBDC II following the termination of the proposed merger with OBDC that we announced last quarter. OBDC II is a nine-year-old private fund which was required to eventually consider a liquidity event to return capital to shareholders. We believed the merger into OBDC was the most logical path due to the high asset overlap and benefits of scale. However, in light of the market reaction and working with our Board, we concluded the proposed merger no longer made sense, so we terminated it. Since then, OBDC II has been working to determine the best path forward.

Yesterday, we announced a sale of a portfolio of OBDC II assets at book value totaling $600 million, or approximately 35% of the fund's total assets, and plan to distribute most of those proceeds to OBDC II shareholders. We believe this outcome prioritizes shareholders by providing significant near-term liquidity for OBDC II investors at attractive valuations. This asset sale process initially focused on OBDC II, but given significant demand from several high-quality institutional investors, we expanded the process to opportunistically sell modest amounts of additional assets from two other funds, including OBDC.

In total, $1.4 billion of assets are being sold, including $400 million from OBDC. These sales are being executed at exactly our book value and at an average price of 99.7. Not only is this a strong endorsement of our valuation process and NAV, but it further underscores the high quality of our portfolios. I want to emphasize this – most industry private secondary sales are almost always executed at a discount to book value – and we are pleased to execute this transaction at our marks across approximately 130 names to a very select group of high-quality, leading institutional buyers. We believe this sale sends a clear signal as to the strength of our portfolio, and the quality and integrity of our marks.

To be clear, this is a partial strip sale across OBDC holdings, where we are selling small pieces of over 70 individual loans at an average size of $5 million per position, or approximately 5% of each position size. This transaction modestly increases OBDC's portfolio diversity and reduces leverage by approximately .05x, positioning OBDC with greater flexibility to deploy capital into the most attractive risk-adjusted opportunities.

Moving forward, we are not changing our philosophy. As a buy-and-hold lender, we are not in the regular business of selling our private assets. In this situation, we started out by focusing on returning capital to OBDC II shareholders, and we received so much additional demand that we decided to fine-tune the OBDC portfolio from a position of strength.

Alongside these actions, we were also active in supporting OBDC through our share repurchase program. Against the backdrop of volatility post-merger and the broader industry sell-off, we repurchased $148 million of stock at an average discount to net asset value of 14%. These purchases were accretive to NAV per share and reflect our conviction in OBDC's long-term value.

Taken together, we believe that this highlights disciplined capital allocation. We monetized assets at book value at an average price of 99.7 and repurchased shares at 86% of book value, reinforcing our view that the trading discount does not reflect the underlying strength of the portfolio.

Now, turning to our performance. In the fourth quarter, we delivered solid results, supported by the continued strength of our portfolio. We generated adjusted NII per share of $0.36, which represents an ROE of 9.7%. These results are consistent with last quarter, as headwinds from lower base rates were offset by positive one-time items.

NAV as of quarter end was $14.81, down modestly from the prior quarter, primarily reflecting write-downs on a small handful of watchlist names, partially offset by accretive share repurchases. As we look back at 2025, we believe OBDC executed well amid a shifting rate environment. We closed the OBDE merger, increasing our scale and establishing OBDC as the second largest publicly traded BDC in the market.

Throughout the year, we prioritized optimizing our capital structure to reduce cost and enhance flexibility while improving our credit profile, highlighted by our very recent Moody's upgrade in January to Baa2. On the origination front, in 2025, we deployed more than $4 billion at OBDC and $45 billion across the Blue Owl Direct Lending platform while maintaining our disciplined approach to credit selection.

Over the past year, we selectively broadened our deal funnel by leveraging Blue Owl's expanded capabilities in alternative and asset-based credit, as well as digital infrastructure, to access attractive risk-adjusted opportunities, adding accretive, non-correlated returns. All the while, our portfolio companies maintained their solid credit quality, with revenue and EBITDA growth accelerating in the second half of the year. We are very pleased with our performance over the past year, and we enter 2026 on solid footing with continued confidence in the quality and resilience of the portfolio.

Now, I will turn the call to Logan to provide more detail on our investment activity and credit performance.

Logan Nicholson
Thanks, Craig. Starting with investment activity this quarter, we continue to see healthy deal flow across our core sectors. We had our third largest originations quarter ever at over $12 billion across the direct lending platform, while at OBDC, we were more selective, with capital used to reduce leverage and fund share repurchases.

This quarter, OBDC had fundings of $820 million against $1.4 billion of repayments, resulting in lower net leverage at 1.19x. Further, with the additional deleveraging from the previously mentioned opportunistic asset sales at book value, we have ample dry powder to lean into the best risk-adjusted opportunities as the pipeline builds in 2026. Our originations this quarter were once again anchored by our existing relationships, with approximately 50% coming from large incumbent borrowers; that incumbency remains a core advantage of the Blue Owl platform. We incrementally deployed capital into our joint ventures and specialty finance investments with $80 million of fundings across several vehicles as we continue to ramp these platforms.

Turning to the portfolio, we want to take a step back and provide some perspective on the composition and performance of our borrowers. As a reminder, OBDC is a broadly diversified portfolio with companies spanning 30 industries and average position sizes of approximately 40 basis points. We focus on lending to non-cyclical defensive sectors, and all of our largest sector allocations are performing well, including software.

