Blackstone Credit

# Blackstone Loan Financing Limited

AS OF 30 JUNE 2021

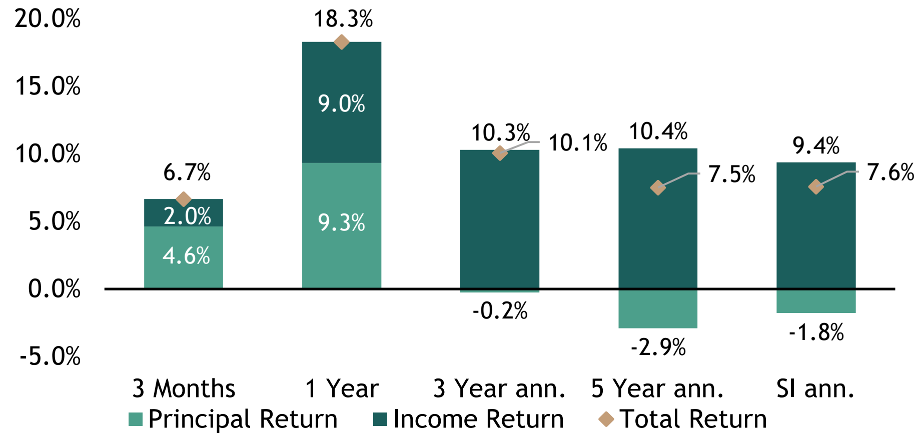
# I. BGLF Overview

# Focus on senior secured corporate loans with a goal of providing compelling income and stable NAV

## Strategy Overview

- Leveraged exposure to European and US floating rate senior secured loans and bonds, both directly and indirectly through its investment in BCF
- Utilises a variety of financing sources, including a credit facility, external warehouses, and non-recourse leverage obtained from issuance of CLOs to lever its portfolio of senior secured loans

## BGLF € NAV Total Returns Components[1]




## Fund Snapshot

| Ticker LN | BGLF | BGLP |
|---|---|---|
| Share Price[2] | €0.7900 | £0.6900 |
| NAV per share[3] | €0.8875 | £0.7608 |
| Premium / Discount | -10.99% | -9.31% |
| Distribution Yield[3] | 9.52% | 9.57% |
| Net Assets | €417.0M | |
| Market Capitalisation[2] | €371.1M | |
| Shares Outstanding | 469.8M | |

| Total Return[1]: | BGLF € NAV | European Loans | US Loans |
|---|---|---|---|
| 3 Months | 6.7% | 1.2% | 1.4% |
| 1 Year | 18.3% | 9.5% | 11.7% |
| 3 Year Ann. | 10.1% | 3.3% | 4.4% |
| 5 Year Ann. | 7.5% | 3.7% | 5.0% |
| SI Ann. | 7.6% | 3.4% | 4.1% |

(1) BGLF € NAV net total returns for BGLF Ordinary Shares as of 30 June 2021; inception date: 24 July 2014. Return components may not sum due to rounding. Index returns: Credit Suisse Western European Leveraged Loan Index, Hedged to EUR (European Loans), and US Leveraged Loan Index (US Loans).
(2) Bloomberg, as of 30 June 2021.
(3) As calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus. Per share data based on final number of shares in the period. Distribution Yield based on the last four declared dividends and the share price as of 30 June 2021. Please see the BGLF announcement on 22 January 2021 for more information. Note that the Board has adopted a revised Dividend Policy targeting a total annual dividend of €0.07 - €0.08 for 2021. **The target dividend is a target only and not a profit forecast and there are no assurances that targets will be achieved. It should not be taken as an indication of BGLF's expected future performance or results.**

**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices.

## INVESTMENT OPPORTUNITY OVERVIEW

| | |
|---|---|
| Blackstone Credit's CLO Platform | ▪ Provides access to a market-leading loan and CLO management platform, including CLO warehouse investment opportunities[(1)]<br>▪ Cost effective levered exposure to senior secured loans through term financing on balance sheet and through CLOs<br>▪ Deep and experienced team with 22 years of experience investing across multiple cycles[(2)] |
| Multiple Ways to Access Strategy | ▪ BGLF: publicly listed shares of a closed-end investment company incorporated in Jersey traded on the LSE with a NAV of €417 million[(3)]<br>▪ BCF EUR: privately placed units in an open-end Irish unit trust with a NAV of €725 million[(3)]<br>▪ Both BGLF and BCF EUR own interests in BCF and have access to the same portfolio of assets |
| Stable NAV & Performance | ▪ Changes in NAV primarily driven by credit loss and changes in NIM[(4)], which is impacted by credit spread movements<br>▪ Fund NAVs should remain resilient throughout varying interest rate environments<br>▪ Hold to maturity retention requirement on CLO securities has contributed to a more stable NAV, given model valuation approach based on expected future cash flows (versus mark-to-market) |
| Strategic Partnership & Alignment of Interests | ▪ Strategic partnership with Blackstone Credit's CLO platform providing wholesale access to European and US CLO equity (no fund level management fee and 20% fee rebate on CLO management fees)[(5)]<br>▪ Blackstone owns 43 million shares of BGLF (9% of BGLF)[(6)]<br>▪ Investors benefit from additional governance overlay of independent boards at both the operating company (BCF) and the listed company (BGLF) |

(1) Creditflux, as of 30 September 2020.
(2) Please see the "Important Disclosure Information and Risk Factors" for important information regarding team history.
(3) As of 30 June 2021.
(4) NIM: Net Interest Margin.
(5) Blackstone Credit (specifically, Blackstone Ireland Limited, Blackstone Liquid Credit Strategies LLC, and Blackstone CLO Management LLC, all of whom are affiliates of Blackstone Credit, or "BXC") is currently rebating 20% of the CLO management fees to BCF pro rata to the value of BCF's CLO equity position. After costs allocated by BXC to BCF in respect of the relevant CLO, the net rebate on certain of these CLOs is expected to be at least 10% of the management fees received by BXC. Excludes any incentive/performance management fee Blackstone Credit is entitled to receive.
(6) As of 30 June 2021. Blackstone Asia Treasury Pte entered into a 12-month lock-up period at the time of initial issuance of BGLF, which agreement expired on 23 July 2015.

There can be no assurance that any Blackstone strategy or product will achieve their objectives or avoid significant losses **.Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

## WAYS TO INVEST

| | Public Shares | | Private Units | |
|---|---|---|---|---|
| Ticker / Share Class | BGLF LN | BGLP LN | Class A | Class C |
| **Fund Name** | Blackstone Loan Financing Ltd. | | Blackstone Corporate Funding EUR Fund | |
| **Description** | Ordinary Shares | | QIAIF Units | |
| **Fund Jurisdiction** | Jersey | | Ireland | |
| **Total NAV**(1) | €417.0 million | | €706.4 million | €18.6 million |
| **Shares / Units Outstanding** | 469.8 million | | 9.2 million | 0.2 million |
| **Market Capitalisation**(2) | €371.1 million | | N/A | N/A |
| **Undrawn Commitments** | N/A | N/A | €30.0 million | |
| **NAV per Share / Unit**(2) | €0.8875 | £0.7608 | €76.9516 | €78.9915 |
| **Price per Share**(2) | €0.7900 | £0.6900 | N/A | N/A |
| **Premium / Discount** | -10.99% | -9.31% | N/A | N/A |
| **Distribution Yield**(3) | 9.52% | 9.57% | 12.64% | 12.64% |
| **Distribution Policy** | Target dividend of €0.07-€0.08 per annum per share(3) | | Distributions of net investment income | |
| **Payment Frequency** | Quarterly | Quarterly | Quarterly | Quarterly |
| **Denomination** | EUR | GBP | EUR | EUR |
| **Liquidity** | Daily liquidity provided through LSE | Daily liquidity provided through LSE | Five years from issuance of unit(4) | Five years from issuance of unit(4) |

(1) Public Shares: as calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus. Per share data based on final number of shares in the period. Private Units: as calculated by BCF EUR's Administrator in accordance with the provisions of the BCF EUR Supplement. Per share data based on final number of units in the period.

(2) Bloomberg, as of 30 June 2021.

(3) Distribution Yield based on the last four declared dividends and the share prices as of 30 June 2021. Please see the BGLF announcement on 22 January 2021 for more information. **The target dividend is a target only and not a profit forecast. It should not be taken as an indication of BGLF's expected future performance or results.** There is no guarantee that the target dividend can or will be achieved or can be continued if achieved. There may be other additional risks, uncertainties and factors that could cause the returns generated by BGLF to be materially lower than the target dividend. Accordingly, investors should not place any reliance on such target. Private Units: distribution yield is expressed as a percentage of NAV, annualised using the distributions declared over the past four quarters and the average NAV over the period.

(4) Subject to fund redemption terms.

# II. BCF Overview

**10.18%**
2Q ROI ann.(1)

**10.68%**
LTM ROI(2)

**1.97%**
NIM(3)

**5.4x**
debt-to-equity(4)

**€73**
2Q ’21 BCF change in net assets

**€1,152M**
BCF net assets

**€417M**
BGLF net assets

**€725M**
BCF EUR net assets

Net Assets as of 30 June 2021.

(1) 2Q BCF Return on Investment (“ROI”) annualised: calculated as the profit participation note (“PPN”) cash interest payment divided by the cost of PPNs for the period 1 April 2021 through 30 June 2021, on an annualised basis

(2) Last-twelve-month (“LTM”) BCF Return on Investment (“ROI”): calculated as the profit participation note (“PPN”) cash interest payment divided by the cost of PPNs for the period 1 July 2020 through 30 June 2021.

(3) Portfolio Net Interest Margin (“NIM”): Data for EUR and US CLOs calculated based on data available on Intex as of 7 July 2021. Data for US CLO Warehouses and Directly Held Loans calculated by Blackstone Credit. Leverage is assumed to be 4:1 for USD CLO Warehouses and 2:1 for Directly Held Loans.

(4) Debt-to-Equity Ratio: Calculated based on a look through basis for BCF’s portfolio. Assets: Directly Held Assets represent par balance of BCF’s on-balance sheet assets; Indirect Assets calculated as the sum of EUR and USD CLO Assets plus US CLO warehouse assets; EUR and USD CLO Assets represented by the total Target Par for each CLO, weighted for each CLO’s respective BCF investment; USD CLO Warehouse Assets present par balance of warehouse assets. Liabilities: Credit Facility balance presented as total drawn amount less actual cash balance and expected cash to be received from unsettled trades; EUR and USD CLO balances represent outstanding debt tranches, weighted for each CLO’s respective BCF investment; USD CLO Warehouse Facilities balance calculated as current warehouse loan exposure less invested capital. Data for EUR and US CLOs calculated by Blackstone Credit based on data available on Intex as of 7 July 2021.

**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses**

## Public Shareholders

470 million shares:

- 91% third parties (427 million)
- 9% Blackstone (43 million)

## Private Unitholders

- €877 million committed capital
- €30 million undrawn capital

## BGLF

€417.0million NAV

## BCF EUR

€725.0 million NAV

35.2% 64.8%

**BGLF was awarded Best closed-end CLO Fund by Creditflux based on 2019 performance(1)**

## BCF: €1,152 million NAV(2)

**Europe**

- €461.4 million in 26 EUR CLOs
- €409.4 million directly held loan portfolio

**US**

- €427.9 million in 21 US CLOs
- €10.7m in 1 US CLO warehouse

Data as of 30 June 2021. Structure is subject to change based on legal, tax and regulatory considerations.

(1) As awarded by Creditflux on 15 July 2020 based on 2019 performance. The award referenced herein granted by Creditflux was based upon a formula developed by Creditflux and/or other performance-based and non-performance-based subjective criteria. Please refer to "Important Disclosure Information" for further information about awards.

(2) BCF owns a 100% interest in BCM LLC, which owns US CLO and warehouse positions. BCM LLC has been consolidated for the purposes of this slide. USD holdings in BCM LLC have been converted at a rate of €1:$1.183.

**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

# III. Second Quarter 2021 Results

| | |
|---|---|
| BGLF Earnings & Distributions | ▪ Total return of 6.7% in 2Q ’21 and 10.6% YTD, with a distribution yield of 9.99%. The Board has adopted a revised Dividend Policy targeting a total annual dividend of between €0.07 and €0.08 for 2021[(1)]<br>▪ BGLF’s net distributable earnings exceeded its declared dividends by 33% over the last 12 months, with any retained net earnings available for share repurchases, reinvestment, and dividends going forward[(2)] |
| BCF Investment Activity | ▪ Aimed to reposition the portfolio towards reopening themed names and traded up in spread, maintaining sufficient flexibility to selectively rotate the portfolio around pockets of market volatility<br>▪ €3.2 billion of assets purchased and €0.8 billion of assets sold, including underlying CLO and warehouse portfolios[(2)] |
| BCF Portfolio Composition | ▪ Diversified portfolio of 699 issuers through primarily senior secured and floating rate assets<br>▪ Ratings migration towards B1 and B2 rated assets, consistent with increased exposure to reopening themed names. Marginal decline in lower rated assets in part due to rising upgrade/downgrade ratio[(3)]<br>▪ Higher weighting to assets priced at 100-101 quarter on quarter broad based rally in leveraged loans |
| BCF Capitalisation | ▪ €30 million of undrawn committed investor capital at quarter end with €15 million drawn on 1 July<br>▪ Debt-to-equity ratio of 5.4x through financing structures, declining quarter on quarter due to lower aggregate liabilities relative to assets on a look through basis[(4)]<br>▪ Focused on opportunity to reset and refinance liability portfolio to improve long term margins whilst continuing to extend vintage profile through new issue. Recycled capital through two CLO redemptions |
| BCF Interest & Margins | ▪ Average WAC on EUR CLOs increased primarily due to amortising deals. US CLO NIM increased as a result of declining WAC from refi/reset and increasing WAS from portfolio rotation<br>▪ Remaining CLO reinvestment period average of 2.0 years allows for continued portfolio optimisation to improve WAS. Continued evaluation of refi/reset/sale/redeem option where available to improve WAC |

(1) Distribution Yield based on the last four declared dividends and the share prices as of 30 June 2021. Calculated as net income received from BCF PPNs received less BGLF expenses divided by distributions paid, each over the last twelve months. Please see the BGLF announcement on 22 January 2021 for more information. **The target dividend is a target only and not a profit forecast and there are no assurances that targets will be achieved. It should not be taken as an indication of expected future performance or results .**

(2) Includes the total gross trading activity for assets held directly and indirectly by BCF, including gross assets purchased or sold within EUR and USD CLOs and USD CLO warehouses. Data reflects trading activity for assets held at the end of the period only and excludes paydowns. Data calculated by Blackstone Credit on 10 August 2021.

(3) As of 30 June 2021. Ratings: BXC internal data. Ratio: J.P. Morgan, Moody’s, S&P Upgrades vs. Downgrades and LCD LLI Industry Weights and Total Returns.

(4) Calculated based on a look through basis for BCF’s portfolio. Please see slide 11 for more details.

Risk Management seeks to mitigate risk but does not reduce or eliminate risk and does not protect against losses. This product is subject to the risk of capital loss and investors may not get back the amount originally invested. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

- As of 30 June 2021, there was € 30 million of undrawn committed capital (€15 million called on 1 July 2021)
- Debt-to-equity ratio of 5.4x through financing structures as of 2Q' 21, compared to 7.4x as of 1Q '21, largely driven by declining aggregate liability balances from amortising and redeemed CLOs[1]

## Balance Sheet[1]

(€ in millions)

| Assets | | Liabilities | |
|---|---|---|---|
| Directly Held Assets | €761 | Credit Facility (Directly Held Assets) and Repo (Vertical) | €150 |
| Indirect Assets | 12,656 | Indirect Liabilities | 11,178 |
| *EUR CLO Assets* | *6,637* | *EUR CLO Debt Outstanding* | *5,755* |
| *USD CLO Assets* | *5,796* | *USD CLO Debt Outstanding* | *5,210* |
| *USD CLO Warehouse Assets* | *224* | *USD CLO Warehouse Facilities* | *213* |
| **Total Par Assets** | **€13,417** | **Total Par Liabilities** | **€11,329** |
| | | **Total Par Equity Value[2]** | **€2,089** |

**5.4x**

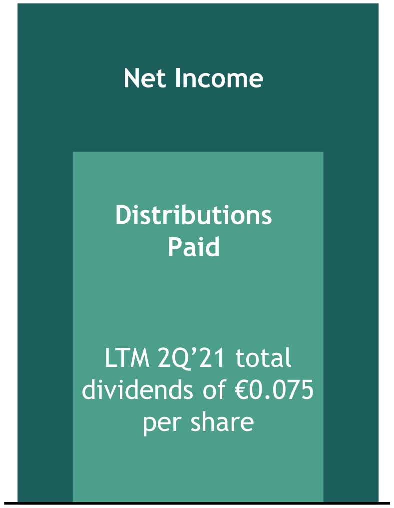
debt-to-equity ratio

(1) Asset Sources: Directly Held Assets represent par balance of BCF's on-balance sheet assets; Indirect Assets calculated as the sum of EUR and USD CLO Assets plus US CLO warehouse assets; EUR and USD CLO Assets represented by the total Target Par for each CLO, weighted for each CLO's respective BCF investment; USD CLO Warehouse Assets represent par balance of warehouse assets. Liability sources: Credit Facility balance presented as total drawn amount less actual cash balance and expected cash to be received from unsettled trades; Repo reflects cost of debt to purchase debt of vertical retention investment; EUR and USD CLO balances represent outstanding debt tranches, weighted for each CLO's respective BCF investment; USD CLO Warehouse Facilities balance calculated as current warehouse loan exposure less invested capital. Data for EUR and US CLOs calculated based on data available on Intex as of 7 July 2021.

(2) Total par equity value is an accounting measure for the purposes of this illustrative balance sheet. This differs to modelled marks, which reflects the present value of expected future cashflows.

- BGLF Distribution yield of 9.52%, as of 30 June 2021[(1)]
- BGLF's net distributable earnings exceeded its declared dividends by 33% over the last 12 months, with any retained net earnings being available for share repurchases, reinvestment, and dividends going forward
- The Board has adopted a revised Dividend Policy targeting a total annual dividend of between €0.07 and €0.08 for 2021[(1)]

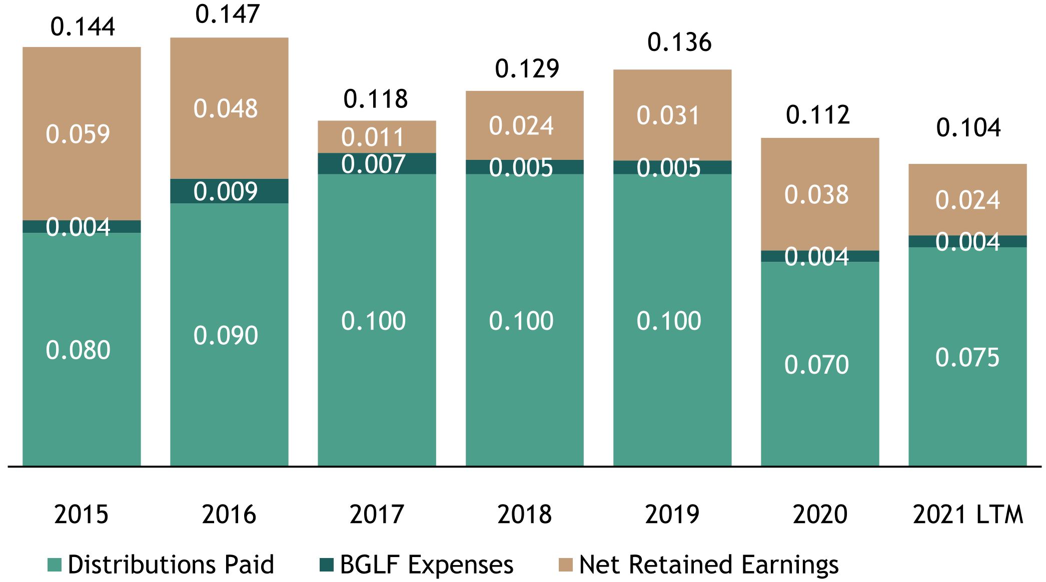
## LTM Distributions




**1.3x LTM dividend cover[(2)]**

## Historical Distributions and Retained Earnings

**(per BGLF share, €)**




(1) Base on the last four dividends declared and the share price as of 30 June 2021. Please see BGLF's announcement on 22 January 2021 for more information. **The target dividend is a target only and not a profit forecast. It should not be taken as an indication of expected future performance or results**

(2) Calculated as net income received from BCF PPNs received less BGLF expenses divided by distributions paid, each over the last 12 months.

