

Blue Owl Expands Alternative Credit Capabilities with Acquisition of Atalaya's Business

July 2024



About Blue Owl

Blue Owl Capital Inc. ("Blue Owl") (NYSE: OWL) is a leading asset manager that is redefining alternatives.

With over \$174 billion in assets under management as of March 31, 2024, we invest across three multi-strategy platforms: Credit, GP Strategic Capital, and Real Estate. Anchored by a strong permanent capital base, we provide businesses with private capital solutions to drive long-term growth and offer institutional investors, individual investors, and insurance companies differentiated alternative investment opportunities that aim to deliver strong performance, risk-adjusted returns, and capital preservation.

Together with over 725 experienced professionals globally, Blue Owl brings the vision and discipline to create the exceptional. To learn more, visit www.blueowl.com.

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Industry and Market Data

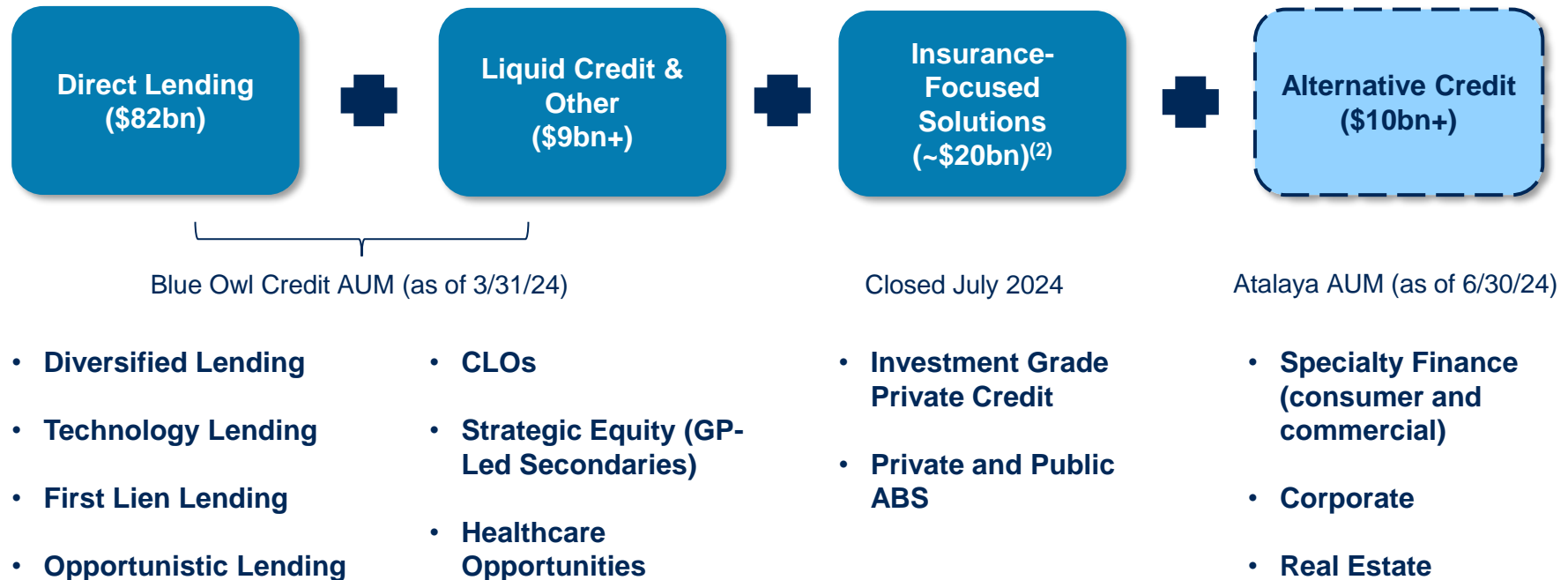
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Scaled Expansion into Alternative Credit for Blue Owl



Acquisition of Atalaya's business (\$10bn+ of AUM¹) broadens asset-based finance capabilities and establishes an incumbent position in a multi-trillion-dollar (and growing) market

Blue Owl Credit Platform



(1) As of 6/30/2024. (2) As of 5/31/24; not all Insurance Solutions AUM will not be reported under the Credit platform.