While we appreciate there has been increasing attention on software over the past several weeks, it represents only 4 of the top 25 investments in OBDC. That said, software has been a sector we've always liked, and our focus continues to be on mission-critical, scaled enterprise software providers. Borrowers in our software portfolio saw LTM revenue and EBITDA growth of 10% and 16%, respectively, in the fourth quarter, outpacing the average earnings growth rate of all other sectors in the portfolio.

Our 40-person technology investment team reviewed our exposures again through an AI lens and confirmed the fundamental health of our assets. This, coupled with the fact that our software investments are primarily first-lien, senior secured loans with LTVs of approximately 30%, gives us confidence that our portfolio remains well-positioned.

We see a similar pattern in healthcare, where we have 45 investments totaling $2.5 billion. The majority of these names are also performing well, with revenue and EBITDA growth of 11% and 10%, respectively.

The strength is broad-based. Overall, in the fourth quarter, every subsector in our portfolio delivered positive year-over-year growth, with revenue and EBITDA increasing 8% and 11%, respectively, and both metrics accelerated as compared to the fourth quarter of 2024.

Across our key credit KPIs, the story is similarly constructive. Interest coverage ratios remain healthy at approximately 2x, revolver draws declined over the year, and amendment activity was stable. Our 3s to 5s rated names currently represent 9% of the portfolio, which is consistent with a year ago. Additionally, we saw refinancings of several of our PIK investments in the quarter, which reduced PIK income to 10.3% of total investment income, down from 13.2% a year ago. As we've highlighted in previous earnings calls, approximately 90% of our PIK names were underwritten that way at inception, and we have never taken a principal loss on those intentionally structured positions.

Our non-accrual rate decreased to 1.1% at fair value this quarter, down from 1.3% the prior quarter, due to the addition of three small positions and the removal of another position. Our non-accruals have been relatively stable over the past few years and are well below public market default rates.

Finally, I'd like to share some perspective on our specialty finance and joint venture investments. We view these as differentiated complements to our core lending platform, designed to help offset rate and spread volatility, and support NAV growth. Today, OBDC has seven joint venture and specialty finance partnerships spanning multiple verticals, including asset-based finance, equipment leasing, life sciences, and life settlements. These investments benefit from strong underlying diversification, with exposure to more than 300 loans and approximately 10,000 individual asset line items. Each of these platforms generate predictable income streams that are less correlated with base rates than our traditional direct loans and have generated ROEs of over 14% over the last year.

We also established two vehicles last year that, once fully ramped, we expect will generate attractive, low double-digit yields, accretive to fund level ROEs over time. These are great examples of how we leverage the breadth of the Blue Owl platform to create value for shareholders. Across all our specialty finance and joint ventures, OBDC's exposure is approximately 12%, providing us with ample opportunity to selectively increase our allocation as market conditions warrant.

To close, the breadth and strength of our portfolio remains resilient in a shifting, and more recently, uncertain market backdrop. With 10 years of operating history, and an even longer tenure of experienced professionals underwriting and managing the book, we are seeing durable fundamental performance of our borrowers, and we remain convicted in our diversified lending strategy.

Now, I'll turn it over to Jonathan to review our financial results.

Jonathan Lamm
Thank you, Logan. In the fourth quarter, OBDC earned adjusted net investment income of $0.36 per share, in line with the prior quarter. Our adjusted NII had a few moving pieces this quarter that I want to spend a moment discussing. Despite headwinds from lower base rates and a modest decrease in average spreads throughout 2025 that are making their way through our book, there were several non-recurring events, including higher one-time income and lower operating expenses. These non-recurring items had a positive impact of approximately $0.02 per share this quarter, which is elevated relative to our historical average.

The Board declared a first quarter base dividend of $0.37, which will be paid on April 15th, 2026, to shareholders of record as of March 31st, 2026. Our spillover income continues to remain healthy at $0.36 per share and supported our base dividend this quarter.

Moving to the balance sheet, our fourth quarter NAV per share was $14.81, down from $14.89 last quarter, following additional write-downs of existing watchlist positions, partially offset by accretive share repurchases. As Craig mentioned earlier, we executed on our repurchase program in the fourth quarter, where we bought back $148 million of stock. In total, the company repurchased 11.6 million shares, which was accretive to net asset value per share by approximately $0.05. This was the largest share repurchase in the history of OBDC.

OBDC's Board of Directors has also authorized a new share repurchase program of up to $300 million, replacing our current $200 million share repurchase plan. Despite this repurchase activity, we were able to manage our net leverage down to 1.19x from 1.22x, which is within our target range of 0.9x to 1.25x, as we intentionally reduced leverage.

On liquidity, we manage the balance sheet closely and conservatively to be prepared for unforeseen situations or uncertain market environments. We remain well-capitalized with approximately $4 billion in total cash and capacity on our facilities, which comfortably exceeds our unfunded commitments, and provides ample capacity to meet all of our funding needs.

Also demonstrating the strength of our business and credit profile was the Moody's upgrade that we received in late January to Baa2, credited to only a few other BDCs. This ratings upgrade was a reflection of our strong portfolio and liability management capabilities, and our long-term track record of disciplined underwriting and solid credit performance. We are very focused on reducing borrowing costs, and we are optimistic that the ratings upgrade will help us achieve better execution on new unsecured issuance in the future.

Overall, we remain pleased with the strength and durability of our portfolio and believe our balance sheet is well-positioned to support continued portfolio performance in 2026.