- Aimed to reposition the portfolio towards reopening themed names and traded up in spread, maintaining sufficient flexibility to selectively rotate the portfolio around pockets of market volatility
- In the second quarter, €3.2 billion of assets purchased and €1.5bn of assets sold, including underlying CLO and warehouse portfolios(1)

## 2Q '21 Portfolio Activity Highlights(2)

Added 41 new issuers, sold 33 issuers

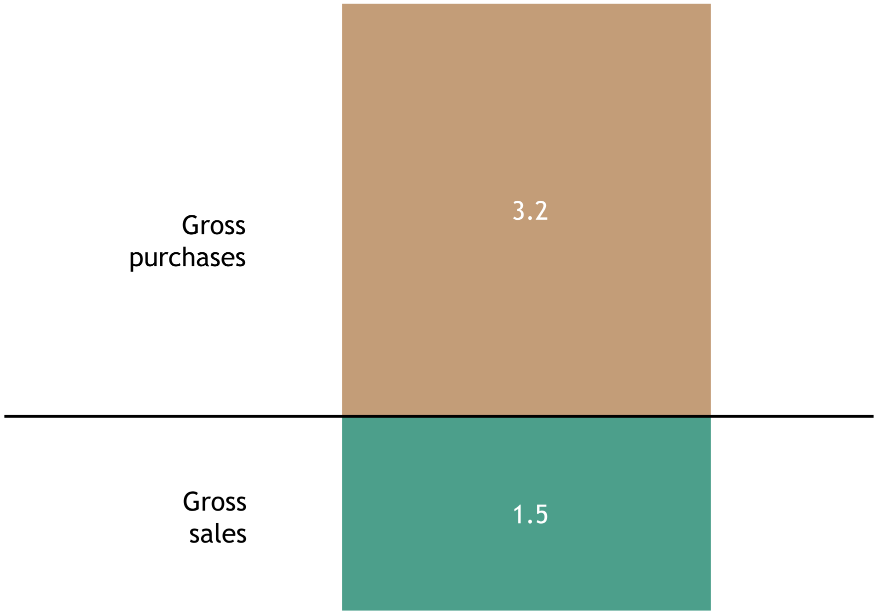
WA spread up by 4bp to 3.49%

B2 average facility rating

Diversification among sectors and geographies

## 2Q '21 Portfolio Activity(1)

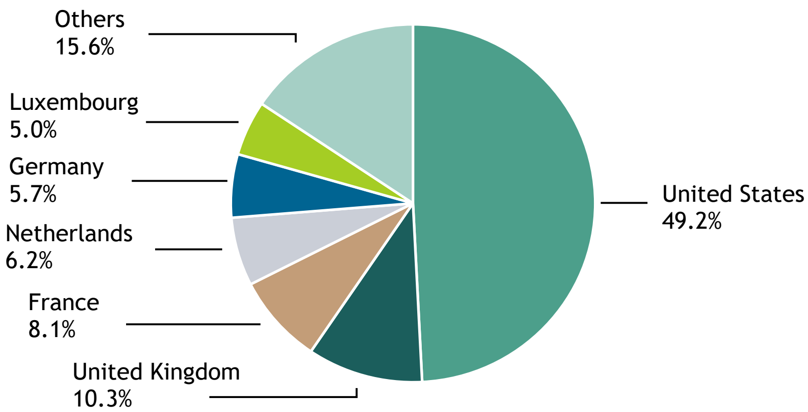
(€ in billions)



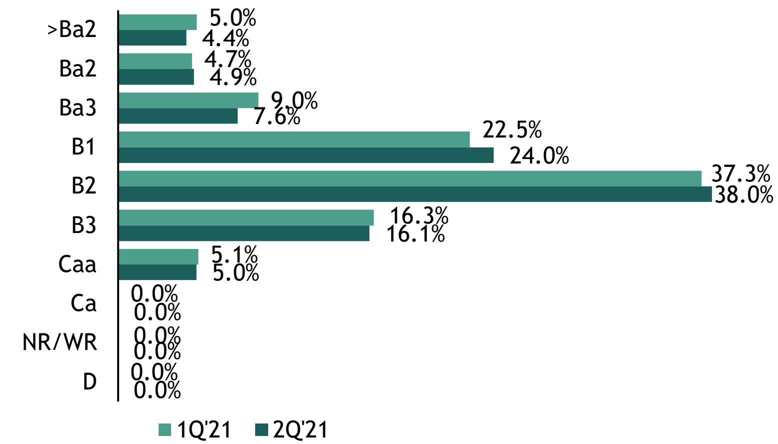

(1) Includes the total gross trading activity for assets held directly and indirectly by BCF, including gross assets purchased or sold within EUR and USD CLOs and USD CLO warehouses. Data reflects trading activity for assets held at the end of the period only and excludes paydowns. Data calculated by Blackstone Credit on 7 August 2021.
(2) Investment characteristics based on the total purchases of directly held loans, US and European CLOs portfolio assets, and US CLO warehouse investments.
Note: Portfolio data by presented using the gross par amount of assets held directly and indirectly by BCF. The total par amount of all assets held within each CLO and CLO warehouses are included on a fully consolidated basis and added to those assets held directly by BCF. Subject to change and not a recommendation to buy or sell any security. CLO Note investments are excluded from all figures. Data calculated by Blackstone Credit on 10 August 2021.
Diversification does not ensure a profit or protect against losses.

- Diversified portfolio of 699 issuers invested across multiple sectors, geographies, and vintages
- Portfolio of primarily senior secured and floating rate assets

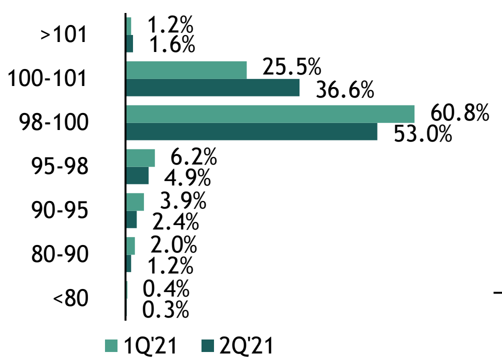
## Country Allocations



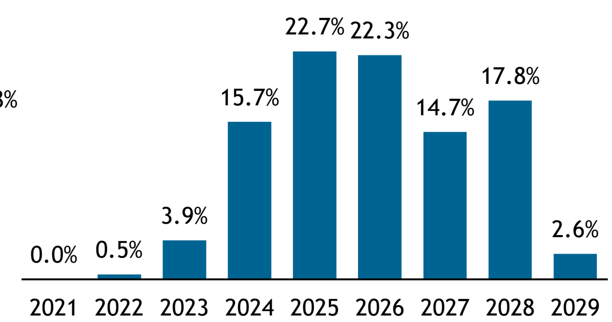

## Moody's Rating Distribution



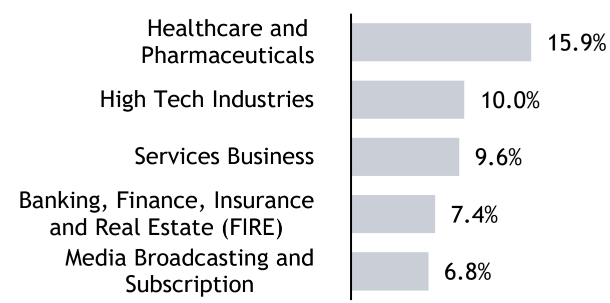

## Price Bands




## Maturities




## Top Five Industry Allocations




Note: Portfolio data by presented using the gross par amount of assets held directly and indirectly by BCF. The total par amount of all assets held within each CLO and CLO warehouses are included on a fully consolidated basis and added to those assets held directly by BCF. Subject to change and not a recommendation to buy or sell any security. Data as of 30 June 2021. Diversification does not ensure a profit or protect against losses.

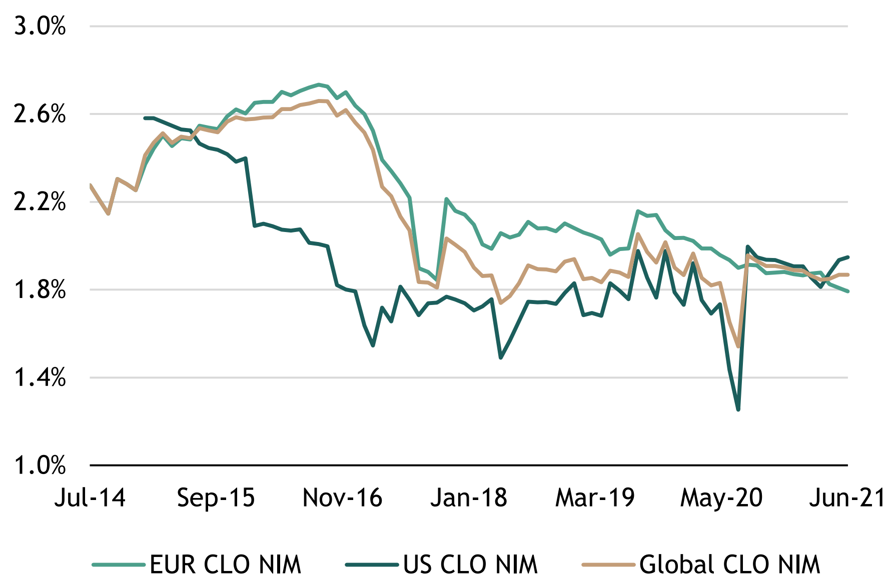
- WAC on EUR CLOs increased as a result of amortising transactions and a previously reset CLO where WAC increased (although the reset was accretive to IRR). US CLO WAC decreased as a result of reset and refinancing activity. We expect a similar trend across the portfolio in 2H' 21 as refinancing and reset activity feeds through into portfolio metrics once said transactions close
- Remaining CLO reinvestment period average of 2.0 years provide an opportunity to continue optimising the portfolio and to improve weighted average spread ("WAS")

## Portfolio Financing Cost

| Weighted Average Cost ("WAC") of Liabilities | 3Q '20 | 4Q '20 | 1Q '21 | 2Q '21 |
|---|---|---|---|---|
| EUR CLOs | 1.73% | 1.76% | 1.74% | 1.78% |
| US CLOs | 1.94% | 1.89% | 1.90% | 1.85% |
| US CLO Warehouses | 1.34% | 1.34% | 1.29% | 1.25% |
| Directly Held Loans | 1.85% | 1.85% | 1.85% | 1.35% |
| **Total Portfolio** | **1.85%** | **1.83%** | **1.82%** | **1.70%** |

## CLO Net Interest Margins ("NIM")

(rolling 3 month)

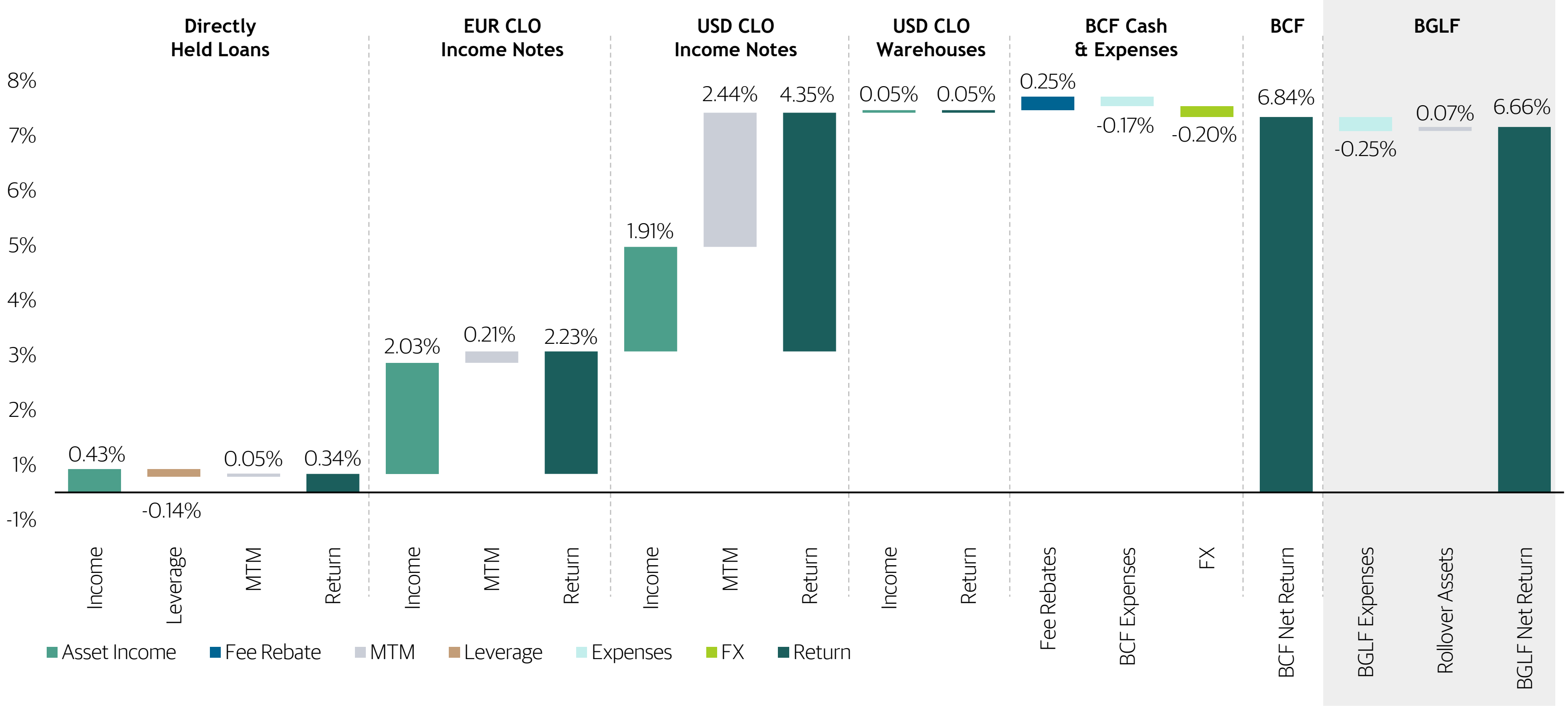



Note: Data for EUR and US CLOs calculated based on data available on Intex as of 7 July 2021. Data for US CLO Warehouses and Directly Held Loans calculated by Blackstone Credit. NIMs calculated using the Gross Coupon, as calculated by Intex, less the weighted average CLO liability coupons, per Intex, for each respective CLO.

# IV. Performance

# BGLF's total net (NAV) return for 2Q '21 was 6.66%

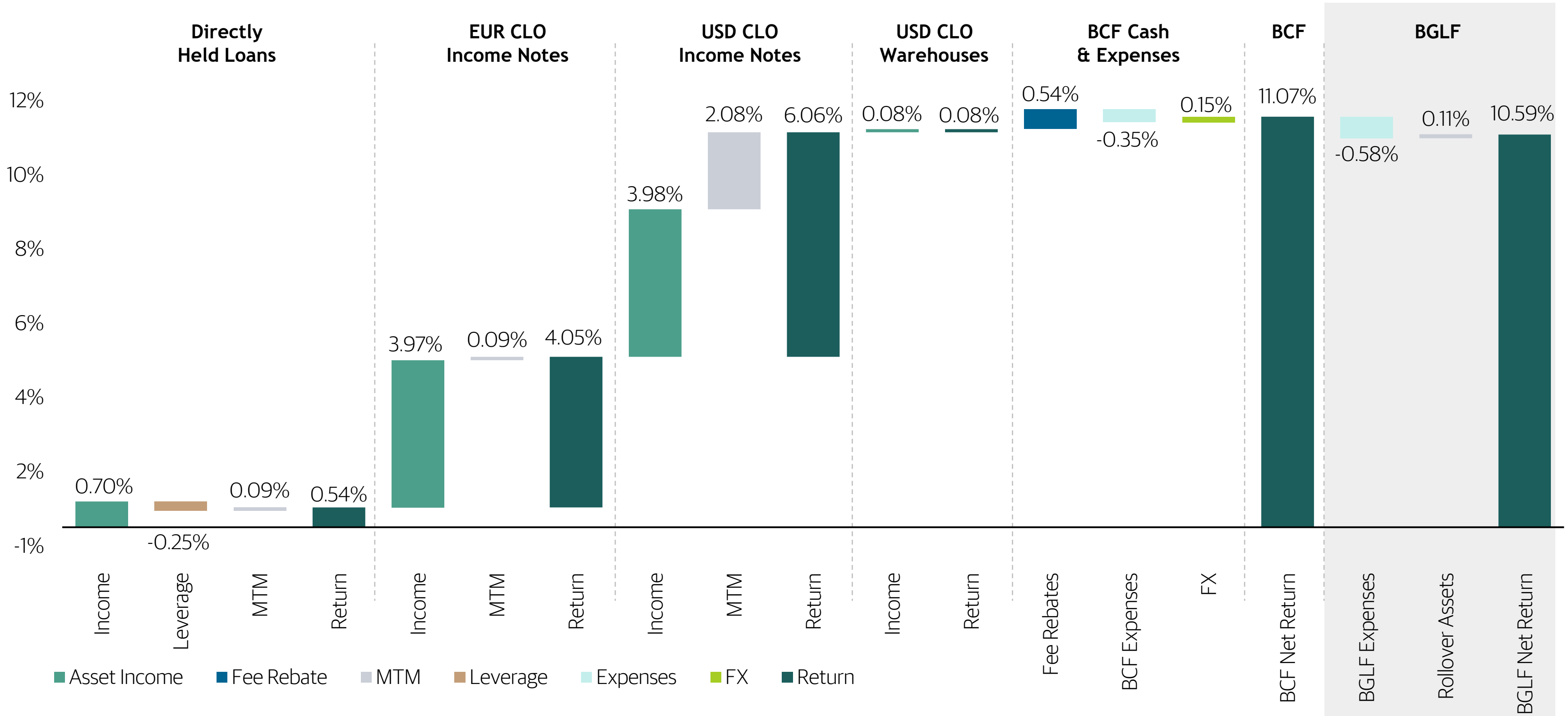
## Contributors to Total Return




Source: Blackstone Credit. Represents BCF and BGLF cumulative asset and net returns from 1 April 2021 to 30 June 2021. MTM refers to mark to model for EUR and US CLOs and mark to market for Directly Held Loans. CLO Income Notes are valued by BCF's third party valuation provider using a CLO intrinsic calculation methodology, loan asset valuations are based on the average of broker quotes received from Markit and bonds prices are provided by IDC. Further details of BCF's valuation policy can be found in BGLF's annual accounts. External warehouse investments are held at their cost (investment amount) until the warehouse is converted into a CLO, at which point net income earned, as well as net settled gains / losses on the warehouse assets, are realised by BCF.
Note: The illustration is not indicative of future results, and there can be no assurance that the Fund will achieve these results. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by the Fund may differ substantially from the investments included in the current portfolio of the Fund. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

# BGLF's YTD total net (NAV) return was 10.59%

## Contributors to Total Return



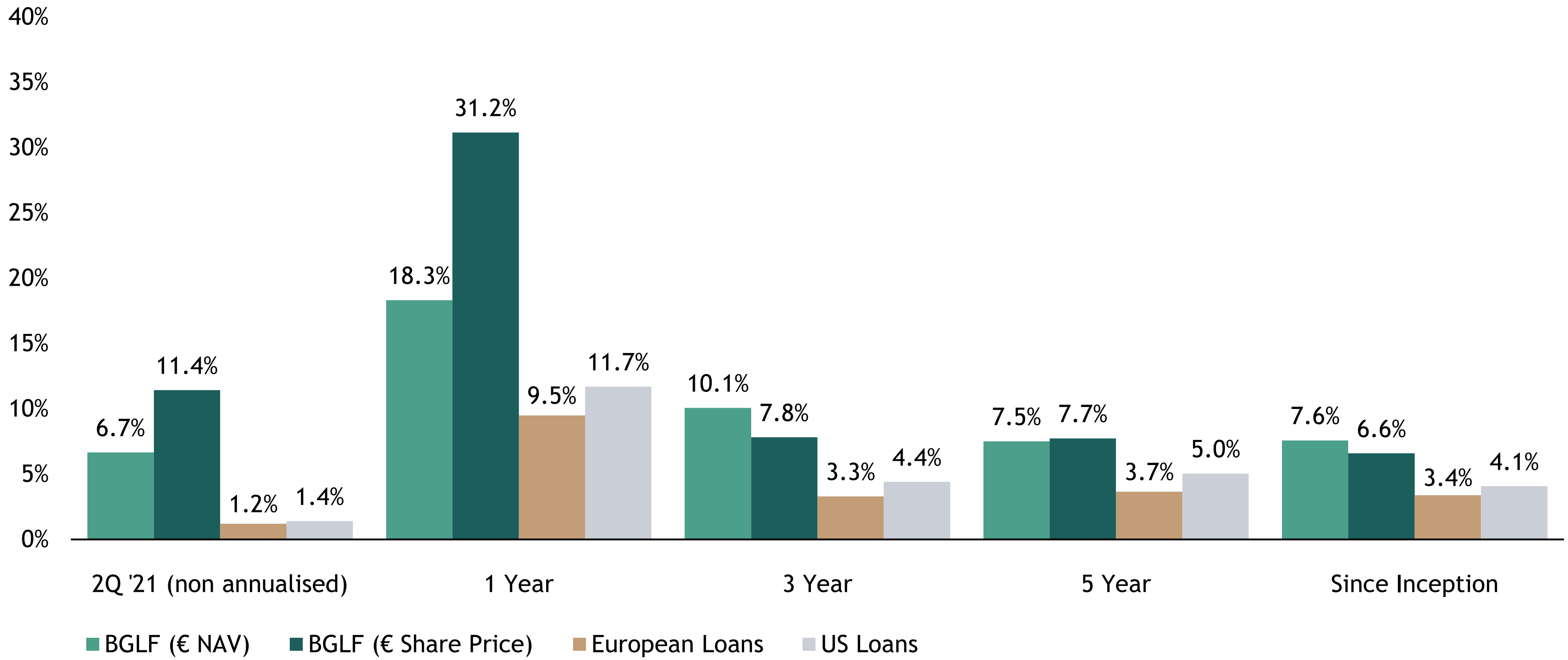

Source: Blackstone Credit. Represents BCF and BGLF cumulative asset and net returns from 1 January 2021 to 30 June 2021. MTM refers to mark to model for EUR and US CLOs and mark to market for Directly Held Loans. CLO Income Notes are valued by BCF's third party valuation provider using a CLO intrinsic calculation methodology, loan asset valuations are based on the average of broker quotes received from Markit and bonds prices are provided by IDC. Further details of BCF's valuation policy can be found in BGLF's annual accounts. External warehouse investments are held at their cost (investment amount) until the warehouse is converted into a CLO, at which point net income earned, as well as net settled gains / losses on the warehouse assets, are realised by BCF.