Atalaya's Areas of Focus within Alternative Credit



SPECIALTY FINANCE

Consumer Loans and Leases
Commercial and Small Business Finance
Mission-Critical Equipment Leasing
Residential Finance
Aviation Leasing



REAL ESTATE

Loan Purchases from Banks
Bridge, Transitional & Construction Lending
Opportunistic Asset Purchases
Co-GP and LP Equity
Niche RMBS and CMBS

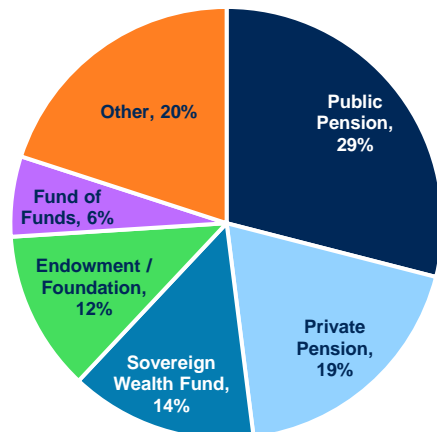


CORPORATE

Structured Capital Solutions
Opportunistic Asset Purchases
Leveraged Loan Purchases
Fund/NAV-Based Lending

Atalaya's core capabilities will enhance Blue Owl's existing alternative credit footprint

AUM by Client Type⁽¹⁾



Atalaya's Strategies

- **Special Opportunities Strategy:** Drawdown funds with a multi-sector focus
- **Income Strategy:** Evergreen product focused on consumer and commercial finance
- **A4 Strategy:** Evergreen product investing across platform capabilities
- **Equipment Leasing Strategy:** Evergreen product focused on equipment leases to middle market and larger commercial borrowers

Atalaya Transaction Summary



- **Blue Owl to acquire Atalaya Capital Management LP's ("Atalaya") business for \$450 million.**
 - The \$450 million upfront purchase price will be paid through a combination of \$350 million of Blue Owl equity and \$100 million in cash.
 - The \$100 million of cash proceeds is expected to be reinvested into Blue Owl products on a post-tax basis.
 - Atalaya will be eligible for up to \$350 million of additional potential earnout, payable in 2027 and 2029 in Blue Owl equity, subject to certain adjustments and achievement of future revenue targets.
 - Atalaya managed over \$10 billion of AUM as of 6/30/2024 at an average fee rate of ~1.4%.
 - The transaction is expected to close in 2H24, subject to customary closing conditions, and is expected to be modestly accretive to Blue Owl in 2025.
- **Atalaya is a scaled alternative credit manager focused on asset-based solutions across consumer and commercial finance, corporate, and real estate.**
 - Founded in 2006 by Ivan Zinn, who serves as Managing Partner and Chief Investment Officer.
 - Based in New York with 115 employees, including over 50 investment professionals. Upon closing of the acquisition, most of Atalaya's employees are expected to join Blue Owl and will continue to manage existing Atalaya funds.
 - Deep expertise and broad capabilities in alternative credit, with a strong track record across market cycles.
 - Private Debt Investor's Specialty Finance Lender of the Year in 2023.