Now, I will turn it over to Craig for some closing remarks.

Craig Packer
Thanks, Jonathan. To close, I want to underscore our confidence in the portfolio. Credit quality is solid, and losses overall remain low, consistent with our downside-focused approach of lending to large, highly diversified, recession resistant businesses.

Looking ahead, we anticipate that our forward earnings will be impacted by two important dynamics – lower base rates flowing through our majority floating rate book, and tighter spreads on new and repriced assets. We are focused on the impact of lower rates on the earnings power of our portfolio, and having managed this fund for 10 years across various interest rate environments, we view rate sensitivity as a natural driver of BDC results.

Importantly, there is a delay from the time when rates are lowered to when we see the full impact on the portfolio. At the same time, industry spreads have tightened, resulting in the weighted average spread on our portfolio compressing by approximately 30 basis points over the last year.

For this quarter, given our strong results, we are maintaining the regular dividend of $0.37. However, we will continue to discuss this carefully with our Board and evaluate the dividend each quarter, particularly as the full effect of these lower rates and spreads are now impacting the portfolio.

While lower rates and tighter spreads will compress asset yields and NII returns across the industry, they generally improve borrower fundamentals and, in turn, credit quality. Against that backdrop and given the solid borrower performance we continue to see, we do not expect broad-based credit issues in our portfolio. This contrasts with what seems to be reflected in our stock price, where the dividend yield is approximately 10% on NAV, but over 12% based on current trading levels.

You've heard me say this before, but this is a very high-quality portfolio built through disciplined underwriting, with the appropriate structures and protections to perform across cycles. The recently announced $1.4 billion Blue Owl BDC asset sale transaction reflects the full book value of the underlying investments and provides clear third-party validation of the strength of our book, the rigor behind our marks, and the discipline in our underwriting. We have conviction in our strategy and are focused on acting in the best interest of our shareholders, supported by our share repurchase activity and prudent management of our balance sheet.

As we close our call, I want to mention that over the past year, spreads have generally trended tighter, but renewed macro uncertainty could drive widening, which we are currently observing in the public leveraged loan markets. Should this environment persist, it could present an opportunity to selectively deploy capital at higher spreads on new deals. The market is asking questions of private credit managers. We believe we will continue to deliver, and ultimately, that performance is what will matter.

Thank you for your time today, and we will now open the line for questions.

Operator
Thank you. We'll now be conducting a question-and-answer session.

Our first question today is coming from Brian McKenna from Citizens. Your line is now live.

Brian McKenna
Okay. Great. Thanks. So, there are some headlines out there this morning that OBDC II is halting redemptions permanently. Is that how you view last night's announcement? And then can you just remind us how much of that portfolio is turning over on a quarterly basis and then what you plan to do with those prepayments?

Craig Packer
Thanks, Brian. I appreciate the question. First, I want to reiterate, we think this is a terrific transaction for the investors in the funds that are affected, OBDC II, OBDC, and OTIC, and also extremely endorsing for our entire credit platform. I think it's a really strong statement for us to be able to complete the sale of $1.4 billion of private assets in a very short timeline at book value, at 99.7. I think that's strong for any asset class – to clear that kind of size, at that kind of price, at book value – an extremely strong statement.

As you noted, there are a few headlines – I think most of the feedback has been quite positive, but there are a few headlines that we think are a complete mischaracterization of what's happening here. We aren't halting redemptions. We've been tendering 4%, 5% of the shares of this fund for eight years. We – instead of resuming 5% a quarter – we are, in fact, accelerating redemptions, and we're going to return to this investor group 30% of their capital at book value in the next 45 days. So, investors that would have thought they were getting 5% are getting 6x the amount of capital in cash at book value immediately.

So, we're not halting redemptions; we're simply changing the method by which we're providing redemptions. A tender offer, as you know, is subject to the investor choosing to get their capital back. In a fund that can place different incentives for investors that are hitting the redemption or waiting, it can treat investors differently. We thought it was more important to treat all investors the same. So, we're doing a 30% pro-rata distribution, so investors don't have to elect into this or worry if they don't elect into a tender, that they'll be in a weaker portfolio. They're all going to get the same 30% distribution at the same time.

As you asked, what should investors expect going forward? I want to remind everyone, this fund is a different structure than our non-traded perpetual BDCs. This fund was raised eight years ago and was raised more akin to a private institutional fund. It was always anticipated that, at some point, this fund would have some type of strategic transaction, whether that be a merger, a listing, or an IPO. And the other alternative that was stated very clearly at the outset was, at some point, we may just choose to return the investors' capital. That is the path that we are choosing here.

We are going to accelerate the return of the investors' capital, and we're starting with a very significant down payment of 30% immediately. This fund has significant earnings, we're going to continue to pay our dividend, but as you know, we also get regular repayments. And so, as we get those repayments, we're going to discuss with our Board, but our intention is to continue to return capital on an accelerated basis. So, we assume, for this purpose, we'll get redemptions of 5% a quarter. Every quarter, investors should expect we will evaluate a return of capital of 5%. We've got some debts; we have to make sure we're properly handling the debt. But basically, if you assume 5% per quarter, we could be in a position, by the end of this year, that we've returned half of the investors' capital.

So again, not only are we not halting redemptions, but I think it's going to be significant cash flow to these investors. And more to the point, I want the audience to appreciate, we've had extensive conversations with the investors and the financial advisers that work with them over the last couple of months discussing alternatives for what we would do with this fund. And as we discuss those alternatives, we are confident that the plan we're pursuing is going to be extremely well received by those investors for the reasons I've outlined.