Note: The illustration is not indicative of future results, and there can be no assurance that the Fund will achieve these results. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by the Fund may differ substantially from the investments included in the current portfolio of the Fund. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

# 66.11% NAV and 52.73% share price cumulative total return since inception

Versus 26.06% and 31.90% for European loans and US loans, respectively

## Annualised Net Total Return




BGLF € NAV net total returns for BGLF Ordinary Shares; inception date: 24 July 2014.
Source: Credit Suisse: Western European Leveraged Loan Index, Hedged to EUR (European Loans), and US Leveraged Loan Index (US Loans), as of 30 June 2021.
BGLF € NAV calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus.
**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices.

# V. Portfolio Activity and Outlook

Portfolio trading activity focused on protecting investor capital but with flexibility for portfolio rotation to capture emerging trends and to optimise portfolio metrics

- European CLOs repositioned risk into market strength, selectively re-allocating portfolios into reopening themed sectors as confidence around the expected recovery grew and visibility on the vaccine rollout improved across Europe. In US CLOs, much of this repositioning was implemented in 1Q '21 and as such, trading activity focused on improving portfolio metrics
- Trading in US CLOs focused efforts on increasing spread through the very active new issue market and through secondary market optimisation trades. Emphasis was also placed on relative value between issuers following the broad-based rally in the loan market this year
- Themes in Europe were similar, where CLOs trimmed exposure to lower yielding paper, switching into higher spread assets in primary. On the back of relative strength in higher beta names, European CLOs rotated out of positions with perceived limited upside, selectively allocating to large cap and defensive names
- We remain cognisant of the threat posed by the Delta variant on the global economy and its effect on the loan market. As always, we will closely monitor our portfolios with an emphasis on downside mitigation and avoiding par loss, whilst maintaining the flexibility to take advantage of market weakness and deploy capital into those names in which we have longer term fundamental conviction, even through any pockets of volatility. The portfolio will ultimately benefit from BXC's deep experience in active fund management to help navigate through the current environment

Continuing from the first quarter, BCF took advantage of the technical strength exhibited in the CLO liability market to refinance and reset transactions to optimise our liabilities and reinvestment horizon where it was economically beneficial to do so

- During 2Q '21, BCF priced three resets and one refinancing, reducing the weighted average cost of capital ("WACC") by 22 bp on average and extending reinvestment periods by up to three years in the case of resets
- As we look ahead, we anticipate continued refinancing activity across the market and within the BCF portfolio, extending liabilities and improving overall estimated IRRs to improve and maintain net interest margins. Although liability spreads have marginally widened from their lows earlier in the year, the arbitrage available for new issues still remains favourable, as does the option of reset and refinancing for those deals with a relatively higher weighted average cost of capital

Source: Blackstone, unless otherwise stated. There can be no assurance that any Blackstone strategy or product will achieve their objectives or avoid significant losses. Risk Management seeks to mitigate risk but does not reduce or eliminate risk and does not protect against losses. This product is subject to the risk of capital loss and investors may not get back the amount originally invested.

Owing to improving credit fundamentals, a benign default environment, relatively low CLO liability spreads and continued demand for CLO debt, conditions for CLO creation remain favourable

- As such, BCF priced two new US CLOs and one new European CLO over the quarter, with reinvestment periods of between 4 and 5 years
- BCF also redeemed two CLOs during the quarter, proceeds from which will be recycled into future transactions to enhance the return and vintage profile of the portfolio

Turning to the broader portfolio, metrics either maintained course or improved quarter on quarter

- Portfolio weighted average NIM increased by 10 bp to 1.95%, predominantly driven by an increase in WA coupon and reduction in WACC of the US CLO portfolio, in addition to the refinancing of BCF's lending facility
- The remaining reinvestment period for the CLO portfolio ended June at a weighted average of 2.0 years, which is unchanged from the previous quarter

The themes described herein have been largely consistent with the first quarter of 2021. As such, we are starting to see the benefits of earlier portfolio activity come to fruition. Similarly, we would expect the actions of the second quarter to come through in 2H '21 in the form of potentially higher future distributions and equity NAVs once those respective transactions close

- CLOs that have been reset will not pay a distribution in the that quarter, but we would expect to see relatively larger distribution rates post refinancing, and an immediate increase in the equity NAV. Likewise, income lost from transactions that have been sold or redeemed will eventually be replaced as capital is redeployed into new issues and potentially more economically attractive income streams come online
- Additionally, improving credit fundamentals have also benefited the portfolio. Given the mark to model valuation methodology captures underlying collateral quality, one would expect to see improvement in equity NAVs as underlying assumptions change
- The overall effect of both asset and liability management was evidenced in BCF's June NAV return of 4.1%, where the impact of redemptions, resets, assumption changes, and loan spread improvements all contributed to return

Risk Management seeks to mitigate risk but does not reduce or eliminate risk and does not protect against losses. Diversification does not ensure a profit or protect against losses. This product is subject to the risk of capital loss and investors may not get back the amount originally invested.

# New securitisations

- The addition of new CLOs to the BCF portfolio improves diversification across vintage and allows for additional refinancing and reset opportunities in aggregate, to take advantage of favourable market conditions as they arise

| | Investing Entity | Size (€/$) | Pricing Date | Closing Date | Reinvestment Period End | Non-Call Period | AAA Spread | WACC (at pricing)(1) |
|---|---|---|---|---|---|---|---|---|
| Tallman Park | BCM | $410m | Apr-21 | Apr-21 | 5yrs | 2yrs | 1.06% | 1.53% |
| Point Au Roche Park | BCM | $457m | May-21 | Jun-21 | 5yrs | 2yrs | 1.08% | 1.56% |
| Rockfield Park | BCF | €404m | Jun-21 | Jul-21 | 4yrs | 2yrs | 0.90% | 1.76% |

# Reset and refinancing activity

- Refinancings and resets of existing CLOs may reduce the weighted average cost of debt and/or extend the duration of cashflows, which is immediately accretive to the NAV of these CLOs

| | Size (€/$) | Original Closing Date | Refi/ Reset Pricing Date | Reinvestment Period End | Non-Call Period End | If Reset, Reinv. Period Extension | Original WACC(1) | Refinanced WACC(1) |
|---|---|---|---|---|---|---|---|---|
| Crosthwaite Park (reset) | €516m | Feb-19 | Apr-21 | Sep-25 | Nov-22 | 2yrs | 2.00% | 1.75% |
| Harriman Park (reset) | $503m | Apr-20 | Apr-21 | Apr-26 | Apr-23 | 3yrs | 1.78% | 1.64% |
| Niagara Park (refi) | $409m | Jun-19 | Jun-21 | Jul-24 | Jul-22 | n/a | 1.77% | 1.46% |
| Cayuga Park (reset) | $401m | Aug-20 | Jun-21 | Jul-26 | Jul-23 | 3yrs | 2.13% | 1.64% |
| **Average** | | | | | | | **1.92%(2)** | **1.60%(2)** |

Source: Blackstone Credit, LCD. As of 30 June 2021, unless otherwise stated. CLOs included based on pricing date.

(1) WACC (weighted average cost of capital) calculation uses the coupon’s spread component for each liability tranche and includes the full coupon on fixed rate tranches, if any. Reset and refinancing activity: Original WACC reflective of pre-pricing, refinanced WACC reflective of post-pricing. WACC calculation excludes X-notes.

(2) Calculated as simple arithmetic average.

The portfolio reflected in this presentation is as of a certain date, and there is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. Therefore, subject to any relevant investment limitations, the current portfolio parameters, concentration, spread distribution and other factors related to the current portfolio could all be materially different than those of the future portfolio acquired by the Company. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** Please refer to the “Important Disclosure Information” section of this presentation for further information.

# Redeemed Transactions

- During May 2021, the decision was made to redeem the Orwell Park CLO, which was economically favourable when compared with the option of a reset
- Stratus 2020-2, a static CLO issued just after the market reopened in 2020, was also redeemed in June 2021. BXC leveraged its relationships and track record to issue a CLO during the dislocation, purchasing assets at a discount which were ultimately taken out at favourable levels, leading to an outsized return for income noteholders and realised IRR to date of 34.9%[(1)]
- Redeeming both transactions will return capital to the portfolio, which will ultimately be allocated towards more efficient uses to potentially enhance the return profile of BCF

Source: Blackstone Credit, as of 30 June 2021. CLOs included based on pricing date. Note that small payments are still to be made to income noteholders at of 30 June 2021.

(1) Realised IRR is reflective of distributions made to equity holders to date (as of 30 June 2021) based on data available on Intex as of 7 July 2021. Please see slide 33 for more details.

**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** Please refer to the "Important Disclosure Information" section of this Presentation for further information.

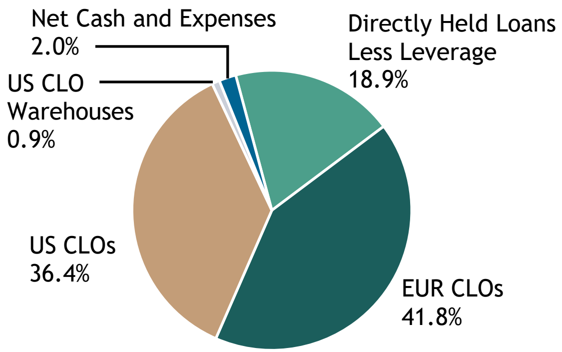
## CLO Refinancing / Reset

- In July 2021, the Buckhorn Park CLO (USD) was reset after exiting its non-call period earlier this year, reducing the WACC by 36 basis points and extending its reinvestment period by two and a half years. As with the original vintage, the new structure also has a five-year reinvestment period and two-year non-call period
- In July 2021, the Tymon Park CLO (EUR) was reset. The previously amortising transaction now has a four-year reinvestment period and two-year non-call period. Although CLO's WACC increased by 29 bp, the option of reset was accretive to the expected modelled IRR given the four-year extension to its reinvestment period
- In August 20201, the Avondale Park CLO (EUR) was reset after exiting its non-call period in June, reducing its WACC by 64 bp. The reset deal has a four and a half year year reinvestment period, consistent with the majority of deals currently being printed in Europe
- The extended reinvestment periods combined with lower cost of financing for Buckhorn Park and Avondale Park both increases the net interest and duration of cashflows, both of which can potentially benefit income note holders

Source: Blackstone Credit. As of 11 August 2021.
There can be no assurance that any Blackstone strategy or product will achieve their objectives or avoid significant losses. Diversification does not ensure a profit or protect against losses. There are no assurances that the objectives stated herein will be achieved.

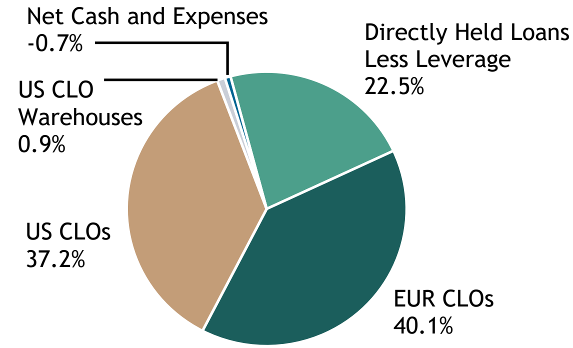
- Relative portfolio positioning to US CLOs increased due to addition of two new issue CLOs and redemption of European CLO. Directly held loan balance increased to do CLO ramp
- Increase in portfolio WA NIM driven by USD CLOs and refinancing of BCF lending facility
- Remaining reinvestment remained flat quarter on quarter

## BCF Portfolio: March 2021(1)




| | WA Asset Coupon | WA Liability Cost | WA Net Interest Margin | WA Remaining CLO Reinvestment Periods |
|---|---|---|---|---|
| **EUR CLOs** | 3.62% | 1.74% | 1.88% | 2.0 Years |
| **USD CLOs** | 3.72% | 1.90% | 1.81% | 2.1 Years |
| **USD CLO Warehouses** | 3.94% | 1.29% | 2.64% | N/A |
| **Directly Held Loans** | 3.77% | 1.85% | 1.92% | N/A |
| **Total Portfolio** | **3.69%** | **1.82%** | **1.87%** | **2.0 Years** |

## BCF Portfolio: June 2021(1)




| | WA Asset Coupon | WA Liability Cost | WA Net Interest Margin | WA Remaining CLO Reinvestment Periods |
|---|---|---|---|---|
| **EUR CLOs** | 3.57% | 1.78% | 1.79% | 2.0 Years |
| **USD CLOs** | 3.80% | 1.85% | 1.95% | 2.1 Years |
| **USD CLO Warehouses** | 3.93% | 1.25% | 2.69% | N/A |
| **Directly Held Loans** | 3.66% | 1.35% | 2.31% | N/A |
| **Total Portfolio** | **3.68%** | **1.70%** | **1.97%** | **2.0 Years** |

(1) Asset Sources: Directly Held Assets represent par balance of BCF's on-balance sheet assets; Indirect Assets calculated as the sum of EUR and USD CLO Assets plus US CLO warehouse assets; EUR and USD CLO Assets represented by the total Target Par for each CLO, weighted for each CLO's respective BCF investment; USD CLO Warehouse Assets present par balance of warehouse assets. Liability sources: Credit Facility balance presented as total drawn amount less actual cash balance and expected cash to be received from unsettled trades; EUR and USD CLO balances represent outstanding debt tranches, weighted for each CLO's respective BCF investment; USD CLO Warehouse Facilities balance calculated as current warehouse loan exposure less invested capital. Portfolio allocation and weighting for each weighted average are based on the percentage of BCF's net asset value as of 31 March 2021 and 30 June 2021. Data for EUR and US CLOs calculated based on data available on Intex as of 7 July 2021. Diversification does not ensure a profit or protect against losses.

- CLO securitisations continue to generate positive, uninterrupted cashflows
- The 2Q ’21 distribution slightly declined quarter on quarter to one-time expenses incurred during refinancing or reset, amortising deals, income not replaced from sold or redeemed transactions, general spread compression, an absence of distributions for deals that were reset, and idiosyncratic events impacting specific CLOs
- This was partially offset by par flushes and first distributions post refinancing/reset or new issuance

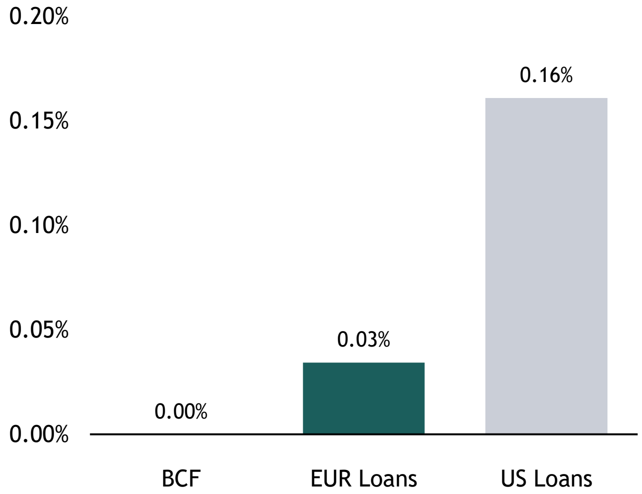
## WA Annualised Cash on Cash Distribution Rates

| | European CLO Income Notes | | | | US CLO Income Notes | | | | Global | |
|---|---|---|---|---|---|---|---|---|---|---|
| CLO Vintage | Par (€M) | # of CLOs | 2Q ’21 Annualised Distribution | Average Annualised Distribution | Par ($M) | # of CLOs | 2Q ’21 Annualised Distribution | Average Annualised Distribution | 2Q ’21 Annualised Distribution | 1Q ’21 Annualised Distribution |
| **2014** | 76.8 | 3 | 8.5% | 14.3% | 0.0 | 0 | - | - | 8.5% | 9.2% |
| **2015** | 73.6 | 3 | 13.4% | 18.7% | 44.5 | 1 | 10.9% | 16.5% | 12.5% | 14.1% |
| **2016** | 81.0 | 3 | 13.9% | 12.1% | 0.0 | 0 | - | - | 13.9% | 17.0% |
| **2017** | 76.4 | 3 | 16.5% | 15.7% | 226.1 | 6 | 14.1% | 16.3% | 14.8% | 16.2% |
| **2018** | 118.9 | 4 | 19.1% | 18.5% | 215.7 | 4 | 15.5% | 15.8% | 16.9% | 17.9% |
| **2019** | 119.0 | 4 | 11.7% | 13.1% | 121.3 | 4 | 15.7% | 16.2% | 13.6% | 16.0% |
| **2020** | 80.7 | 4 | 15.1% | 17.0% | 106.4 | 4 | 19.4% | 53.9% | 17.6% | 17.3% |
| **2021** | 49.1 | 2 | - | - | 28.6 | 2 | - | - | n/a | - |
| **Total / Wtd Avg** | **675.3** | **26** | **14.4%** | **15.6%** | **742.6** | **21** | **15.4%** | **21.7%** | **14.9%** | **16.2%** |

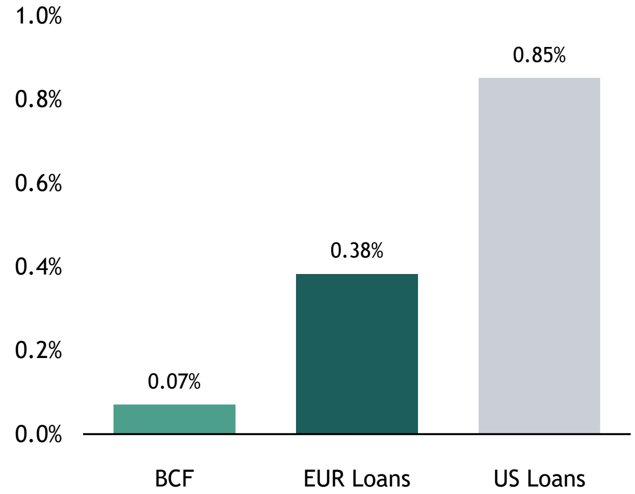
Annualised quarterly cash distribution based on cost for CLOs that paid a distribution over the quarter and with data available in Intex data as of 7 July 2021. 1Q’21 data includes Myers Park and Greenwood Park which paid a distribution over the quarter, but were fully sold down as of 31 March 2021. 2Q’21 averaged annualised distributions include Orwell Park and Stratus 2020-2 return of principal following redemption, whilst quarterly distributions do not.
**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

- Quarterly default loss rate of 0.00% for BCF, versus 0.03% for European Loans and 0.16% for US loans

## 2Q ’21 Default Loss Rate




## Since Inception Default Loss Rate




## Annual Default and Recovery Rates

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Since Inception |
|---|---|---|---|---|---|---|---|---|---|---|
| **BCF NAV (in €mm)** | | € 299 | € 312 | € 389 | € 565 | € 778 | € 1,008 | € 1,108 | € 1,102 | |
| **Default Rate** | **BCF** | **0.00%** | **0.00%** | **0.33%** | **0.42%** | **0.06%** | **0.03%** | **0.28%** | **0.00%** | **0.14%** |
| | **EUR Loans** | 1.71% | 0.60% | 0.50% | 2.60% | 0.10% | 0.00% | 1.20% | 0.25% | **0.87%** |
| | **US Loans** | 1.51% | 1.60% | 1.25% | 2.10% | 1.60% | 1.20% | 4.40% | 0.65% | **1.79%** |
| **Recovery Rate** | **BCF** | **0.00%** | **0.00%** | **37.04%** | **96.72%** | **89.75%** | **37.26%** | **82.18%** | **0.00%** | **48.10%** |
| | **EUR Loans** | 52.70% | 74.25% | 55.13% | 75.70% | 56.30% | 0.00% | 60.10% | 72.50% | **55.84%** |
| | **US Loans** | 56.41% | 58.14% | 52.01% | 53.20% | 48.90% | 55.40% | 44.00% | 50.50% | **52.32%** |
| **Default Loss Rate** | **BCF** | **0.00%** | **0.00%** | **0.21%** | **0.01%** | **0.01%** | **0.02%** | **0.05%** | **0.00%** | **0.07%** |
| | **EUR Loans** | 0.81% | 0.15% | 0.22% | 0.63% | 0.04% | 0.00% | 0.48% | 0.07% | **0.38%** |
| | **US Loans** | 0.66% | 0.67% | 0.60% | 0.98% | 0.82% | 0.54% | 2.46% | 0.32% | **0.85%** |

As of 30 June 2021. Sources: Blackstone Credit for BCF calculated on a look through basis and Credit Suisse for US / European loans (2Q ’21 and 2021 YTD calculated using a pro-rated trailing twelve month default loss rate (LTM default loss rate divided by four (quarterly)). BCF defaults defined as (a) missed a payment, (b) filed bankruptcy, or (c) were downgraded by Moody’s, Fitch, or S&P to D. Please see the BCF Loan Default Track Record in the “Important Disclosure Information” section of this Presentation for further information on the default track record. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

## SUMMARY OF INVESTMENT PORTFOLIO

| BCF Look-through Portfolio | 3Q '20 | 4Q '20 | 1Q'21 | 2Q'21 | QoQ Trend[2] |
|---|---|---|---|---|---|
| # Issuers / Facilities | 675 / 937 | 680 / 952 | 691 / 979 | 699 / 981 | |
| Total Gross Par Exposure (€M) | 20,542 | 20,064 | 19,799 | 20,511 | |
| WA Spread | 3.48% | 3.46% | 3.45% | 3.49% | |
| WA Base Rate | 0.24% | 0.27% | 0.25% | 0.26% | |
| WA Coupon (All-In Rate) | **3.77%** | **3.73%** | **3.70%** | **3.74%** | |
| WA Price | 95.8 | 98.3 | 98.8 | 99.2 | |
| WA Maturity (years) | 4.7 | 4.5 | 4.8 | 4.9 | |
| Floating Rate Assets % | 97.80% | 97.70% | 97.70% | 97.90% | |
| Senior Secured Assets % | 99.55% | 99.59% | 99.57% | 99.74% | |
| WA Moody Issuer Rating Value | 2,893 | 2,876 | 2,872 | 2,887 | |
| WA Moody Facility Rating Value | 2,636 | 2,624 | 2,629 | 2,640 | |
| Avg Issuer Exposure | 0.15% | 0.15% | 0.14% | 0.14% | - |
| Exposure to Largest Issuer | 1.06% | 1.08% | 0.96% | 0.93% | |
| Exposure to 10 Largest Issuers | 8.14% | 8.22% | 7.84% | 7.74% | |
| WA Net Total Leverage[1] | 5.0x | 2.9x | 4.2x | 4.2x | - |

Data calculated by Blackstone Credit using internal data as of 10 August 2021.