Strategic Rationale



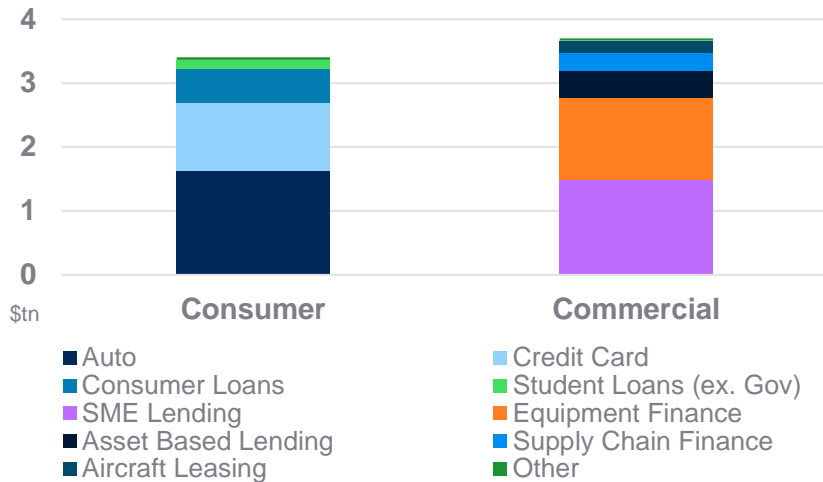
- ☒ Provides immediate and scaled expansion into a multi-trillion-dollar Alternative Credit market driven by secular tailwinds
- ☒ Contributes unique and differentiated capabilities and an 18-year track record of successfully investing across market cycles
- ☒ Complements Blue Owl's strength in Direct Lending, diversifying Blue Owl's Credit capabilities and further expanding the suite of financing solutions we offer
- ☒ Plan to leverage Blue Owl's robust institutional and wealth distribution capabilities to accelerate growth of existing products and collaborate on new product development
- ☒ Accelerates growth of new strategies and creates differentiated risk/return opportunities to further align with insurance client needs
- ☒ Financially accretive
- ☒ Alignment between Blue Owl's and Atalaya's management through substantial Blue Owl stock ownership and earnout structure

The Alternative Credit Market Opportunity



Asset-Based Finance Market⁽¹⁾

The US asset-based finance market represents \$7tn+



Why Alternative Credit?

Alternative credit is an expansive market that encompasses numerous verticals and asset classes, including private asset-based finance (ABF) and non-traditional corporate lending.

ABF is particularly attractive, given its large growth market, split between consumer finance (\$3.4tn TAM) and commercial finance (\$3.7tn TAM).

- Over 90% of the ABF market is public, however private ABF (~\$350bn) is large and growing rapidly (+20% CAGR).⁽²⁾
- There is significant white space and increasing LP demand for uncorrelated ABF exposure.

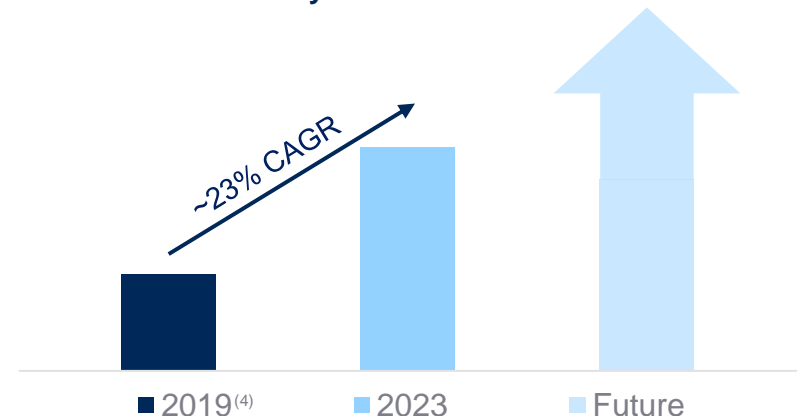
Private capital providers have gained share in corporate and asset-based lending as increased regulation and higher capital requirements have curtailed traditional bank lending activity.

- Loans as a percent of bank assets have declined to 55% (from 70% in 1970).⁽³⁾

Blue Owl Ecosystem Can Accelerate Growth

- Accelerate institutional fundraising for existing products and launch new strategies in conjunction with Blue Owl's existing Credit capabilities
- Create wealth-specific alternative credit products to be distributed globally
- Construct strategies with a specific focus toward insurance clients
- Expand breadth of financing solutions offered to sponsors, corporations, and banks across the risk/return spectrum, allowing Blue Owl to become a more significant partner to counterparties
- Capitalize on scope of Blue Owl's sourcing combined with Atalaya's long-standing relationships and asset-based expertise

Atalaya AUM Growth



(1) Source: Atalaya Asset-Based Finance whitepaper (2) Source: Atalaya Asset-Based Finance whitepaper (3) Source: National Bureau of Economic Research (4) Atalaya 2019 AUM is ex-CLO business, which has since been wound down.