Brian McKenna
That's helpful. Thanks, Craig. And then just a follow up on OBDC, cash ended the year at $570 million; you have the additional $400 million coming in from the sale. So, depending on where leverage shakes out, you have about $1 billion of capital to deploy before assuming any additional prepayment. So, what's the most accretive use of capital today? Where are you leaning in from a deployment perspective? And you mentioned, you know, maybe an opportunity with spreads widening here. We'll see exactly how that plays out. And then are buybacks still on the table at current prices?

Craig Packer
So, as we noted in the press release, but maybe everyone hasn't had a chance to review it yet, we started this process really focused on solutions for OBDC II. However, in our conversations with the small group of buyers that we went out to, we saw very significant additional demand for these assets, well in excess of what we were planning to sell out of OBDC II. And so, we thought it was important to consider taking advantage of that strong demand at a very high price and see whether there were additional tactical goals that could be accomplished.

With respect to OBDC, the portfolio is in extremely good shape, but we use this as an opportunity to, really with a scalpel-like precision, modestly trim some larger positions just in the name of good housekeeping portfolio management. I do think it's an environment where we're seeing capital start to constrict a bit. We're seeing that in the public loan market, we're seeing that in some of the private markets. And so, we're hopeful that that will lead to a better environment to deploy capital and start to see some spread widening on some attractive investments. And by selling these assets, we put OBDC in an even stronger position to be able to deploy capital.

However, as you note, our stock price is also trading significantly below book value. We just completed the largest repurchase of shares in the company's history, and the stock price still stayed – is at a very depressed level. And so, we increased our stock buyback program with our Board, replenished it to $300 million, we increased it, and we're going to actively look at comparing buying stock versus deploying capital into the market.

But again, maybe not everybody has had a chance to study this carefully; I just want to call your attention to it. We think it's quite striking that we can easily sell $1.4 billion of assets at book value, or 99.7, and at the same time, a portfolio of those same assets trading in the low 80s to high 70s percent of book value. So, we will continue to look at the stock and continue to find ways to do accretive things for shareholders.

Brian McKenna
I'll leave it there. Thanks so much.

Craig Packer
Thanks, Brian.

Operator
Thank you. Our next question today is coming from Finian O'Shea from Wells Fargo. Your line is now live.

Finian O'Shea
So, yeah, to follow up on the portfolio, appreciate how the LPs had more interest. But with OBDC, was there – you just answered this a little bit with Brian, you've pruned some major positions. But just looking at it, you didn't have too much need for liquidity. You're not too concentrated, either, it's something like 70-something names you guys sold. So, is there a – I guess, if it's a fine-tuning issue on concentration, is that roster of names, say, concentrated in your top 10 or top 20, or is there another benefit to the portfolio sale?

Craig Packer
Sure. So, look, this was a really thorough process involving four really high-quality institutional investors in a very tight timeframe. They were very engaged with us. They did detailed due diligence on the names in the portfolio. Even though several of them knew us well, they were buying a portfolio. They did detailed due diligence, and we certainly wanted to make sure, if they were to do that work, that they would have an opportunity to make an investment. And so, as we worked this through with them, and we were looking at our portfolio, we settled on these asset sale splits.

I think for OBDC II – excuse me – for OBDC, at the end of the day, we sold 2% of the assets, it's really immaterial. This would be like we got one repayment in a quarter. It's not material. But as I said, we thought we have this interest, it's at a very high price, the market is starting to loosen up, we just bought back some stock, if we can, on the margin, create a little bit of liquidity, it's worth doing. It also accomplishes the goal of having four large investors who each bought, by the way, the same exact amount, the same exact price, all have transactions that they were excited about. So, I think it accomplished that goal, as well.

But I guess I would also say, and I said this in the prepared remarks, but I think it's worth revisiting, we understand and we see the same things that you're reading. There's skepticism about marks, there's skepticism about valuation. We've always been saying we feel really good about the quality of our portfolio and the quality of our marks. But just saying it, in some ways, doesn't seem to have done enough. So, we're putting our money where our mouth is. We sold the assets to four different third parties at 99.7.

I should point out that, while OBDC only sold $400 million worth of assets, these were a very sliver portion of 75 different line items. Our exposure in OBDC to those line items is almost half the portfolio. So, we view the sale at OBDC as validating almost half the portfolio, not only at book value, but at 99.7. Par – we sold these assets at par. That's not only for OBDC, but it's true for the entire Blue Owl direct lending platform. The assets we're selling here represent our largest names, our biggest exposures, and we had resounding demand at par. I think that's a really strong statement, and I think it was a statement worth making in an environment where people are asking questions, and they're skeptical about marks. People read one article about one mark in one portfolio somewhere, and they extrapolate it out, and we're giving a stake in the ground with a different set of facts, and a set of facts that spread across 130 positions in our portfolio.

Finian O'Shea
Appreciate that. Sort of a follow-up on – I guess a continuation of this discussion and the mechanics. One small part, can you clarify – we just get a lot of inbound on this – is there any sort of like, delayed settlement accrual, like extra – I don't know if I'm wording this right, but the extra, sort of, compensation to the buyer?