(1) Data may be restated for prior quarters as additional companied report quarterly financials. Some outliers have been intentionally excluded from the data set. Note that this data has been calculated using internal Blackstone Credit data that may have been adjusted by the Blackstone Credit credit analyst at their discretion through the course of their due diligence and analysis. Examples of this include adjustments for litigation expense, one-time gains or losses, asset write-downs, goodwill impairments, cash restructuring expenses, accounting changes and non-cash compensation.

(2) Colour code; green arrows: positive movement, blue arrows: neutral, red arrows: negative movement

The portfolio reflected in this presentation is as of a certain date, and there is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. Therefore, subject to any relevant investment limitations, the current portfolio parameters, concentration, spread distribution and other factors related to the current portfolio could all be materially different than those of the future portfolio acquired by the Fund. **Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

## BCF LOOK THROUGH PORTFOLIO DETAILS

| | # Facilitie s | Portfolio Par (€M) | Total Par Outstanding (€M) | Moody's Industry | Country | Moody's Corporate Rating | Moody's Facility Rating | WA Price | WA Spread | WA Coupon (All-In Rate) | WA Maturity (Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Issuer 1 | 6 | 190 | 5,783 | Retail (Global Petrol Stations) | United Kingdom | B2 | B2 | 99.1 | 4.20% | 4.28% | 3.8 |
| Issuer 2 | 4 | 166 | 4,950 | Media Broadcasting and Subscription | France | B2 | B2 | 98.8 | 3.13% | 3.18% | 4.4 |
| Issuer 3 | 2 | 162 | 4,612 | Chemicals, Plastics and Rubber | Netherlands | B2 | Ba3 | 99.6 | 2.90% | 2.94% | 4.3 |
| Issuer 4 | 2 | 160 | 2,981 | Healthcare and Pharmaceuticals | Denmark | B2 | B2 | 99.4 | 3.94% | 3.96% | 4.7 |
| Issuer 5 | 2 | 158 | 4,379 | Media Broadcasting and Subscription | Netherlands | B1 | B1 | 99.3 | 2.86% | 2.88% | 7.4 |
| Issuer 6 | 2 | 156 | 3,359 | High Tech Industries | United States | Ba3 | Ba3 | 100.2 | 3.61% | 3.65% | 3.3 |
| Issuer 7 | 4 | 155 | 5,379 | Media Broadcasting and Subscription | United Kingdom | Ba2 | Ba2 | 99.4 | 2.68% | 2.71% | 7.3 |
| Issuer 8 | 3 | 153 | 3,324 | Capital Equipment | Germany | B2 | Ba3 | 100.3 | 4.00% | 4.08% | 6.1 |
| Issuer 9 | 4 | 145 | 3,476 | Media Broadcasting and Subscription | Netherlands | B1 | B1 | 99.4 | 2.73% | 2.75% | 7.6 |
| Issuer 10 | 2 | 141 | 4,409 | Beverage, Food and Tobacco | United Kingdom | Ba3 | Ba3 | 98.4 | 2.33% | 2.36% | 5.6 |
| Issuer 11 | 4 | 122 | 4,236 | Chemicals, Plastics and Rubber | United Kingdom | Ba3 | Ba3 | 99.4 | 2.48% | 2.72% | 5.0 |
| Issuer 12 | 2 | 120 | 2,950 | Telecommunications | Denmark | B1 | B1 | 99.6 | 3.09% | 3.09% | 3.9 |
| Issuer 13 | 2 | 120 | 3,141 | Banking, Finance, Insurance & Real Estate (FIRE) | Ireland | B2 | B2 | 100.5 | 4.48% | 4.57% | 6.8 |
| Issuer 14 | 2 | 114 | 3,615 | High Tech Industries | United States | B2 | B1 | 100.2 | 3.93% | 3.96% | 4.3 |
| Issuer 15 | 4 | 110 | 3,097 | Healthcare and Pharmaceuticals | United States | Ba2 | Ba1 | 99.5 | 1.95% | 1.98% | 3.1 |
| Issuer 16 | 1 | 109 | 2,050 | Healthcare and Pharmaceuticals | France | B2 | B2 | 100.5 | 4.50% | 4.50% | 4.8 |
| Issuer 17 | 2 | 108 | 1,655 | High Tech Industries | United States | B2 | B1 | 100.9 | 4.88% | 5.88% | 4.2 |
| Issuer 18 | 1 | 99 | 1,808 | Construction and Building | Sweden | B2 | B2 | 99.4 | 3.50% | 3.50% | 4.6 |
| Issuer 19 | 2 | 96 | 1,650 | Construction and Building | Netherlands | B2 | B2 | 100.0 | 4.12% | 4.12% | 5.1 |
| Issuer 20 | 3 | 95 | 1,808 | Hotels, Gaming and Leisure | United Kingdom | Caa1 | Caa1 | 91.9 | 4.42% | 4.42% | 4.7 |
| Issuers 21-679 | 927 | 17,831 | 775,213 | Various | Various | B2 | B1 | 99.2 | 3.49% | 3.77% | 4.8 |
| **Total (699 Issuers)** | **981** | **20,511** | **843,876** | | | | | **99.2** | **3.49%** | **3.74%** | **4.9** |

Data reflective of 30 June 2021, calculated by Blackstone Credit using internal data as of 10 August 2021. Portfolio data by presented using the gross par amount of assets held directly and indirectly by BCF. The total par amount of all assets held within each CLO and CLO warehouses are included on a fully consolidated basis and added to those assets held directly by BCF. CLO Note investments are excluded from all figures. Data within the table is calculated by Blackstone Credit using internal data. The portfolio reflected in this presentation is as of a certain date, and there is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. Therefore, subject to any relevant investment limitations, the current portfolio parameters, concentration, spread distribution and other factors related to the current portfolio could all be materially different than those of the future portfolio acquired by the Fund.

- Defaulted asset balances are currently very low within the portfolio

| | Closing Date | Refi / Reset Date (Closing) | Remaining RI Period (Yrs) | Deal Size (m) | BCF Position (m) | BCF Cost (m) | Position as % of Tranche | Valuation as % of BCF NAV | Ann. Cash-on-Cash[1] | Cum. Cash-on-Cash[1] | WA Cost of Debt[1] | Gross Coupon[1] | NIM | Interest Diversion Cushion[1] | Highest of Caa / CCC / CCC Balance[1] | Defaulted Assets % of CLO NAV[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR CLO Income Notes | | | | | | | | | | | | | | | | |
| Phoenix Park | Jul-14 | Oct-18 | 1.8 | € 417.1 | € 23.3 | € 22.1 | 51.4% | 1.2% | 14.2% | 95.9% | 1.78% | 3.58% | 1.81% | 4.17% | 7.10% | 0.00% |
| Sorrento Park | Oct-14 | May-17 | 0.0 | € 248.1 | € 29.5 | € 28.0 | 51.8% | 0.8% | 14.6% | 96.3% | 2.38% | 3.59% | 1.21% | 13.71% | 12.82% | 0.00% |
| Castle Park | Dec-14 | Mar-17 | 0.0 | € 215.9 | € 24.0 | € 21.9 | 52.2% | 1.0% | 14.2% | 92.4% | 2.31% | 3.51% | 1.20% | 16.57% | 9.60% | 0.00% |
| Dartry Park | Mar-15 | Feb-21 | 3.8 | € 426.5 | € 26.6 | € 23.4 | 51.1% | 1.4% | 14.0% | 82.3% | 1.67% | 3.60% | 1.93% | 5.86% | 6.58% | 0.00% |
| Tymon Park | Dec-15 | Jan-18 | 0.0 | € 333.1 | € 22.7 | € 20.6 | 51.0% | 1.3% | 16.1% | 85.9% | 1.51% | 3.54% | 2.03% | 8.26% | 6.06% | 0.00% |
| Elm Park | May-16 | Mar-21 | 4.3 | € 521.9 | € 31.9 | € 31.9 | 56.1% | 2.0% | 14.1% | 65.5% | 1.70% | 3.55% | 1.85% | 5.27% | 7.09% | 0.00% |
| Griffith Park | Sep-16 | Mar-21 | 1.9 | € 456.0 | € 26.0 | € 23.1 | 53.4% | 1.6% | 10.3% | 48.3% | 1.57% | 3.59% | 2.01% | 4.58% | 6.95% | 0.00% |
| Clarinda Park | Nov-16 | Feb-21 | 3.6 | € 417.1 | € 23.1 | € 19.5 | 51.2% | 1.4% | 11.4% | 51.3% | 1.70% | 3.61% | 1.91% | 4.30% | 7.08% | 0.25% |
| Palmerston Park | Apr-17 | Nov-19 | 0.0 | € 414.5 | € 24.0 | € 21.5 | 53.3% | 1.4% | 14.1% | 56.8% | 1.55% | 3.52% | 1.97% | 4.18% | 6.53% | 0.13% |
| Clontarf Park | Jul-17 | n/a | 0.1 | € 413.6 | € 29.0 | € 26.2 | 66.9% | 1.7% | 15.4% | 58.7% | 1.59% | 3.49% | 1.90% | 3.64% | 6.91% | 0.38% |
| Willow Park | Nov-17 | n/a | 1.0 | € 412.4 | € 23.4 | € 21.0 | 60.9% | 1.5% | 17.8% | 60.1% | 1.58% | 3.48% | 1.90% | 4.34% | 6.40% | 0.00% |
| Marlay Park | Mar-18 | n/a | 0.8 | € 413.0 | € 24.6 | € 20.7 | 60.0% | 1.6% | 19.6% | 59.7% | 1.40% | 3.50% | 2.10% | 4.52% | 6.69% | 0.00% |
| Milltown Park | Jun-18 | n/a | 1.0 | € 409.1 | € 24.1 | € 21.4 | 65.0% | 1.8% | 18.0% | 51.3% | 1.50% | 3.54% | 2.05% | 4.86% | 6.29% | 0.00% |
| Richmond Park | Jul-18 | n/a | 0.0 | € 548.2 | € 46.2 | € 26.2 | 68.3% | 2.0% | 18.5% | 50.8% | 1.53% | 3.51% | 1.98% | 3.27% | 6.92% | 0.00% |
| Sutton Park | Oct-18 | n/a | 1.9 | € 408.0 | € 24.0 | € 21.4 | 66.7% | 1.7% | 17.7% | 41.6% | 1.72% | 3.57% | 1.85% | 4.78% | 6.59% | 0.00% |
| Crosthwaite Park | Feb-19 | Apr-21 | 4.2 | € 516.0 | € 33.0 | € 26.9 | 64.7% | 2.1% | 13.8% | 28.2% | 1.75% | 3.58% | 1.83% | 5.41% | 4.68% | 0.00% |
| Dunedin Park | Sep-19 | n/a | 2.8 | € 408.3 | € 25.3 | € 22.1 | 52.9% | 1.6% | 12.4% | 19.7% | 1.78% | 3.59% | 1.81% | 4.44% | 6.24% | 0.00% |
| Seapoint Park | Nov-19 | n/a | 2.9 | € 405.2 | € 21.6 | € 21.4 | 70.5% | 1.6% | 16.7% | 21.4% | 1.84% | 3.58% | 1.74% | 4.36% | 5.28% | 0.00% |
| Holland Park | Nov-19 | n/a | 2.9 | € 427.5 | € 39.1 | € 21.6 | 72.1% | 1.6% | 11.1% | 16.6% | 1.90% | 3.60% | 1.70% | 4.02% | 7.07% | 0.00% |
| Vesey Park | Apr-20 | n/a | 3.4 | € 403.8 | € 24.5 | € 22.8 | 80.3% | 1.9% | 24.8% | 25.9% | 1.97% | 3.62% | 1.65% | 5.98% | 6.38% | 0.00% |
| Avondale Park | Jun-20 | n/a | 2.1 | € 283.7 | € 18.7 | € 16.5 | 63.0% | 1.7% | 16.3% | 14.0% | 2.52% | 3.61% | 1.10% | 5.52% | 4.38% | 0.00% |
| Deer Park | Sep-20 | n/a | 2.3 | € 343.6 | € 20.5 | € 18.4 | 71.9% | 1.6% | 8.4% | 4.8% | 2.27% | 3.56% | 1.30% | 5.26% | 4.83% | 0.00% |
| Marino Park | Dec-20 | n/a | 2.5 | € 323.5 | € 17.0 | € 16.7 | 71.4% | 1.6% | n/a | n/a | 1.84% | 3.73% | 1.89% | 4.49% | 5.36% | 0.00% |
| Carysfort Park | Apr-21 | n/a | 4.1 | € 405.6 | € 25.1 | € 23.4 | 80.7% | 2.0% | n/a | n/a | 1.68% | 3.67% | 2.00% | 5.00% | n/a | n/a |
| Rockfield Park | Jul-21 | n/a | 4.0 | € 404.0 | € 24.0 | € 22.6 | 80.0% | 2.0% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| **EUR CLO Income Note Total[2]** | | | **2.0** | **€ 10,279** | **€ 675** | **€ 584** | **62.2%** | **40.1%** | **15.6%** | **55.5%** | **1.78%** | **3.57%** | **1.79%** | **5.68%** | **6.82%** | **0.03%** |
| **US CLO Income Note Total[2]** | | | **2.1** | **$ 12,769** | **$ 743** | **$ 606** | **55.8%** | **35.8%** | **21.7%** | **50.4%** | **1.85%** | **3.80%** | **1.94%** | **3.37%** | **6.17%** | **0.00%** |
| **Global CLO Income Note Total[2]** | | | **2.1** | **€ 21,046** | **€ 1,302** | **€ 1,095** | **58.4%** | **75.9%** | **18.6%** | **53.0%** | **1.81%** | **3.68%** | **1.86%** | **4.57%** | **6.51%** | **0.02%** |

Data as of 30 June 2021. Note that a CLO's definition of a defaulted asset may differ from that of BCF. For example, as asset rated "SD" (Selective Default) is considered a defaulted asset within certain CLOs but is not considered a defaulted asset by BCF and the Manager

(1) Source: Intex. Cash-on-cash distributions presented based on cost. Orwell park distributions include return of principal. WA Cost of Debt (weighted average cost of liabilities) represents the weighted average all-in rate (coupon) of each liability tranche. Gross Coupon, as calculated by Intex as the all-in rate, not available for deals that are not yet included in Intex. Highest of Caa / CCC / CCC Balance shown based on the highest of Moody's, S&P, and/or Fitch ratings.

(2) Vertical retention investments and redeemed CLOs shown on slide 33 are included in summary statistics.

- Defaulted asset balances are currently low within the portfolio

| | Closing Date | Refi / Reset Date (Closing) | Remaining RI Period (Yrs) | Deal Size (m) | BCF Position (m) | BCF Cost (m) | Position as % of Tranche | Valuation as % of BCF NAV | Ann. Cash-on-Cash(1) | Cum. Cash-on-Cash(1) | WA Cost of Debt(1) | Gross Coupon(1) | NIM | Interest Diversion Cushion(1) | Highest of Caa / CCC / CCC Balance(1) | Defaulted Assets % of CLO NAV(1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **US CLO Income Notes(2)** | | | | | | | | | | | | | | | | |
| **Dorchester Park** | Feb-15 | Jun-18 | 0.0 | $ 385.2 | $ 44.5 | $ 32.8 | 67.0% | 1.2% | 16.5% | 101.3% | 1.85% | 3.60% | 1.76% | 5.10% | 10.10% | 0.00% |
| **Grippen Park** | Mar-17 | n/a | 0.8 | $ 611.4 | $ 29.8 | $ 26.4 | 50.1% | 1.6% | 14.7% | 60.3% | 1.92% | 3.90% | 1.98% | 3.31% | 6.50% | 0.00% |
| **Thayer Park** | May-17 | Feb-21 | 4.8 | $ 524.6 | $ 27.4 | $ 22.5 | 50.1% | 1.3% | 16.0% | 63.1% | 1.82% | 3.74% | 1.92% | 4.66% | 6.50% | 0.00% |
| **Catskill Park** | May-17 | Apr-21 | 0.8 | $ 1,028.5 | $ 56.0 | $ 49.1 | 51.6% | 2.7% | 15.1% | 59.2% | 1.76% | 3.81% | 2.05% | 1.97% | 6.20% | 0.00% |
| **Dewolf Park** | Aug-17 | n/a | 1.3 | $ 613.5 | $ 31.7 | $ 28.2 | 51.6% | 1.7% | 15.9% | 57.6% | 1.90% | 3.80% | 1.89% | 3.44% | 7.85% | 0.00% |
| **Gilbert Park** | Oct-17 | n/a | 1.3 | $ 1,022.0 | $ 51.8 | $ 46.9 | 50.8% | 2.7% | 16.2% | 56.4% | 1.86% | 3.84% | 1.97% | 3.22% | 6.10% | 0.00% |
| **Long Point Park** | Dec-17 | n/a | 1.5 | $ 610.8 | $ 29.5 | $ 26.5 | 50.1% | 1.6% | 20.8% | 68.6% | 1.61% | 3.81% | 2.19% | 2.40% | 6.50% | 0.00% |
| **Stewart Park** | Jan-18 | n/a | 1.5 | $ 873.8 | $ 92.2 | $ 38.4 | 50.1% | 1.8% | 14.2% | 46.0% | 1.65% | 3.81% | 2.16% | 1.86% | 6.70% | 0.00% |
| **Cook Park** | Apr-18 | n/a | 1.8 | $ 1,025.0 | $ 53.6 | $ 48.7 | 50.1% | 2.9% | 18.2% | 54.9% | 1.53% | 3.80% | 2.26% | 2.64% | 7.00% | 0.00% |
| **Fillmore Park** | Jul-18 | n/a | 2.0 | $ 560.8 | $ 30.2 | $ 27.5 | 54.3% | 1.8% | 15.8% | 42.7% | 1.71% | 3.79% | 2.08% | 3.61% | 7.40% | 0.00% |
| **Harbor Park** | Dec-18 | n/a | 2.6 | $ 715.3 | $ 39.7 | $ 34.4 | 50.1% | 2.3% | 16.1% | 37.7% | 1.80% | 3.82% | 2.02% | 3.77% | 6.60% | 0.00% |
| **Buckhorn Park** | Mar-19 | n/a | 2.8 | $ 502.1 | $ 24.2 | $ 21.1 | 50.1% | 1.4% | 16.2% | 33.7% | 2.16% | 3.78% | 1.63% | 3.61% | 7.00% | 0.00% |
| **Niagara Park** | Jun-19 | n/a | 3.0 | $ 453.2 | $ 22.1 | $ 20.0 | 50.1% | 1.4% | 15.7% | 28.4% | 1.96% | 3.81% | 1.86% | 3.95% | 5.00% | 0.00% |
| **Southwick Park** | Aug-19 | n/a | 3.1 | $ 503.5 | $ 26.1 | $ 22.3 | 59.9% | 1.5% | 17.0% | 28.3% | 2.13% | 3.82% | 1.70% | 3.68% | 5.80% | 0.00% |
| **Beechwood Park** | Dec-19 | n/a | 3.6 | $ 810.4 | $ 48.9 | $ 42.0 | 61.1% | 2.7% | 15.9% | 21.1% | 2.17% | 3.87% | 1.70% | 4.21% | 3.50% | 0.00% |
| **Allegany Park** | Jan-20 | n/a | 3.5 | $ 504.6 | $ 30.2 | $ 26.2 | 66.2% | 1.8% | 12.8% | 16.2% | 2.13% | 3.84% | 1.71% | 4.19% | 3.50% | 0.00% |
| **Harriman Park** | Apr-20 | n/a | 4.8 | $ 503.5 | $ 29.2 | $ 26.0 | 70.0% | 1.9% | 28.7% | 28.7% | 1.81% | 3.87% | 2.06% | 4.51% | 3.30% | 0.00% |
| **Cayuga Park** | Aug-20 | n/a | 2.0 | $ 392.8 | $ 22.9 | $ 20.6 | 72.0% | 1.6% | 23.9% | 16.3% | 2.31% | 3.83% | 1.52% | 4.00% | 2.20% | 0.00% |
| **Point Au Roche Park** | Jun-21 | n/a | 5.1 | $ 457.3 | $ 26.5 | $ 23.3 | 61.2% | 1.7% | n/a | n/a | 1.71% | 3.99% | 2.28% | 4.00% | n/a | n/a |
| **US CLO Income Note Total(2)** | | | **2.1** | **$ 12,769** | **$ 743** | **$ 606** | **55.8%** | **35.8%** | **21.7%** | **50.4%** | **1.85%** | **3.80%** | **1.94%** | **3.37%** | **6.17%** | **0.00%** |
| **EUR CLO Income Note Total(2)** | | | **2.0** | **$ 10,279** | **$ 675** | **$ 584** | **62.2%** | **40.1%** | **15.6%** | **55.5%** | **1.78%** | **3.57%** | **1.79%** | **5.68%** | **6.82%** | **0.03%** |
| **Global CLO Income Note Total(2)** | | | **2.1** | **$ 21,046** | **$ 1,302** | **$ 1,095** | **58.4%** | **75.9%** | **18.6%** | **53.0%** | **1.81%** | **3.68%** | **1.86%** | **4.57%** | **6.51%** | **0.02%** |

Data as of 30 June 2021. Note that a CLO's definition of a defaulted asset may differ from that of BCF. For example, as asset rated "SD" (Selective Default) is considered a defaulted asset within certain CLOs but is not considered a defaulted asset by BCF and the Manager.

(1) Source: Intex. Cash-on-cash distributions presented based on cost. Stratus 2020-2 distributions include return of principal. WA Cost of Debt (weighted average cost of liabilities) represents the weighted average all-in rate (coupon) of each liability tranche. Gross Coupon, as calculated by Intex as the all-in rate, not available for deals that are not yet included in Intex. Highest of Caa / CCC / CCC Balance shown based on the highest of Moody's, S&P, and/or Fitch ratings.

(2) Vertical retention investments and redeemed CLOs shown on slide 33 are included in summary statistics.

# VERTICAL RETENTION INVESTMENTS AND REDEEMED CLOs

| | Closing Date | Refi / Reset Date (Closing) | Remaining RI Period (Yrs) | Deal Size (m) | BCF Position (m) | BCF Cost (m) | Position as % of Tranche | Valuation as % of BCF NAV | Ann. Cash-on-Cash[1] | Cum. Cash-on-Cash[1] | WA Cost of Debt[1] | Gross Coupon[1] | NIM | Interest Diversion Cushion[1] | Highest of Caa / CCC / CCC Balance[1] | Defaulted Assets % of CLO NAV[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vertical Retention Investments** | | | | | | | | | | | | | | | | |
| **Tallman Park[2]** | May-21 | n/a | 4.8 | $ 409.5 | $ 2.1 | $ 2.0 | 5.00% | 0.15% | n/a | n/a | 1.69% | 3.90% | 2.21% | 5.00% | n/a | n/a |
| **Vertical Retention Total** | | | **4.8** | **$ 410** | **$ 2.1** | **$ 2.0** | **5.00%** | **0.15%** | **n/a** | **n/a** | **1.69%** | **3.90%** | **2.21%** | **5.00%** | **n/a** | **n/a** |

| | Region | Vintage | Redemption Date | Deal Size (M) | Position Owned Prior To Redemption (M) | % Of Tranche Prior To Redemption (M) | Current Valuation as % of BCF NAV[3] | Realised IRR[4] | Cumulative Distributions Through Last Payment[1] |
|---|---|---|---|---|---|---|---|---|---|
| **Redeemed CLOs** | | | | | | | | | |
| **Orwell Park[3]** | **EUR** | 2015 | May-21 | € 303.3 | € 24.2 | 51.0% | 0.05% | 13.4% | 156.4% |
| **Stratus 2020-2[3]** | **USD** | 2020 | Jun-21 | $ 260.9 | $ 24.2 | 100.0% | 0.03% | 34.9% | 125.2% |

Data as of 30 June 2021. Note that a CLO's definition of a defaulted asset may differ from that of BCF. For example, as asset rated "SD" (Selective Default) is considered a defaulted asset within certain CLOs but is not considered a defaulted asset by BCF and the Manager.

(1) Source: Intex. Cash-on-cash distributions presented based on cost. WA Cost of Debt (weighted average cost of liabilities) represents the weighted average all-in rate (coupon) of each liability tranche. Gross Coupon, as calculated by Intex as the all-in rate, not available for deals that are not yet included in Intex. Highest of Caa / CCC / CCC Balance shown based on the highest of Moody's, S&P, and/or Fitch ratings.

(2) The vertical retention investment Tallman Park CLO is financed by a repurchase agreement. BCF owns 5% of each tranche (including equity). The total position owned is reflective of the gross exposure less the financed amount. BCF cost is adjusted for purchase price at issuance.

(3) Orwell Park equity is in the process of being redeemed. The residual position is reflective of one remaining equity distribution to be made. Stratus 2020-2 equity is also in the process of being redeemed. The equity will be fully redeemed once all accrued interest been received and distributed. Distributions include return of principal.

(4) Realised IRRs are reflective of distributions made to equity holders to date (as of 30 June 2021) based on data available on Intex as of 7 July 2021. Orwell Park realised IRR is inclusive of fee rebates received. Stratus 2020-2 does not receive a fee rebate.

Note: vertical retention investments and redeemed CLO positions are included in summary statistics on slide 31 and 32.

# VI. Market Overview

US and European leveraged loans market performed well during 2Q ’21 as lower rated assets and re-opening themed names again dominating performance, with an additional tailwind from mostly positive economic data over the quarter

- As such, European and US leveraged loans returned 1.2% and 1.5% in 2Q ‘21, bringing LTM returns to 9.5% and 11.7%, respectively[(1)]
- Corporate fundamentals showed a tangible improvement after a strong first quarter results period. Earnings for the second quarter, whilst not yet announced, are expected to follow suit. Paired with slowing debt growth, we expect that corporate issuers should be well equipped to grow into their higher levered capital structures brought forward from 2020
- Heading into July, the market experienced signs of softening as the debt of movie theatres, airlines and travel companies began trading lower as the Delta various continued its spread. Going forward, we expect COVID-19-driven data to foster small pockets of market volatility, where maintaining flexibility and careful credit selection will be key in navigating these events

Loan default rates continued to trend downwards and beat market expectations. The 2Q ’21 US and European loan LTM par-weighted default rates continued their decline to 1.3% and 0.5%, from 3.8% and 1.1%, respectively[(2)]

- Whilst there has not been a revision for European Loans, J.P. Morgan lowered their US loan default expectations to 0.65% and 1.25% for the end of 2021 and 2022, respectively, just as the ratio of upgrades to downgrades for US loans reached 2:1 at the end of June[(3)]
- For the BCF portfolio, the quarterly default loss rate was 0.00% which continued to trend below the broader market of 0.03% for European Loans and 0.16% for US loans[(4)]
- As the rating actions of the underlying loans can impact performance and the management of the CLOs, the benign default environment and improving upgrade to downgrade ratio affords more trading flexibility to manage portfolios with the tools necessary to deliver resilient and consistent cashflows to CLO note holders

Source: Blackstone Credit, unless otherwise stated. Reflects the views of Blackstone Credit, unless otherwise stated.
(1) Credit Suisse Leveraged Loans and Western European Leveraged Loans Indices, as of 30 June 2021
(2) Sources: Credit Suisse Default Report, July 2021.
(3) J.P. Morgan, Moody’s, S&P Upgrades vs. Downgrades and LCD LLI Industry Weights and Total Returns, as of 30 June 2021.
(4) Sources: Blackstone Credit for BCF calculated on a look through basis and Credit Suisse for US / European loans (2Q ’21 and 2021 YTD calculated using a pro-rated trailing twelve month default loss rate (LTM default loss rate divided by four (quarterly)). BCF defaults defined as (a) missed a payment, (b) filed bankruptcy, or (c) were downgraded by Moody’s, Fitch, or S&P to D. Please see the BCF Loan Default Track Record in the “Important Disclosure Information” section of this Presentation for further information on the default track record.

Many of the same technical themes in the leveraged loans and CLO market persisted from the previous quarter. Demand for leveraged loans remained robust in 2Q ’21 from a combination of retail flows in the US, demand from global institutional investors, and new CLO creation globally. Flows into the asset class were supported by a relatively steeper yield curve compared to historic levels, which continues to attract duration-sensitive investors to the asset class

- US retail leveraged loan inflows totaled $8.9 billion in 2Q ’21[1], marking the sixth month of positive flow
- Although not quite at the pace of 1Q ’21, 2Q ’21 European and US loan gross issuance remains elevated on the back of debt refinancing and increased M&A activity, totalling $227 billion and $190 billion, respectively
- As we look forward, we expect the technical backdrop for leveraged loans to remain well supported. Despite the heavy pipeline of new loan issuance, we expect this to be well digested by the market

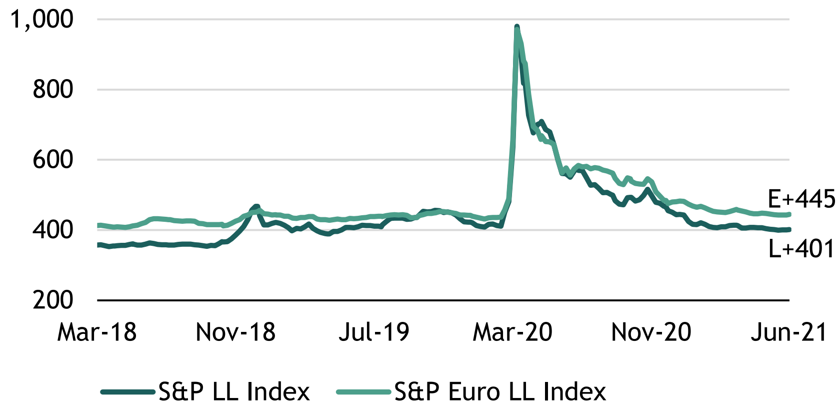
Momentum in the US and European CLO market continued from 1Q ’21 with $139 billion of total activity (marginally down quarter on quarter). Reset and refinancing volume again dominated CLO market activity, accounting for 64% of global quarterly volumes as managers aimed to optimise liabilities on older vintage deals[2]

- Following material liability spread tightening since 2H ‘20, CLO AAA spreads trended wider quarter on quarter under the pressure of heavy supply, by 8 bp in the US (to 113 bp) to and by 15 bp in Europe (to 94 bp). That said, current levels still support a robust arbitrage for new CLO issuance, and for those deals out of non-call with relatively higher costs of funding
- It is also worth noting that BXC has achieved close to, if not the lowest, WACC at the time of pricing a transaction during the first half of the year, with further pricing differentiation between managers depending on their perceived ‘tier’[4]. BXC was also at the top of the list of most active managers for global new issuance and US CLO new issuance year to date[5]
- Importantly, the global CLO market reached $1 trillion in size after quarter end, with the year-to-date acceleration in volumes highlighting the ideal conditions for CLO creation and management; low defaults, improving credit fundamentals, a depth of demand for CLO debt, and relatively attractive liability spreads

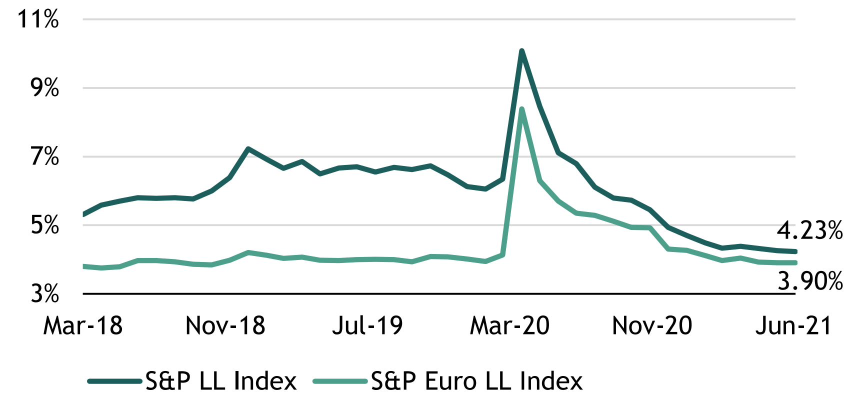
Source: Blackstone Credit, unless otherwise stated. Reflects the view of Blackstone Credit.
(1) Source: J.P. Morgan, Lipper, as of March 31, 2021, includes weekly and monthly reporting funds if reported by April 1, 2021.
(2) LCD CLO Global Databank as of 30 June 2021.
(3) Barclays Credit Research, March 2021
(4) As reported by Creditflux and S&P LCD.
(5) Creditflux.

## Spread to Maturity

(L+ / E+)

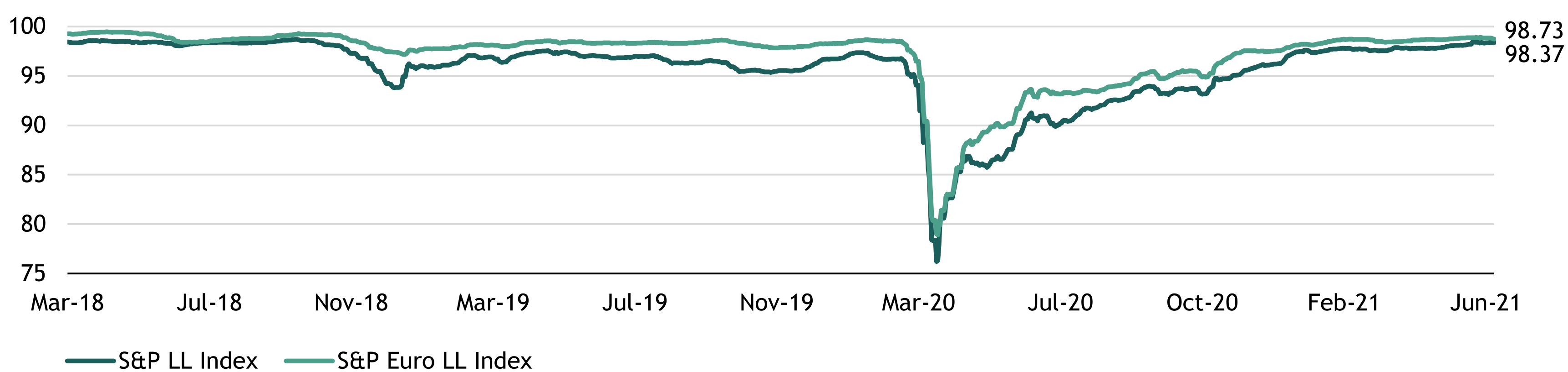



## Yield to Maturity




## Average Bid Price

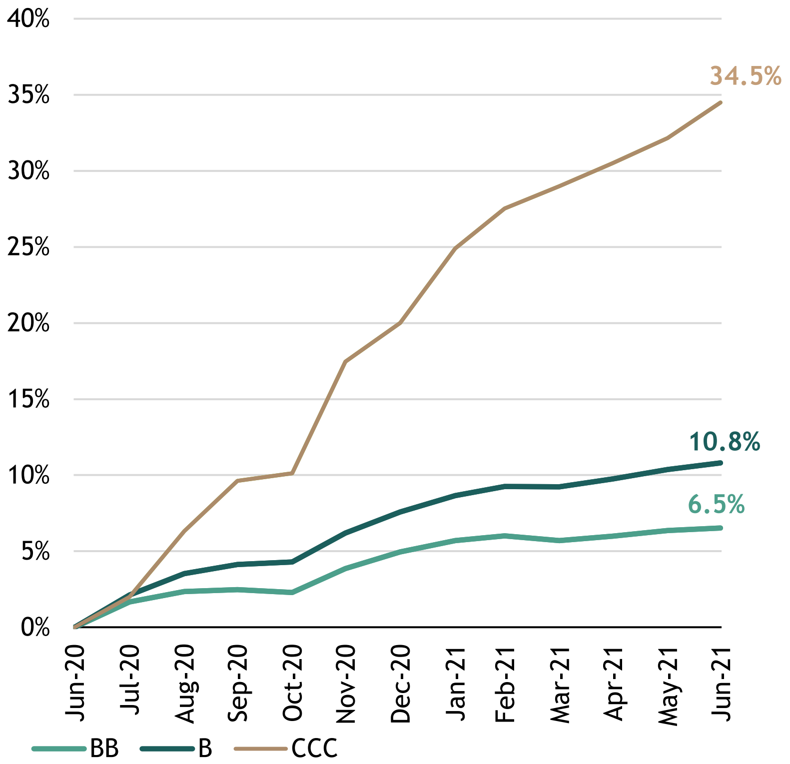
($ / €)



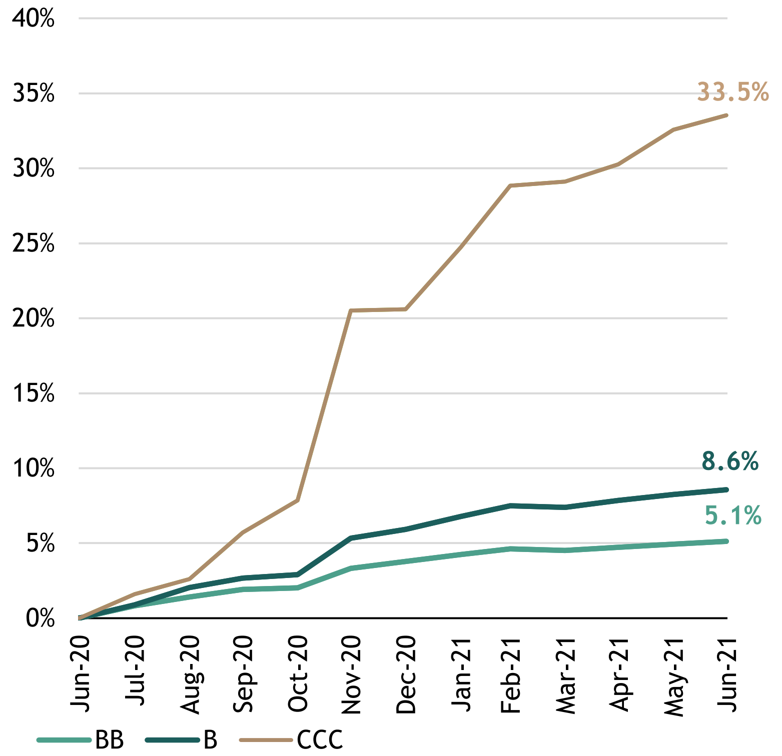

Source: LCD, as of 30 June 2021. **Past performance is not necessarily indicative of future results, and there can be no assurance that such returns will be achieved, that any fund will achieve comparable results or that any fund will be able to implement its investment strategy or achieve its investment objectives.**