And then also, given the sort of – you know, we don't see this often in 40x vehicles selling to another account managed by the same adviser, you guys – is there anything to this structure where maybe this runs down quickly, maybe this is a swath of the portfolio that you expect to repay really soon, and therefore, it's not truly a fund kind of thing, or anything else like that?

Craig Packer
If I could rephrase your question, is there something we're missing behind the scenes, right? I get it. I get it. Again, we're in an environment now where there's a high degree of skepticism about private credit. And unfortunately, that skepticism can be amplified by folks that aren't even in

private credit and don't spend any time in the industry, and don't hesitate to forward things and amplify them in a way that makes them seem more prominent than they are.

The transaction is exactly what appears. We're selling 128 positions at 99.7 to four different institutional investors that each made their own investment decision at the same time and not only bought this portfolio, they would have bought multiple amounts more. It is common, when you do secondary asset sales, for them to come at a discount to book value; these didn't.

Sometimes, you'll see other types of transaction structures, particularly with a continuation vehicle structure, where perhaps the purchaser is getting the benefit of elongated interest payments – that's reducing their basis and that's behind the scenes, and it doesn't – it's not obvious. That's not happening here. They're buying it at 99.7, and we're using standard LSTA loan trade settlement procedures, just like every trading desk is using every day. It's plain vanilla. The buyers, arm's length, several of them just had accounts already set up with us.

As we've highlighted, we are going to continue to own most of the positions in these loans and manage them. And so, the buyers found it convenient to keep their portion of that strip in an account they have set up with us, made it easy to do, but it's their economic risk. We'll help them manage the position. They made an arm's length economic decision, and there's nothing behind the scenes that would in any way undermine that conclusion.

Finian O'Shea
Awesome. Thank you, Craig.

Craig Packer
Thanks, Fin.

Operator
Thank you. Our next question today is from Arren Cyganovich from Truist Securities. Your line is now live.

Arren Cyganovich
Hi, thanks. One of the questions we got from investors was why not sell all of OBDC II? Is there something just maybe just from a debt perspective, or we're just trying to understand why not just kind of get rid of that, I don't know, perceived issue or perceived problem from investors?

Craig Packer
Sure. We had – we canceled the merger in November. We thought it was really important to be able to do something very quickly. The merger and the cancellation caused a lot of confusion for the OBDC II investors and for investors in our other funds. And we thought it was important to be able to do something quickly, and to demonstrate the quality of the portfolio and to return capital very quickly.

This was that transaction. We went through a number of alternatives. We wanted to do something of significant size. We returned 30%. We wanted to do something that demonstrated our marks, which it did. But we also wanted to do something quickly and that left the remaining portfolio in really good shape. That portfolio has about .5x of leverage. It has plenty of liquidity. It's diversified. It will be easy for us to continue to run it, and harvest it, and return the capital.

There could have been other possibilities – as you said – sell the whole portfolio. I'm sure we could have done that; it would have taken longer; it would have been more complicated. As you might imagine, there are shareholder protections. If you're going to sell an entire portfolio, that results in a much longer process. We opted for something faster, certain, and that would put cash in the investors' pockets by the end of March. We'll continue to manage this fund. Again, this is a fund of loans. They contractually repay. We have high visibility on these repayments. We're not speculating about getting the capital back. We're going to continue to get capital back, and we'll continue to return the capital. As I mentioned earlier, by the end of this year, we may wind up returning half the investors' capital. So, we'll continue to evaluate it.

There's nothing particularly unique here. Funds in the private markets return capital to their clients all the time – in the private credit markets, in the private equity markets. And there's nothing unique to this particular fund. It's just akin to any other fund, and we'll manage it in a way that benefits investors.

Arren Cyganovich
Yeah, makes sense. And to your point, you are returning it more quickly. And for OBDC shares, you're selling at NAV and having the ability to buy that at a big discount. So, it's a benefit for OBDC, I totally get it. These are just the questions we're kind of getting from investors.

The other thing I had was just on software. Obviously, this is an area that you guys have been very confident in all along. You have BDCs that are completely kind of designed towards this. What's your appetite for new software loan purchases, and is this creating more of a beneficial opportunity, I guess, as maybe some other peers might be a little bit afraid to step into the area?

Craig Packer
So, we covered this a bit in the comments. Look, we've always liked software. We have a significant team. We think we're one of the largest investors and have the capacity to differentiate between a software business that's going to be well-protected in an AI world and one that's going to be more vulnerable. We also have funds that are dedicated to the technology sector that have capacity to do software.

OBDC was designed as a diversified fund. As Logan mentioned, software is the biggest sector, but it's a relatively small percentage of the overall fund. So, we have capacity to do best-in-class deals that we have extreme, high levels of confidence are going to continue to hold up well. That bar has always been high; it's even higher now. We're certainly not taking lightly the potential impact for AI.

Having said that, we continue to see our best-in-class companies perform well and think they'll endure. And if we see opportunities, we'll do it, but I would say we're going to be very discriminating, and I don't think our software percentage will go up. If anything, I would expect it to modestly decline over the next year or two, but it'll depend upon the opportunity set.

Arren Cyganovich
Got it. Thank you. Appreciate it.

Craig Packer
Thank you.

Operator
Thank you. Our next question today is coming from Robert Dodd from Raymond James. Your line is now live.

Robert Dodd
Hi, guys. Thanks for taking the question. I think you've covered OBDC II pretty well on that front. On the sales book, I mean, there's some disclosure in there that, obviously, about I think 13% was Internet and Software. Any information you can give us on what vintage were those assets? I mean, they are the larger assets, I'm going to presume, and we know what that makes me, that those were probably lower spread assets, as well, the larger side of the portfolio.

I mean, any color you can give on like what – on those assets being sold, what was the weighted average spread versus what it is on the portfolio? You gave us the Software and the Internet, but, I mean, was there less PIK in that book, or more PIK in that book? Any other metrics you can give us on how it's going to evolve the – modestly, right, because it's not that big a piece, but how it's going to impact the portfolio on those kind of metrics?

Logan Nicholson
Yeah. Thanks, Robert. It's Logan. The portfolio sales were a slice across mostly first liens, and the weighted average spread was just over 500. So, relatively consistent with the broader portfolio. It wasn't a select few that were outliers across the book. And from a PIK exposure percentage, it was about in-line with our PIK exposure. So again, we just referenced we've got about 10% PIK exposure. In the portfolio sold, it was about 10% to 11% PIK exposure across the book. So, consistent across how our portfolio looks, really no different.

And it's not changing the portfolio in any meaningful way at OBDC in particular. First-lien percentages, non-accrual percentages, everything is the same pre and post. As Craig mentioned on diversity, it helps a touch. Three of our top five position percentages, go down a little bit as part of the transaction, and it helps us with some opportunistic capital to redeploy into a market that's increasingly more interesting.

Robert Dodd
Got it. Thank you on that. And, I mean, that's – as we look forward, as you mentioned, spreads have started to widen a little bit, and we'll see how long those stick. But what's the view for the remainder of the year? I think you've covered all the things that have gone on this quarter and last year. But, are you optimistic on spreads staying wider and creating some incremental accretive opportunities from that perspective? On the other hand, you're saying you don't expect credit to deteriorate, which I fully agree with. And normally, if that doesn't happen, spreads sooner or later tighten back up, despite what the public equity markets seem to think at the moment. So, how do you think that's going to play out?

Craig Packer
Yeah, it's a good question. Look, from our perspective, and we've commented on this pretty regularly over the last year, spreads have been extremely tight in all credit markets over the last 12 to 18 months, and not just private credit – leveraged loans, IG, high yield – all spreads are tight. And we anticipated at some point it would widen just to get to more of a baseline. Not to be wide, but just to get – to be more of a baseline, and you're starting to see that. I'm hopeful that that will continue, again, not dramatically so, but just get to more of a typical range. When the public loan market starts to back up, private credit spreads move quickly.

Our comments on the economy – or excuse me – on the portfolio are driven just based on the sectors we're in and the companies, and they're doing well, and they continue to do well. And we're seeing low single-digit, high single-digit growth rates in revenues and EBITDA. The companies are performing really well. That's why we're confident.

Let me put it this way: you can't have a view that there's massive credit problems coming and spreads are going to be really tight. Like those things are, as you say, not compatible. What I expect is credit performance will continue to be good, not only for us, but for the large players in the private credit space. And I think you'll see some modest widening of spreads and hopefully some modest pickup in M&A activity.

I do think that will favor the larger platforms that have capital – and the smaller firms that don't have as much capital – I think the private equity firms, they've had a lot of opportunity to talk to different lenders in the last year or so, but when they see conditions start to tighten up, they move to the largest lenders and the ones that know them the best and that have to wherewithal, and we're one of them. So, I think it'll be a better environment, but I'm cautious on it. We'll see how long it lasts.

Robert Dodd
Got it. Thank you. Other questions I'll follow up later. Thanks a lot.

Craig Packer
Thanks, Robert.

Operator
Thank you. Our next question today is coming from Kenneth Lee from RBC Capital Markets. Your line is now live.

Kenneth Lee
Hey, good morning, and thanks for taking my question. Just one more on the loan sales transaction there – to clarify, the mark that you received, the 99.8%, how does it compare with the previous fair value marks in general?

Craig Packer
I mean it's – we sold it at our marks. The marks, the fair value was 99.7. It's very consistent with where marks have been every quarter. Most of our book, for the last year, has been valued close to par. And we sold this basket of loans at par, consistent with every – the last year or so.

I just want to make sure we're being clear on this. We didn't negotiate price by price with investors. We said, "We want you to pay our book value." And we did our same valuation process that we always do, and we said, "We want you to pay book value." They agreed to pay book value. So, not only is that endorsing of we got par, it's also endorsing of our valuation process. They trusted our valuation process the same way we trusted it. Four independent parties doing their own work agreed to pay book value. And we updated that book value as of February 12th and Kroll did a valuation for us on that day. So, they're up to date, and the moves in the valuations were minor across the portfolio as a whole.

Kenneth Lee
Got you. Very helpful there. And just one follow-up, if I may, just on the dividend, and – could you talk about some of the potential inputs or considerations that the Board may take into account for setting the common dividend and go forward? Thanks.

Craig Packer
Our process with the Board on dividend is the same we've been doing for 10 years. We look at all the kinds of metrics that you would expect – what we're earning, what we expect to earn, credit performance, dividend coverage. But the outlook is we generally like to have a stable base dividend. We put in place the supplemental a couple of years ago because we were earning a lot with higher rates.

But, look, as we said in the script, and I think you're hearing from other managers, although credit performance is very strong, it's a different rate environment. Rates are lower. Rates are expected to continue to go lower. Spreads are tighter. And so, particularly as a result of rates – rates went up, we earn more; rates have come down, we're earning less.