# Risk-on move has driven outsized CCC performance through June 2021

## US Loan Returns by Quality



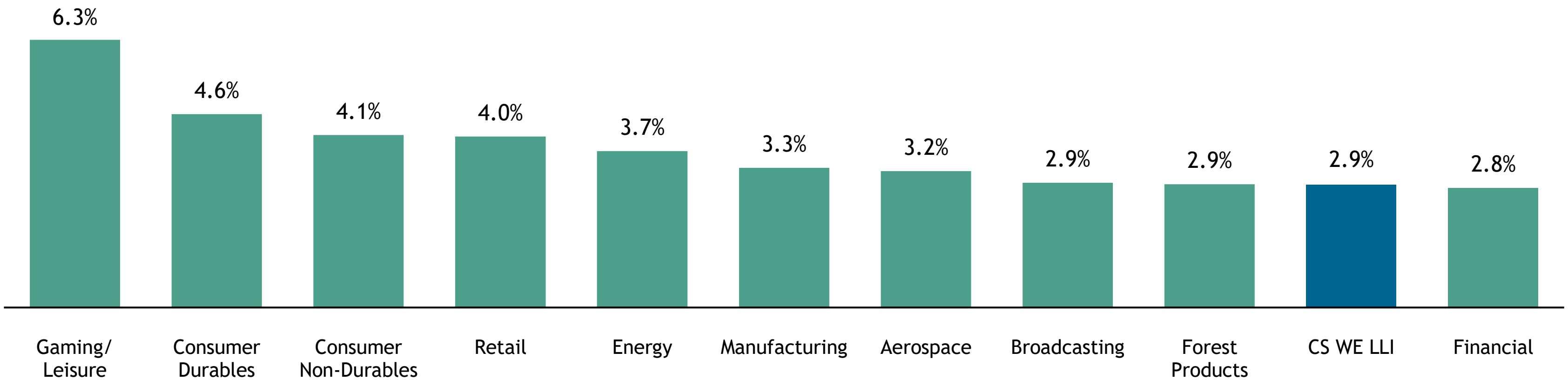

## European Loan Returns by Quality



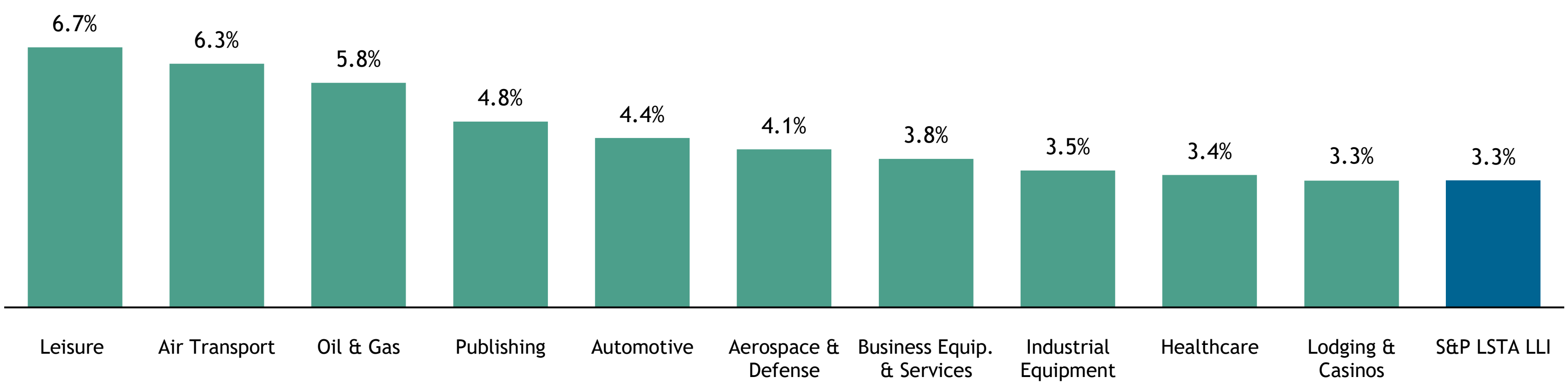

Source: Credit Suisse Leveraged Loan Index, Credit Suisse Western European Leveraged Loan Index (Hedged to Euro), as of 30 June 2021.
**Past performance is not necessarily indicative of future results, and there can be no assurance that such returns will be achieved, that any fund will achieve comparable results or that any fund will be able to implement its investment strategy or achieve its investment objectives.** Please refer to the “Important Disclosure Information” section of this Presentation for important information about performance results and the use of indices.

# COVID-impacted sectors have led YTD performance, but signs of softening are emerging

## Top 10 Loan Sector Year-to-Date Returns (Europe)



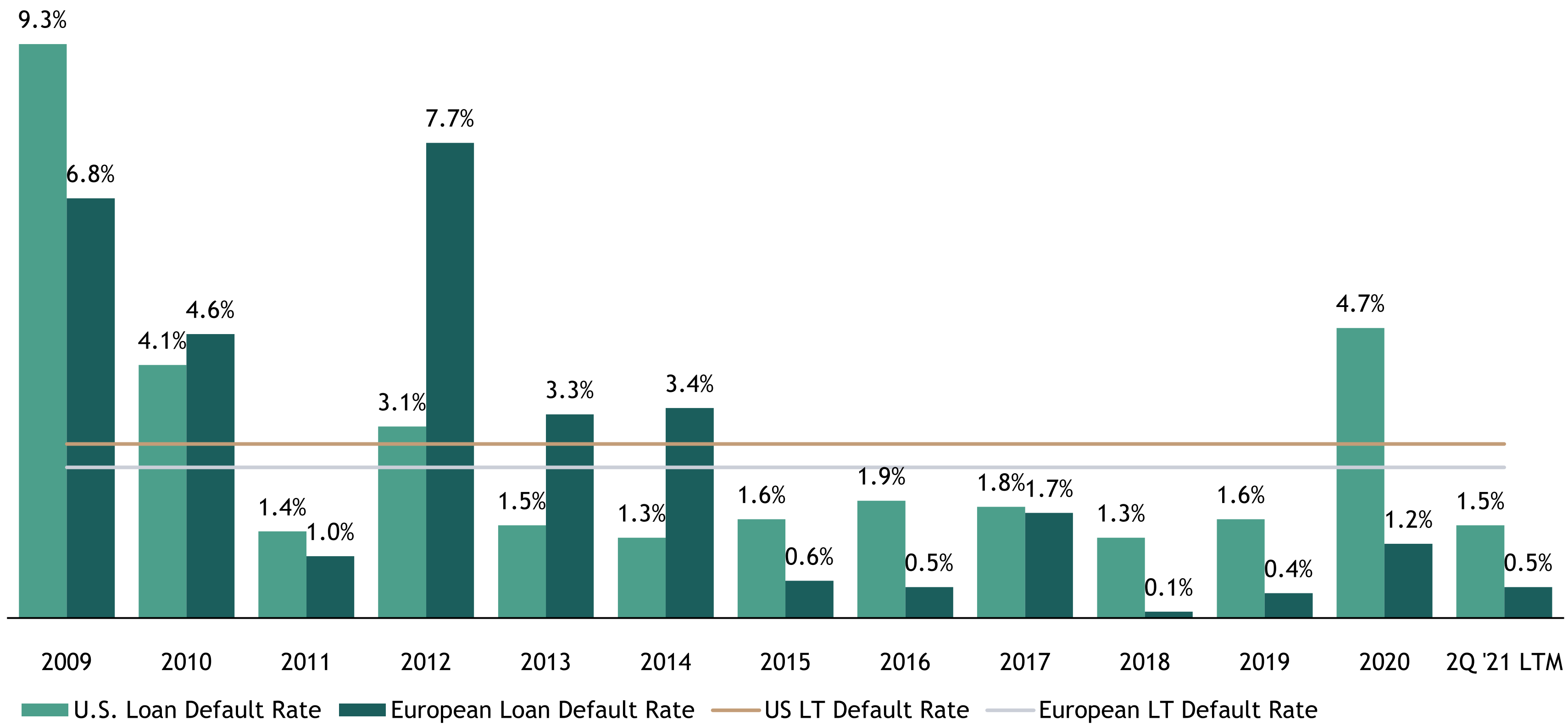

## Top 10 Loan Sector Year-to-Date Returns (US)




Source: S&P Leveraged Loan Index (excludes S&P/LSTA sectors representing less than 1% of the LLI), Credit Suisse European Leveraged Loan Index. As of 30 June 2021. **Past performance is not necessarily indicative of future results.**

# Realised defaults are much lower than originally forecast at the start of the pandemic and continue to trend lower

## Trailing 12-month Issuer Default Rate



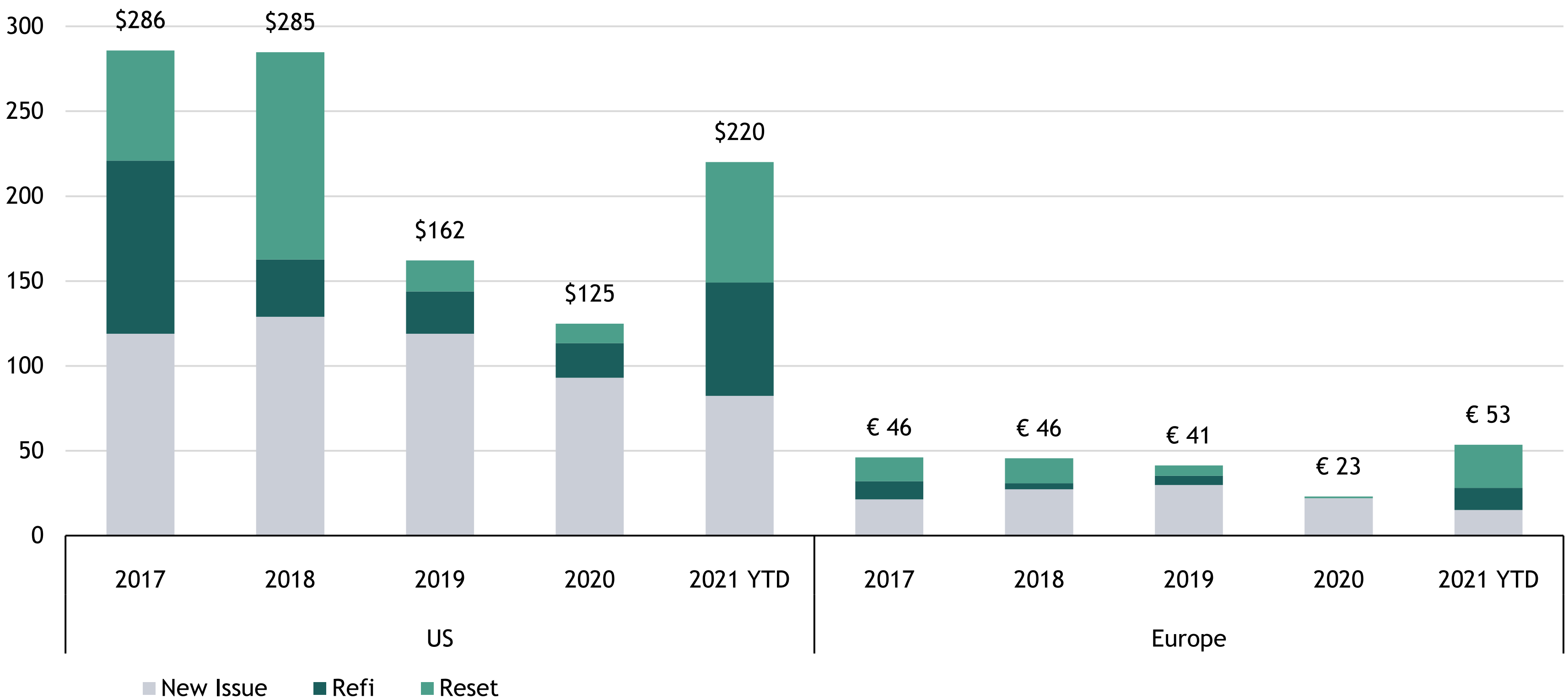

Source: Credit Suisse Default Statistics, as of 31 March 2021. US and European long-term default rates represent average annual par default rates from June 1998 to June 2021 and March 2001 to June 2021, respectively.

# CLO market tracking at record pace as YTD volume dominated by refinancing and resets

Global quarterly CLO volume including refinancings and resets totalled $139 billion in 2Q ’21 versus $144 billion in 1Q ‘21

## U.S. and European CLO Issuance

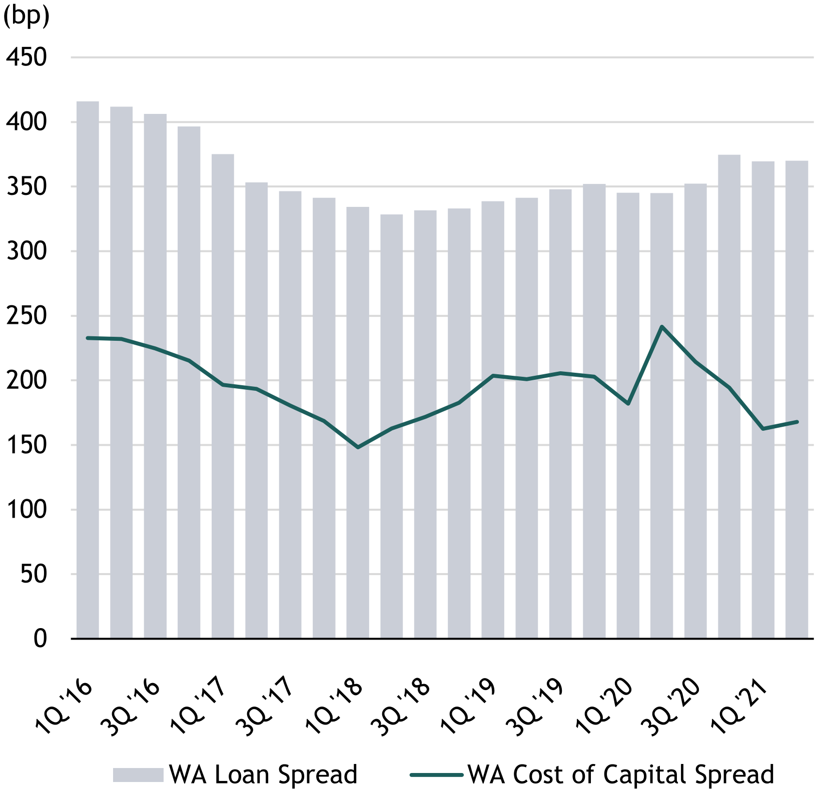
($/€ in billions)



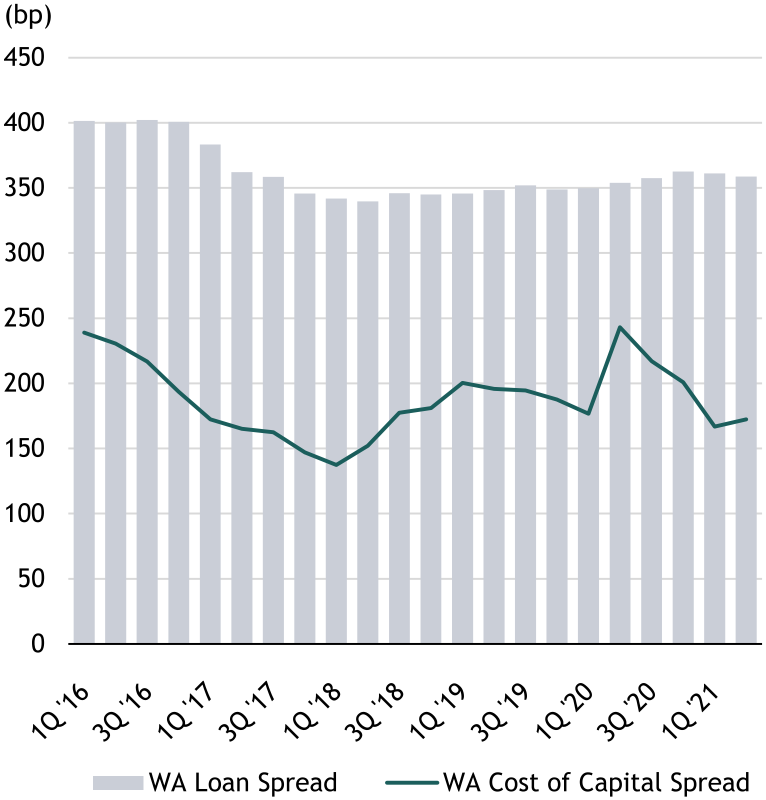

Source: LCD, as of 30 June 2021.

# The average quarterly arb marginally decreased in 2Q '21 as new issue CLO tranche spreads retreated from their lows earlier in the year

## US WA Spread and Cost of Capital




## European WA Spread and Cost of Capital




Source: S&P LCD, Credit Suisse, as at 30 June 2021.

# VII. BCF Sensitivity Analysis

- Assumptions herein represents current views of Blackstone Credit LCS Investment Team and is largely consistent with the scenario run by our 3rd party valuation provider for NAV purposes, with a few differences, namely the prepayment rate [20%], recovery rate [60%], and recovery lag [0 months](1)
- Mark to model assumptions for 2Q 2021 valuations refined to reflect updated views on CCC and Default stresses and reinvestment opportunities

| | Pre-COVID-19(2) | 30 June 2021 | | Expected Effect on Valuation |
|---|---|---|---|---|
| **Assumption** | **Global** | **EUR** | **US** | |
| ***Collateral Performance*** | | | | |
| Constant Default Rate | 2% | Current Defaults, ramp to 0.1% in 3M, ramp to 0.5% in 6M, hold at 0.5% until 12M, up to 1.0% until 18M, 2.0% thereafter | Current Defaults, ramp to 0.1% in 3M, ramp to 0.4% until 6M; hold at 0.4% until 12M, up to 1.0% until 18M, 2.0% thereafter | ↑ |
| CCC Downgrades | None | Current CCC, ramp to 6.7% 3M, 7.2% in 6M, 7.4% in 12M, ramp down to 6.5% by 15M and 5.4% therafter | Current CCC, ramp to 5.8% 3M, 5.7% in 6M, ramp down to 5.2% in 12M, 5.1% by 15M and 4.8% therafter | - |
| Prepayment Rate | 20% | 20% for 6 months, 25% thereafter | 20% for 6 months, 25% thereafter | ↑ |
| Recovery Rate | 70% | 70% | 65% | ↓ |
| Recovery Lag (months) | 12 | 6 | 6 | ↑ |
| ***Reinvestment*** | | | | |
| Market Split | 100% primary | N/A | 50% secondary / 50% primary | ↓ |
| Primary Price | 99.5 | 99.5 | 99.5 | - |
| Secondary Price | n/a | 99.5 | 99.5 | - |
| Primary Spread (L/E+) | 381 | 375 | 350 | ↓ |
| Secondary Spread (L/E+) | n/a | 375 | 340 | ↓ |
| ***Discount Rate*** | | | | |
| CLO Equity | 12.04% | 14.00% | 14.00% | ↓ |

Note: please see page 48 for more details on the default rate and CCC downgrades. Primary Spread and Discount Rates for 31 December 2019 represent a global average weighted by FMV. LIBOR floor assumptions: Europe: 0% floor both secondary and primary for 31 December 2019 and 30 June 2021; US: no floors applied for 31 December 2019, and 80bp on 50% of assets secondary / 65bp on 80% of assets primary for 30 June 2021.

(1) Numbers in square brackets reflects assumptions of third-party valuation provider that differs from Blackstone Credit.