This quarter, we looked at it, and we earned $0.36 with a $0.37 dividend. We felt it was reasonable to continue – to keep the dividend where it is. But as we said in the script, we're going to see, and we're seeing now the full impact of rates and the full impact of spreads, and we're going to sit down with the Board every quarter, but certainly next quarter, see where our earnings are coming in, see what our outlook is over the next few quarters, and assess the dividend. And we don't like to move the dividend around every quarter. So, we'll have a thorough discussion. Just completed our Board meetings yesterday, and we talked about this thoroughly, and we'll continue to do that just like we have since inception.

Kenneth Lee
Gotcha. Very helpful there. Thanks again.

Craig Packer
Thanks, Kenneth.

Operator
Thank you. Your next question today is coming from Casey Alexander from Compass Point. Your line is now live.

Casey Alexander
Good morning, and thank you for taking my questions. And I can appreciate your frustration that, in this environment right now, everything is being looked at through the most skeptical lens possible. And that's kind of what happens when the market paints things with a broad brush.

But, what I want to ask is, now that the market knows that Blue Owl II is in runoff, and you did this transaction with just four investors, there's a tremendous amount of dry powder that is still out there in LPs and places like that. I would expect that your inboxes might be pretty busy from other folks that would like to take a look at that Blue Owl II portfolio and see if there are things that they might want to buy. Would you guys consider additional asset sales out of that portfolio to accelerate the process of winding it down?

Craig Packer
Casey, we'll consider anything that's going to deliver great value to our investors. And you're right, we got inbounds since November. And I've already highlighted that these investors that we sold assets to had additional demand, they would have taken more of the paper now.

Look – I hope folks appreciate – these are great questions. The answers are complicated. You know, how you decide to wind something down, when does something require some type of shareholder vote or engagement. These processes are not – these aren't public loans where we're just selling out in an afternoon. This is a company, it has a Board, and it has a process. We've been following that process as we always have, and we'll continue to do so.

But I think the guts of your question is we would like to continue to accelerate the return of capital. This, again, not – as it has always meant to be – it was always meant that, at this point in the Fund's life cycle, we would come up with a strategic transaction that results in the investors getting liquidity. And so, we are – we now have a defined path. This is the path, and we will look for repayments, earnings, and also potential additional asset sales to continue to return that capital.

I just want to come back to something I said earlier. I know there's a lot of questions, and part of the question is, how are the investors feeling? A lot of folks that are wondering, they're speculating. The investors feel like we've treated them very well. Investors are really happy with this transaction, and I think they'll continue to be happy with us if we continue on a path of really carefully managing it and getting their capital back at a good price. We're not getting pushed by the investors to try to sell out quickly and not get fair value. They just want us to manage it prudently like we always have.

And if I could, I would broaden the lens. Again, we recognize our platform is very much in the public's eye. We also think we've treated investors really well in our non-traded funds, where we've stepped up and met increased redemptions. So, the client base there, I think, also appreciates that we continue to try to put our investors first. So, that's what we'll do. If we see transactions that are at a great price and can accelerate the return of capital, we're very open to that, but it's a little more complicated than deciding tomorrow morning to just sell the assets.

Casey Alexander
I could certainly appreciate that, and thank you for that answer, Craig. Since this is an OBDC call, let's ask a question that is relevant to OBDC. Jonathan, can you give us a little more granularity on the one-time income and the lowering OpEx that produced the $0.02 tailwind? Just give us a feel for where some of that came from?

Jonathan Lamm
Sure. The majority of it was from a repayment where we got some call protection. And then on the OpEx side – call it half a penny or so – is really just when we completed the merger at the beginning of the year, OBDC and OBDE. Although we promised synergies, we budgeted in the context of – in a conservative manner, in terms of not necessarily hitting all of those synergies. And so, when you get a lot of your invoicing and your expenses coming through at the end of the year, we effectively saw a positive true-up, which is nonrepeatable, related to those synergies. And so, that contributed to what I'll call a one-time OpEx adjustment.

Casey Alexander
Great, thank you. Appreciate that. Thank you for taking my questions.

Craig Packer
Thanks, Casey.

Operator
Thank you. Next question today is coming from John Hecht from Jefferies. Your line is now live.

John Hecht

Good morning, guys. Thanks for taking my questions. Just looking at the published material, if you look at the principal amount of investments sold or repaid, it's – and you addressed this in some of the remarks earlier – it's fairly elevated. I'm wondering, can you break that down versus what you proactively sold last quarter, versus what was a scheduled paydown, versus what might have been a prepayment? And then what's your perspective on – obviously, you've announced the additional sales this quarter – but what's your perspective on that type of activity beyond the planned sales or announced sales, at this point in time?

Logan Nicholson
Sure. Great question. We reported the number of just over $1 billion of repayments; that's entirely repayments in normal course. The asset sales of $400 million are not in those numbers yet. They will be forthcoming and closing over the next few weeks and will be in the first quarter numbers. So, everything was normal course in the last quarter.

John Hecht
And is that – do you expect that pattern to persist, or was it just sort of a confluence of a lot of maturities, or something like that, that happened last quarter?

Logan Nicholson
I'd say it's in the normal course that we saw repayments in the fund at around $1 billion. It's been consistent with our last few quarters. And we have the opportunity in any given quarter to decide how much we reinvest or not. And as mentioned, we prioritized other things during the quarter like paying down debt, as well as share repurchases, in particular. And so it's our opportunity to take a look at that normal accordance repayment cycle that happens every quarter and then choose to reinvest a portion, or not, depending on our priorities. And that's really on the reinvesting side was where we made the decisions; the repayment side was all normal course.

John Hecht
Okay. That's helpful. And then, where are we at with respect to like rate floors and ongoing sensitivity to potential Fed rate declines?

Logan Nicholson
Sure. Rate floors are not yet in effect. Where we have rate floors on a portion of the portfolio, they're typically around 1%, and they were really a legacy of the zero-interest rate environment of years ago. And so, at this point, as with most lenders in the space, our loans would still be floating rate, and true to that level of SOFR. As we go down, it would be effectively one-to-one.

John Hecht
Okay. Thank you guys very much.

Craig Packer
Thank you.

Operator
Thank you. Our final question today is coming from Paul Johnson from KBW. Your line is now live.

Paul Johnson
Thank you. Thanks for taking my question this morning. In terms of the mix of the transaction, I noticed you mentioned both funded and, seems like funded and unfunded commitments – what is, I guess, kind of the composition mix for OBDC in terms of what was funded on the balance sheet, and what's leading in terms of a commitment?

Logan Nicholson
On the asset sales, it's about 10% unfunded. It's consistent with our existings. So, if you look across the portfolio, it's really a slice of the existings and consistent with our unfunded revolver and DDTL mix. And so, when we say 400, that's the full commitment size. About 90% of that is funded and 10% of that unfunded. Again, broadly across the three different portfolios involved, that's consistent.

Paul Johnson
Gotcha. Okay. That makes sense. Thanks for that. And then, maybe just a little bit more on the transaction, I was wondering if you could just maybe kind of give us an idea of like what was, I guess, kind of the process here? I mean, was this like a solicited transaction? I mean, you mentioned excess demand here.

And the other question I have, maybe an odd question, but I'm just curious, where do the assets actually go? You mentioned like you have – they have an account with you. So, do they stay in one way or another on the platform, or are these transferred into structures that are off the platform?

Craig Packer
Look, the process we went through when we canceled the merger, we reached out to a very small handful of investors that knew us and that we thought had the wherewithal to make a sizable investment in private credit assets, high quality private credit assets, at book value. We had limited time and limited bandwidth, and we got great reception and worked with the four that we're closing on, and they all got there, and so, just a private process that we went through in an expedited timeframe, and they did their work, and we made our teams available, and it was a very efficient process.

Do you want to speak to the – I mean, in terms of – again, it's no – on the platform, I mean, we set up vehicles, or in some cases they had vehicles already set up with us, where those vehicles bought these assets.

I guess, maybe if you're not familiar, big pension plans and insurance companies generally work with outside managers to manage their private credit exposure. These aren't public securities that they have the systems and team to monitor, and they typically rely on managers like Blue

Owl to do that work for them – to follow the credits, provide the information, track the assets, track the payments, and that's what's happening here. They didn't have to have us manage these assets; they could have brought any manager in to manage these assets. But not only do we know all these assets extremely well, we also own 90% of the positions. And so, we're ideally suited to continue to manage them.

But that's just typical of any purchase for – from an institutional investor. That's how they would do it with us or any other big manager.

Paul Johnson
Got it. I appreciate that, Craig. That's helpful. Last question I'd ask, just bigger picture, broadly on bank competition, just love to get your thoughts there. It feels like the banks are positioning fairly competitively here. Just be curious to get your thoughts, just kind of with the recent volatility if that's changed at all and what the outlook maybe is for the year? That's all for me. Thanks.

Craig Packer
Yeah, I don't think there's anything new. The banks are – the public loan market is a competitor to ours. It has been since the start of the firm, it always will be. There are times where both markets are strong. Last year, that was the case. The public loan market tends to be more volatile, and that's the way the banks participate in the leveraged loan market. You've seen some volatility pick up, and that impacts – generally impacts – how banks think about underwriting risk when things are backing up.

They just tend to get more cautious, and that can swing deals in our direction. We're already seeing a few deals that would have otherwise gone to the public markets that are quickly moving to the private markets. I don't want to extrapolate a trend for a few weeks to infinity. But in the last couple of weeks, we've seen that. I expect that will continue. But we have great relationships with the big banks. They do – we do lots of business with them. They are a big source of financing. And there's no profound change to the competitive environment, but it's more a function of just where market demand is, and again, I suspect the pendulum will swing a little bit more to private credit, but we'll see.

Operator
Thank you. We have reached the end of our question-and-answer session. I'd like to turn the floor back over to management for any further or closing comments.

Craig Packer
Look, we obviously covered a lot of ground. Look, I would just urge everyone, please, read the release that we put out on the asset sales. Don't just read the headline; don't just read the tweet. Read the announcement. We put a lot of information in there. I'm confident, if you read the details of what we did, it will be very clear. And if you have clarifying questions, we welcome them. Please ask us.

We think this is a really strong outcome for the investors in our funds, and I think a really strong endorsement of the quality of our assets and want to make sure that you see it that way, as well.

Thank you, and have a great day.

Operator
Thank you. That does conclude today's teleconference and webcast. You may disconnect your lines at this time, and have a wonderful day. We thank you for your participation today.