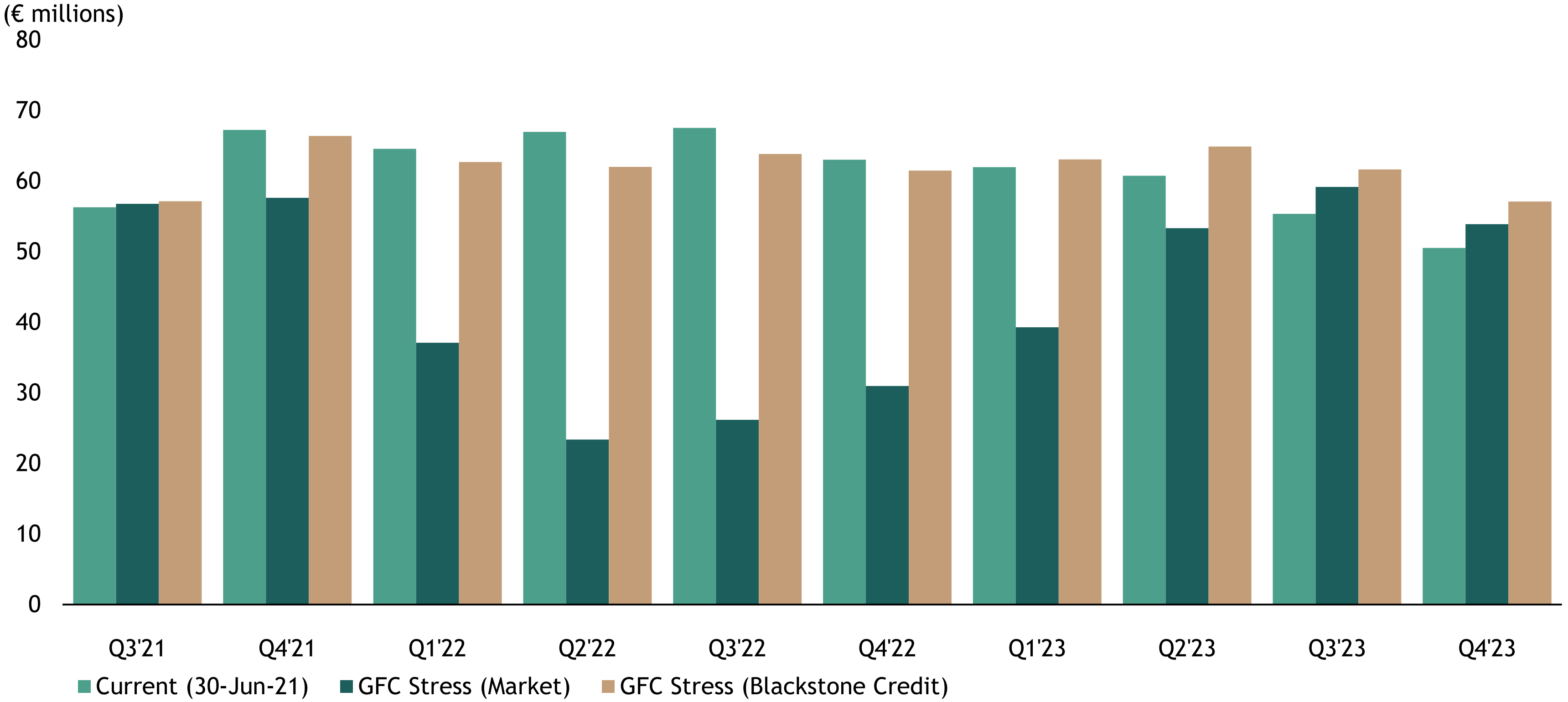
(2) As of 31 December 2019.

# SCENARIO ASSUMPTIONS

| Assumption | Current (30-June-21) EUR | Current (30-June-21) US | Global Financial Crisis ("GFC") Stress - Market EUR | Global Financial Crisis ("GFC") Stress - Market US | GFC Stress - Blackstone Credit EUR | GFC Stress - Blackstone Credit US |
|---|---|---|---|---|---|---|
| ***Description*** | The assumptions below reflect the current view of Blackstone Credit LCS Investment team. | | Default and recovery assumptions aim to track CS (Western European) Leverage Loan Index performance during the GFC, while other variables were discussed with several research banks (including using data from published reports). | | Default and recovery assumptions aim to track BXC LCS Loan fund performance during the GFC while other variables were either BXC CLO specific (CCC levels) or discussed with several research banks (including using data from published reports). | |
| ***Collateral Performance*** | | | | | | |
| Constant Default Rate | Current Defaults, ramp to 0.1% in 3M, ramp to 0.5% in 6M, hold at 0.5% until 12M, up to 1.0% until 18M, 2.0% thereafter | Current Defaults, ramp to 0.1% in 3M, ramp to 0.4% until 6M; hold at 0.4% until 12M, up to 1.0% until 18M, 2.0% thereafter | 3% to 7% in 6 months, 7% for 3 months, to 2% in 12 months, 2% thereafter | 3% to 10% in 6 months, 10% for 3 months, to 2% in 12 months, 2% thereafter | 2% to 5.5% in 6 months, 5.5% for 3 months, to 2% in 12 months, 2% thereafter | 2% to 4% in 6 months, 4% for 3 months, to 2% in 12 months, 2% thereafter |
| CCC Downgrades | Current CCC, ramp to 6.7% 3M, 7.2% in 6M, 7.4% in 12M, ramp down to 6.5% by 15M and 5.4% therafter | Current CCC, ramp to 5.8% 3M, 5.7% in 6M, ramp down to 5.2% in 12M, 5.1% by 15M and 4.8% therafter | 5% to 12% in 6 months, 12% for 6 months, then to 7% in 1yr, 7% thereafter | | 5% to 10% in 6 months, 10% for 6 months, then to 7% in 1yr, 7% thereafter | |
| Prepayment Rate | 20% for 6 months, 25% thereafter | | 10% for 1yr, to 25% in 1yr, 25% thereafter | | 10% for 1yr, to 25% in 1yr, 25% thereafter | |
| Recovery Rate | 70% | 65% | 50% for 1yr, to 60% in 6 months, 60% thereafter | | 55% for 1yr, to 65% in 6 months, 65% thereafter | |
| Recovery Lag (months) | 6 | | 12 | | 12 | |
| ***Reinvestment*** | | | | | | |
| Primary Price | 99.5 | | 90% for 6 months, 95 for 12 months, 99.5% thereafter | | 90% for 6 months, 95 for 12 months, 99.5% thereafter | |
| Secondary Price | 99.5 | | 90% for 6 months, 95 for 12 months, 99.5% thereafter | | 90% for 6 months, 95 for 12 months, 99.5% thereafter | |
| Primary Spread (L/E+) | 375 | 350 | 450 | 350 (425 floor) | 450 | 350 (425 floor) |
| Secondary Spread (L/E+) | 375 | 340 | 450 | 350 (425 floor) | 450 | 350 (425 floor) |

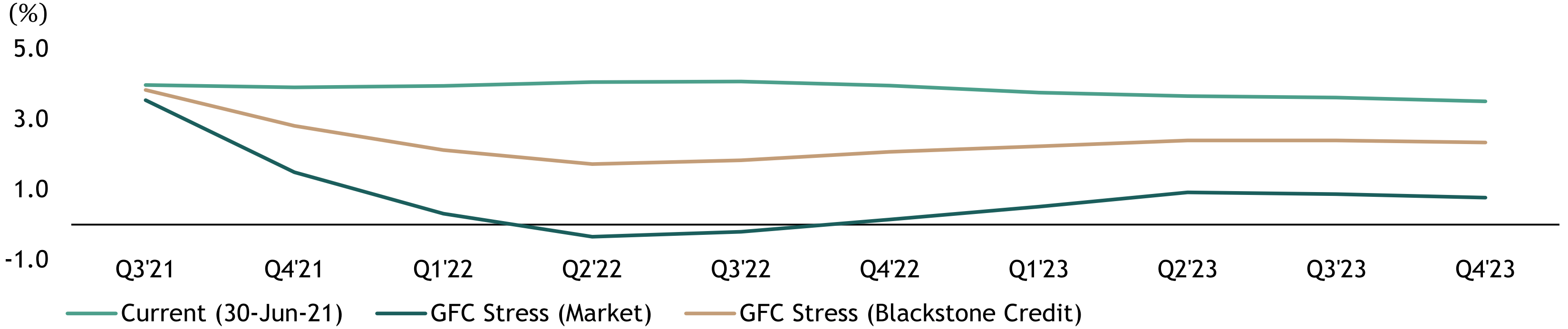
Source: Blackstone Credit.
Note: LIBOR floor assumptions; Europe: 0% floor both secondary and primary for 31 December 2019 and 30 June 2021; US: no floors applied for 31 December 2019, and 80bp on 50% of assets secondary / 65bp on 80% of assets primary for 30 June 2021. The assumptions referenced herein are considered reasonable as of the date hereof; however there is no assurance that such assumptions will not change in the future (including materially) and Blackstone Credit is under no obligation to update the recipient should such assumptions change in the future. Accordingly, scenario analysis results should not be considered to be an indication of any future performance of any Blackstone Credit fund. There is no guarantee that investors will generate any return on this investment. Please refer to slide 56 for further information on how some of these variables may impact CLOs.

## Projected Equity Distributions




Source: Blackstone Credit, Intex. As of 30 May 2021. Note that equity distributions do not include any fee rebates that may be payable to BCF and exclude principal payments/redemptions. Equity cashflows are not proportionate to BCF ownership, rather reflect total equity cashflows for income notes that BCF is invested in. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. Therefore, subject to any relevant investment limitations, the current portfolio parameters, concentration, spread distribution and other factors related to the current portfolio could all be materially different than those of the future portfolio acquired by the Fund. IDT tests evaluated during reinvestment period only, as applicable. FX spot rate used: $1.2193/€. **These results are based on simulated performance, that have certain inherent limitations. Unlike actual performance results, these do not represent actual trades and might have overcompensated or undercompensated certain market factors. Simulated performance is not indicative of past or future results, and there can be no assurance that a fund has or will achieve comparable results. Actual results may vary materially. Accordingly, scenario analysis results should not be considered to be an indication of any future performance of any Blackstone Credit fund. There is no guarantee that investors will generate any return on this investment. Please see slide 49 for further disclosure on assumptions and limitations.**

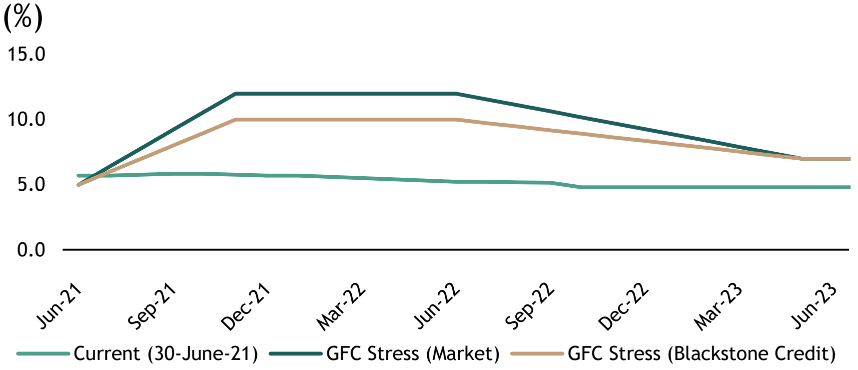
## Average Interest Diversion Cushions



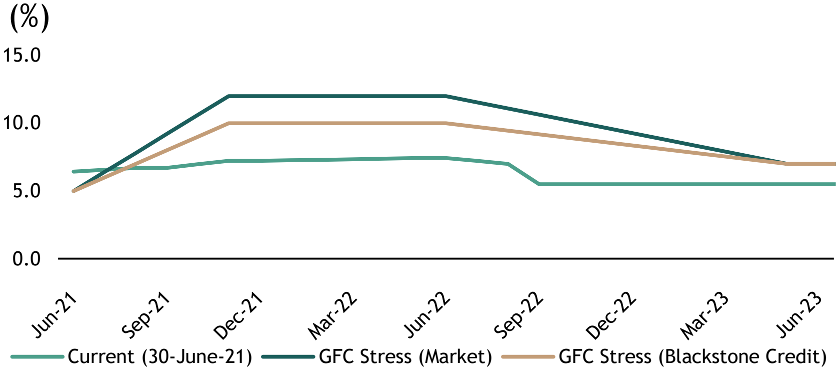

| Interest Diversion Failure Forecast | | | | | | |
|---|---|---|---|---|---|---|
| Total # Deals: 46 | Current (30-Jun-2021) | | GFC Stress (Market) | | GFC Stress (Blackstone Credit) | |
| Total # Deals Failing: | 0 | | 29 | | 2 | |
| Avg Quarters Failing: | 0 | | 5 | | 1 | |
| | # CLOs Failing | Approx % of Cashflows Diverted / Cured | # CLOs Failing | Approx % of Cashflows Diverted / Cured | # CLOs Failing | Approx % of Cashflows Diverted / Cured |
| Q3'21 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Q4'21 | 0 | 0.0% | 5 | 12.6% | 0 | 0.0% |
| Q1'22 | 0 | 0.0% | 17 | 36.4% | 0 | 0.0% |
| Q2'22 | 0 | 0.0% | 26 | 58.9% | 2 | 8.0% |
| Q3'22 | 0 | 0.0% | 23 | 49.9% | 0 | 0.0% |
| Q4'22 | 0 | 0.0% | 16 | 41.9% | 0 | 0.0% |
| Q1'23 | 0 | 0.0% | 11 | 29.8% | 0 | 0.0% |
| Q2'23 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Q3'23 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Q4'23 | 0 | 0.0% | 3 | 4.0% | 0 | 0.0% |

Source: Blackstone Credit, Intex. As of 30 May 2021. Note that equity distributions do not include any fee rebates that may be payable to BCF and exclude principal payments/redemptions. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. Therefore, subject to any relevant investment limitations, the current portfolio parameters, concentration, spread distribution and other factors related to the current portfolio could all be materially different than those of the future portfolio acquired by the Fund. IDT tests evaluated during reinvestment period only, as applicable. FX spot rate used: $1.2193/€. **These results are based on simulated performance, that have certain inherent limitations. Unlike actual performance results, these do not represent actual trades and might have overcompensated or undercompensated certain market factors. Simulated performance is not indicative of past or future results, and there can be no assurance that a fund has or will achieve comparable results. Actual results may vary materially.**

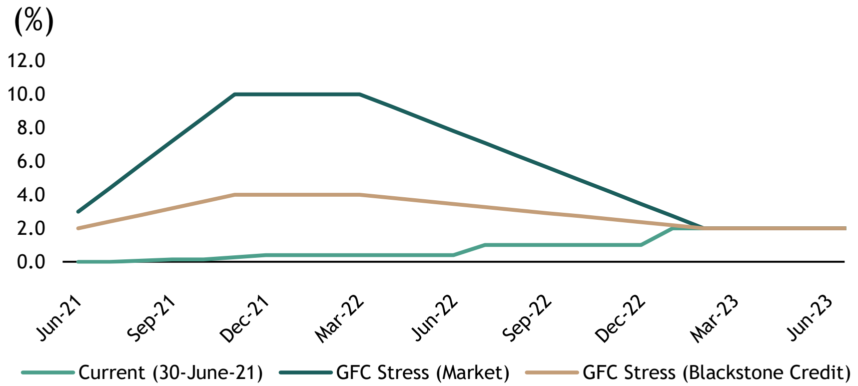
## US Projected CCCs



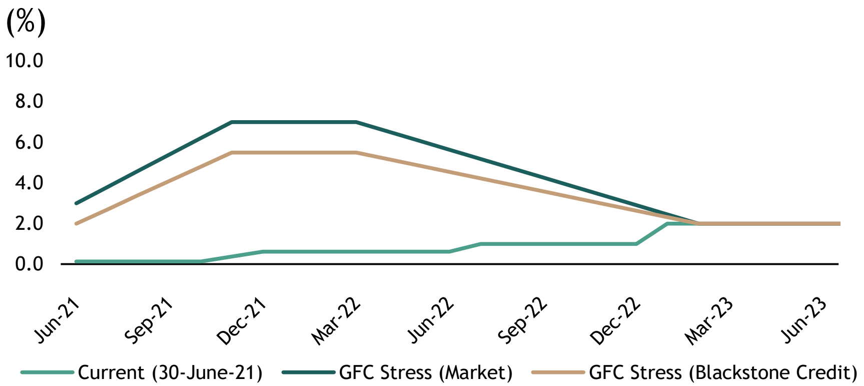

## European Projected CCCs




## US Projected Defaults




## European Projected Defaults




Source: Blackstone Credit, Intex. As of 30 May 2021. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of the current portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the current portfolio. The estimates and/or targets set forth herein are indicative of Blackstone' s internal analysis regarding outcome potentials and are not guarantees or predictions of future performance. They are presented solely to provide you with insight into the portfolio's anticipated risk and reward characteristics. They are based on Blackstone's current view in relation to future events and financial performance of potential investments and various estimations and “base case” assumptions, about events that have not occurred. While Blackstone believes that these assumptions are reasonable under the circumstances, there can be no assurance that the estimated results will be obtained, and general economic conditions and other factors (which are not predictable) may cause actual results to vary materially from the estimates and targets. Any such variations could be adverse to the actual overall returns. **These results are based on simulated performance, that have certain inherent limitations. Unlike actual performance results, these do not represent actual trades and might have overcompensated or undercompensated certain market factors. Simulated performance is not indicative of past or future results, and there can be no assurance that a fund has or will achieve comparable results. Actual results may vary materially.**

**Model Assumptions:**

- The CLO Equity positions are dependent on various assumptions influencing the net returns, which are projected in Intex
- Blackstone Credit's liquid credit analysts updated their near-term (3, 6, and 12 month) views on the probability of each borrower's default, downgrade to CCC, and upgrade to CCC, which were applied to each CLO in order to project cash flows, CLO test levels, and to calculate an estimated NAV.
  - Analysts based their downgrade/upgrade probability assumptions for >Q2'21 on actual borrower performance during Q1 of 2021 and on forward guidance including future COVID impact given by the management teams
  - Additionally, analysts utilised the base case view from Blackstone's macro-economist - fiscal relief and upward revised expectations on economic expansion
  - Analysts assigned a probability of 0, 25, 50, or 100% risk of a default and/or CCC downgrade/upgrade. The CCC and default projections were applied to each CLO individually based on their portfolio holdings and modeled as such

**Modeling Limitations:**

- There are numerous factors that can impact the analysis presented herein. A few factors are noted below:
  - Active management could result in trading that can produce better or worse outcomes than what is being projected based on the current portfolio of loans owned in each CLO
  - Loan prices for reinvestment, CCC prices, or prices on defaulted loans can all greatly impact the model
  - Par gains/losses have not been modelled. However, as they generally occur as a result of active management during periods of stress, the net effect is more likely to be a loss, even while the portfolio is being defensively positioned with a goal of preserving principal
  - Cash drag has not been modeled, but may occur due to a difficulty investing in accordance with CLO Indenture requirements to "satisfy, maintain or improve" any Collateral Quality Tests that are failing
  - Potential downgrades in CLO tranches could result in a Restricted Trading Period, which would result in either a halt to further reinvesting if post reinvestment period or stricter investing requirements for deals still within reinvestment periods

Source: Blackstone Credit. As of 30 May 2021.

# CLO Income Notes Have Been Resilient Even Through the Great Financial Crisis As They Continued to Make Distributions Without Significant Loss to the Par of Underlying Assets

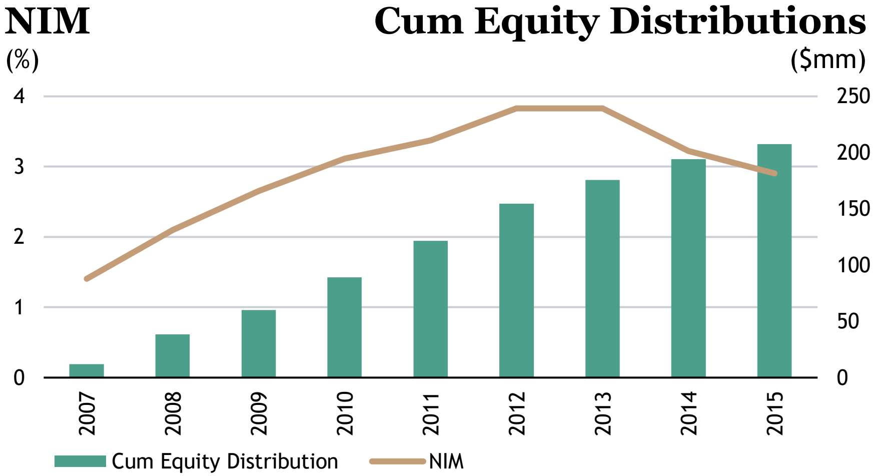
## Capital Structure

| | Par ($mm) | % | Spread |
|---|---|---|---|
| AAA | 884.38 | 70.75% | 0.24% |
| AA | 90.63 | 7.25% | 0.39% |
| A | 68.75 | 5.50% | 0.70% |
| BBB | 50.00 | 4.00% | 1.40% |
| BB | 50.00 | 4.00% | 3.50% |
| Equity | 106.25 | 8.50% | - |
| **Total** | **1,250.00** | **100.00%** | **0.47%** |

## Assets

| | Effective Date Value |
|---|---|
| Par Value ($mm) | 1,215.49 |
| % Loans | 93.64% |
| % Bonds | 2.54% |
| % Cash | 3.82% |
| WAS | 2.30% |
| Par Val as % of Debt | 106.27% |

## NIM / Cum Equity Distributions




| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| WA Liability Cost | 5.78% | 3.97% | 1.23% | 0.82% | 0.78% | 0.92% | 0.80% | 0.87% | 0.98% |
| WA Asset Coupon | 7.19% | 6.07% | 3.89% | 3.93% | 4.15% | 4.75% | 4.63% | 4.09% | 3.88% |
| Junior OC Test Level | 106.42% | 107.10% | 104.55% | 103.86% | 104.53% | 105.13% | 105.35% | 106.79% | 107.71% |
| Junior OC Test Cushion | 4.42% | 5.10% | 2.55% | 1.86% | 2.53% | 3.13% | 3.35% | 4.79% | 5.71% |
| Equity Distribution | 12,085,759 | 26,235,362 | 21,790,064 | 29,042,426 | 32,338,899 | 33,048,395 | 21,190,391 | 18,258,324 | 13,489,557 |
| Equity Distribution % | 11.37% | 24.69% | 20.51% | 27.33% | 30.44% | 31.10% | 19.94% | 17.18% | 12.70% |
| Cum Equity Distribution | 12,085,759 | 38,321,122 | 60,111,186 | 89,153,612 | 121,492,511 | 154,540,905 | 175,731,297 | 193,989,621 | 207,479,178 |
| Cum Equity Distribution % | 11.37% | 36.07% | 56.58% | 83.91% | 114.35% | 145.45% | 165.39% | 182.58% | 195.27% |

Source: Intex, as of 22 June 2018. Effective Date WAS from trustee report.
**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses. Please refer to the "Important Disclosure Information" section of this Presentation for further information.**

# CLO Income Notes Have Been Resilient Even Through the Great Financial Crisis As They Continued to Make Distributions Without Significant Loss to the Par of Underlying Assets

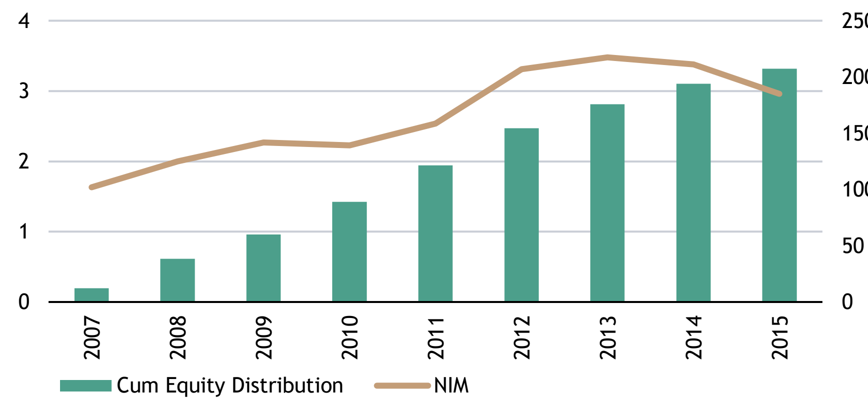
## Capital Structure

| | Par (€mm) | % | Spread |
|---|---|---|---|
| AAA | 725.00 | 78.38% | 0.25% |
| AA | 41.00 | 4.43% | 0.40% |
| A | 38.00 | 4.11% | 0.60% |
| BBB | 38.00 | 4.11% | 1.45% |
| BB | 21.00 | 2.27% | 3.75% |
| Equity | 62.00 | 6.70% | - |
| **Total** | **925.00** | **100.00%** | **0.41%** |

## Assets

| | Effective Date Value |
|---|---|
| Par Value (€mm) | 903.45 |
| % Loans | 70.83% |
| % Bonds | 0.00% |
| % Cash | 29.17% |
| WAS | 2.42% |
| Par Val as % of Debt | 104.69% |

## NIM / Cum Equity Distributions




| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| WA Liability Cost | 5.05% | 4.89% | 1.53% | 1.28% | 1.98% | 0.93% | 0.73% | 0.85% | 0.96% |
| WA Asset Coupon | 6.68% | 6.89% | 3.80% | 3.51% | 4.52% | 4.24% | 4.21% | 4.23% | 3.92% |
| Junior OC Test Level | 104.45% | 104.21% | 100.46% | 102.13% | 103.85% | 104.47% | 104.40% | 106.49% | 111.97% |
| Junior OC Test Cushion | 3.44% | 3.21% | -0.54% | 1.13% | 2.85% | 3.47% | 3.40% | 5.49% | 10.97% |
| Equity Distribution | 10,755,811 | 7,117,507 | 3,242,612 | 8,764,026 | 15,439,182 | 19,495,525 | 19,170,820 | 12,832,031 | 7,488,219 |
| Equity Distribution % | 17.35% | 11.48% | 5.23% | 14.14% | 24.90% | 31.44% | 30.92% | 20.70% | 12.08% |
| Cum Equity Distribution | 10,755,811 | 17,873,318 | 21,115,930 | 29,879,956 | 45,319,138 | 64,814,663 | 83,985,483 | 96,817,514 | 104,305,732 |
| Cum Equity Distribution % | 17.35% | 28.83% | 34.06% | 48.19% | 73.10% | 104.54% | 135.46% | 156.16% | 168.24% |

Source: Intex, as of 22 June 2018. Effective Date WAS from trustee report.

**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses. Please refer to the "Important Disclosure Information" section of this Presentation for further information.**

# VIII. Additional Information

## BGLF MONTHLY € NAV TOTAL RETURN PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | | | | |
| **BGLF € NAV** | 2.79% | 0.67% | 0.20% | 1.27% | 1.28% | 4.00% | | | | | | | **10.59%** |
| **European Loans** | 0.91% | 0.81% | 0.00% | 0.43% | 0.42% | 0.31% | | | | | | | **2.91%** |
| **US Loans** | 1.27% | 0.67% | 0.06% | 0.51% | 0.52% | 0.41% | | | | | | | **3.48%** |
| **2020** | | | | | | | | | | | | | |
| **BGLF € NAV** | 0.61% | -1.10% | -13.84% | 3.91% | -0.77% | 5.51% | 1.54% | 0.81% | -1.63% | 1.60% | 3.58% | 0.96% | -0.22% |
| **European Loans** | 0.51% | -1.03% | -13.57% | 6.66% | 3.28% | 1.57% | 0.82% | 1.20% | 0.74% | 0.25% | 2.66% | 0.61% | 2.38% |
| **US Loans** | 0.53% | -1.35% | -12.46% | 4.29% | 3.80% | 1.35% | 1.88% | 1.50% | 0.69% | 0.17% | 2.13% | 1.30% | 2.78% |
| **2019** | | | | | | | | | | | | | |
| **BGLF € NAV** | 1.25% | 1.90% | 1.21% | 1.26% | 0.67% | 1.59% | 1.13% | -0.19% | 1.41% | 0.78% | 0.77% | 1.83% | 14.46% |
| **European Loans** | 1.15% | 0.93% | -0.07% | 0.98% | -0.04% | 0.13% | 0.44% | 0.05% | 0.56% | -0.35% | 0.41% | 0.75% | 5.03% |
| **US Loans** | 2.30% | 1.57% | -0.12% | 1.59% | -0.23% | 0.22% | 0.05% | -0.28% | 0.42% | -0.49% | 0.55% | 1.61% | 8.17% |
| **2018** | | | | | | | | | | | | | |
| **BGLF € NAV** | 0.52% | -0.21% | -1.23% | 0.40% | 0.08% | 1.50% | 1.89% | 1.46% | 1.81% | 0.53% | -0.06% | -0.14% | 6.70% |
| **European Loans** | 0.66% | 0.13% | 0.10% | 0.47% | 0.03% | -0.49% | 0.51% | 0.36% | 0.57% | 0.20% | -0.72% | -1.26% | 0.55% |
| **US Loans** | 1.08% | 0.18% | 0.32% | 0.49% | 0.19% | 0.10% | 0.83% | 0.41% | 0.68% | 0.01% | -0.82% | -2.29% | 1.14% |
| **2017** | | | | | | | | | | | | | |
| **BGLF € NAV** | 0.14% | 0.76% | -0.53% | 0.01% | 0.95% | 0.63% | 0.44% | -1.01% | -0.02% | 0.65% | -0.46% | -0.18% | 1.38% |
| **European Loans** | 1.00% | 0.46% | -0.29% | 0.29% | 0.52% | 0.03% | 0.48% | -0.02% | 0.34% | 0.33% | 0.07% | 0.00% | 3.30% |
| **US Loans** | 0.53% | 0.59% | 0.08% | 0.44% | 0.38% | -0.06% | 0.78% | -0.14% | 0.41% | 0.66% | 0.12% | 0.39% | 4.25% |
| **2016** | | | | | | | | | | | | | |
| **BGLF € NAV** | 0.95% | 0.67% | 1.32% | 1.28% | 2.31% | 0.98% | 0.34% | 0.13% | 1.28% | 0.37% | 1.96% | 0.97% | 13.28% |
| **European Loans** | -0.32% | -0.93% | 2.06% | 1.35% | 0.74% | -0.60% | 1.16% | 0.88% | 0.74% | 0.50% | 0.18% | 0.63% | 6.52% |
| **US Loans** | -0.73% | -0.56% | 2.64% | 1.90% | 0.91% | 0.03% | 1.41% | 0.79% | 0.87% | 0.77% | 0.32% | 1.15% | 9.88% |
| **2015** | | | | | | | | | | | | | |
| **BGLF € NAV** | 1.36% | 0.82% | 0.76% | 0.86% | 1.05% | -0.07% | 1.42% | 0.09% | 0.57% | 0.83% | 0.07% | 0.07% | 8.11% |
| **European Loans** | 0.42% | 1.06% | 0.73% | 0.88% | 0.50% | -0.23% | 0.50% | -0.17% | -0.33% | 0.18% | -0.11% | -0.32% | 3.14% |
| **US Loans** | 0.26% | 1.41% | 0.39% | 0.90% | 0.20% | -0.31% | 0.09% | -0.65% | -0.67% | -0.14% | -0.89% | -0.95% | -0.38% |
| **2014** | | | | | | | | | | | | | |
| **BGLF € NAV** | | | | | | | | 0.78% | 0.21% | 0.26% | 1.12% | -3.05% | -0.73% |
| **European Loans** | | | | | | | | 0.13% | -0.07% | 0.03% | 0.37% | -0.61% | -0.16% |
| **US Loans** | | | | | | | | 0.23% | -0.52% | 0.29% | 0.46% | -1.10% | -0.65% |

BGLF € NAV net total returns for BGLF Ordinary Shares; inception date: 24 July 2014.
Source: Credit Suisse: Western European Leveraged Loan Index, Hedged to EUR (European Loans), and US Leveraged Loan Index (US Loans), as of 30 June 2021. 2014 does not represent a complete 12-month period. For returns shown in complete 12-month periods, please see slide 54. BGLF € NAV calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus.
**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices.

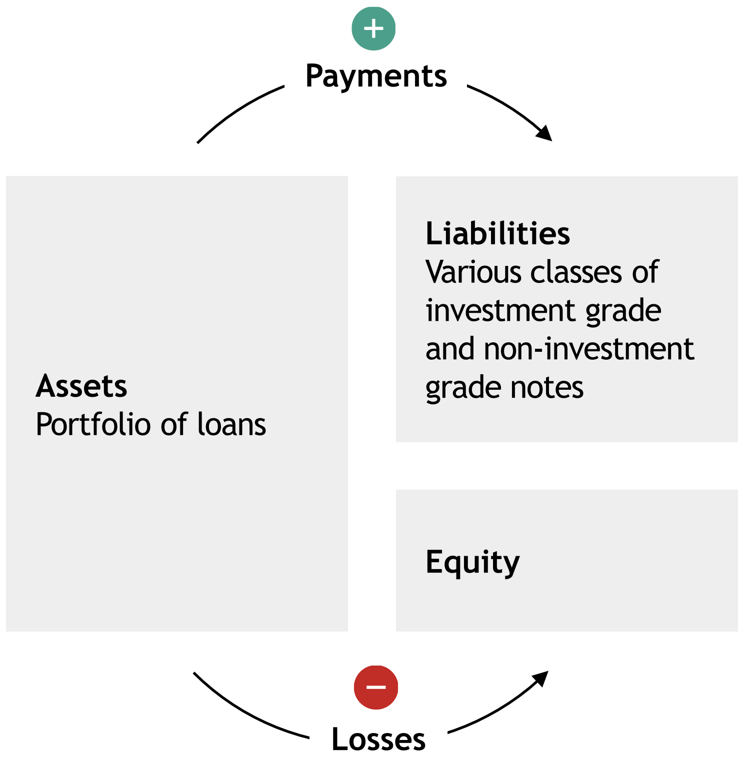
## BGLF MONTHLY € NAV TOTAL RETURN PERFORMANCE

| | 30/06/2016 - 30/06/2017 - | 30/06/2017 - 30/06/2018 - | 30/06/2018 - 30/06/2019 - | 30/06/2019 - 30/06/2020 - | 30/06/2020 - 30/06/2021- |
|---|---|---|---|---|---|
| **Discrete Performance** | | | | | |
| **BGLF € NAV** | 7.21% | 0.45% | 14.18% | -1.27% | 18.31% |
| **European Loans** | 6.29% | 2.12% | 2.75% | -2.01% | 9.52% |
| **US Loans** | 7.49% | 4.67% | 4.15% | -2.27% | 11.67% |

BGLF € NAV net total returns for BGLF Ordinary Shares; inception date: 24 July 2014.
Source: Credit Suisse: Western European Leveraged Loan Index, Hedged to EUR (European Loans), and US Leveraged Loan Index (US Loans), as of 30 June 2021.
BGLF € NAV calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus.
**Past performance is not necessarily indicative of future results, and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.** The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices.

# CLOs are securitisations backed by a diversified pool of Senior Secured Loans

- A CLO is a special purpose company that issues debt and equity and uses the proceeds to invest in a diversified portfolio of senior secured loans
- It distributes the cash flows from its portfolio to the holders of its various liabilities in prescribed ways that take into account the relative seniority of those liabilities
- Financing the portfolio with a tranched capital structure increases structural efficiency by enabling investors to customise their risk / return preferences
- A CLO tranche is simply a layer or slice of customised risk




Source: Citi, A Case for Investing in the Aaa/AAA CLO Market, February 2012.

# HOW DO LOAN DOWNGRADES AFFECT CLOs?

## CLO Coverage Tests

**Overcollateralisation Test (“OC Test”)**

- A ratio of asset par (with Haircuts) divided by liability balances
- An OC Test breach diverts equity distributions and subordinated management fees[1] to repay senior notes

**Interest Diversion Test (“ID Test”)**

- Set just above the lowest OC Test, the ID Test will be impacted first
- An ID Test breach diverts equity distributions to principal, which is used to purchase more assets

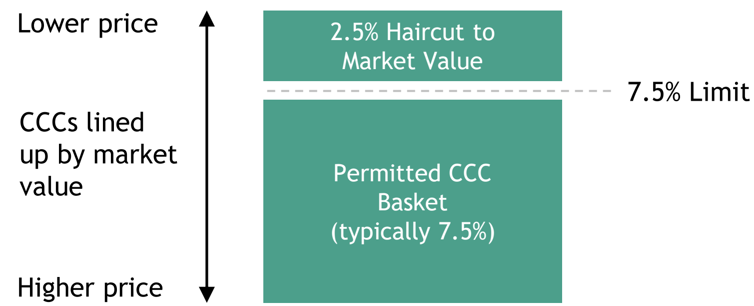
**Calculation:**

$$\frac{\text{Asset par value (with Haircuts)}}{\text{Par value of CLO debt}^{(2)}}$$

## Notable Haircuts to OC and ID Tests

- CCC exposure > 7.5% (market value; example below)
- Defaulted/deferring assets (lower of market value and expected recovery value)
- Discounted assets purchased < 80 (purchase price)

**10% CCC Example**





(1) Management fees are split between senior fees and subordinated fees, which are approximately 30% and 70% of the total, respectively. If fees are diverted due to a breach, they will continue to accrue and will be paid when cured, as cash is available.
(2) Denominator includes subject tranche and all tranches senior to it. Interest Diversion test denominator includes all debt tranches.
(3) Subordinated management fees may also be reduced depending on the amount of cash available following diversion.

# LCS analysts monitor for material ESG and climate related events with a focus on themes specific to each issuer

| | |
|---|---|
| Environmental | - Environmental regulation that adversely impacts an issuer's business model<br>- Negative environmental events as a result of company activities<br>- Carbon emissions |
| Social | - Diversity & inclusion<br>- Community relations and land right disputes |
| Governance | - Board and succession planning<br>- Business continuity planning ("BCP") or substantial service interruptions<br>- Data and cyber security |
| Climate | - Severe weather events and weather related insurance claims<br>- Climate transition risk, including substantive end market and/or business model change due to climate change |

Note: This process applies to the overall Blackstone Credit Liquid Credit Strategies platform. While Blackstone believes ESG factors can enhance long-term value, Blackstone generally does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify our duty to maximise risk-adjusted returns.

# IX. Key Risk Factors

## KEY RISK FACTORS AS DETERMINED BY THE ENTITIES DISTRIBUTING THIS COMMUNICATION

All investments are subject to risk, including the loss of the principal amount invested. Past performance is not necessarily indicative of future results, and there can be no assurance that BGLF will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. All investments to be held by BGLF involve a substantial degree of risk, including the risk of total loss. The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

**Material changes impacting the Company's business.** Material changes affecting global debt and equity capital markets may have a negative effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. Unexpected volatility, illiquidity, governmental action, currency devaluation or other events in the global markets could impair the value of the Company's investments and could cause some or all of the Company's investments to incur substantial losses.

**Investment strategy risk.** Market factors may result in the failure of the investment strategy. Strategy-specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). The investment strategy employed by the Company is speculative and involves substantial risk of loss in the event of a failure or deterioration in the financial markets.

**Risks associated with fully subordinated investments.** The Company is exposed to the most subordinated tranche of a CLO and all payments of principal and interest on such CLO income notes are fully subordinated. In addition, investments in loan warehouses are expected to be the most subordinated tranche of debt issued in the loan warehouse. CLO income notes and certain investments in loan warehouses are volatile, and Interest and principal payments in respect of such investments are based on residual amounts available, if any, to make such payments, and accordingly interest and principal payments payable on such instruments are not fixed.

**Nature of the loans and bonds.** The CLOs in which the Company is invested will commonly invest in a portfolio of loans and bonds consisting at the time of acquisition of senior secured obligations, unsecured senior loans, second lien loans, mezzanine obligations and high yield bonds, as well as certain other investments, all of which will have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an obligor or in general economic conditions or both may impair the ability of the relevant obligor, as the case may be, to make payments of principal or interest. Such investments may be speculative.

**Discount to NAV**. The Shares may trade at a discount to the Net Asset Value per Share (of the relevant class) and shareholders may be unable to realise their Shares on the market at the Net Asset Value per Share (of the relevant class) or at any other price. The discount may arise for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Underlying Companies.

**Valuation Risk.** The Company's investments may be difficult to value accurately and, as a result, the Company may be subject to valuation risk. The Company is entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and valuation sources.

## KEY RISK FACTORS AS DETERMINED BY THE ENTITIES DISTRIBUTING THIS COMMUNICATION

**Conflicts of Interest.** There may be occasions when the Company and their affiliates will encounter potential conflicts of interest in connection with Blackstone's activities including, without limitation, the allocation of investment opportunities, relationships with Blackstone and its affiliates' investment banking and advisory clients, and the diverse interests of investors.

**Epidemics/Pandemics.** Certain countries have been susceptible to epidemics which may be designated as pandemics by world health authorities, most recently COVID-19. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Company invest), and thereby is expected to adversely affect the performance of the Company's Investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Company and the performance of its Investments.

Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

**Highly Competitive Market for Investment Opportunities.** The activity of identifying, completing and realising attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that the Company, through its investment in BCF, will be able to locate, consummate and exit investments that satisfy its objectives or realise upon their values or that the Company will be able to fully invest its capital. There is no guarantee that investment opportunities will be allocated to BCF, and in turn the Company, and/or that the activities of Blackstone's other funds will not adversely affect the interests of such Company.

**Material, Non-Public Information.** In connection with other activities of Blackstone, certain Blackstone personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, including on a Company's behalf. As such, the Company may not be able to initiate a transaction or sell an investment. In addition, policies and procedures maintained by Blackstone to deter the inappropriate sharing of material non-public information may limit the ability of Blackstone personnel to share information with personnel in Blackstone's other business groups, which may ultimately reduce the positive synergies expected to be realised by the Company as part of the broader Blackstone investment platform.

**No Assurance of Investment Return.** Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. There can be no assurance that the Company will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met. The Company's performance may be volatile. An investment should only be considered by qualified investors who can afford to lose all or a substantial amount of their investment. The Company's fees and expenses may offset or exceed its profits.

**Reliance on Key Management Personnel.** The success of the Company will depend, in large part, upon the skill and expertise of certain Blackstone professionals. In the event of the death, disability or departure of any key Blackstone professionals, the business and the performance of the Company may be adversely affected.

**Please refer to the BGLF prospectus and most recent annual or interim reports for additional information on risk factors.**

# X. Important Disclosure Information

## Important notice in relation to Blackstone Loan Financing Limited ("The Company" or "BGLF")

This document has been issued by Blackstone Loan Financing Limited (the "Company"), and should not be taken as an inducement to engage in any investment activity and is for the purpose of providing information about the Company. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any share in the Company or securities in any other entity, in any jurisdiction, including the United States, Canada, Japan or South Africa nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or investment decision whatsoever, in any jurisdiction.

This document, and the information contained therein, is not for viewing, release, distribution or publication in or into the United States, Canada, Japan, South Africa or any other jurisdiction where applicable laws prohibit its release, distribution or publication, and will not be made available to any national, resident or citizen of the United States, Canada, Japan or South Africa. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the federal securities law of the United States and the laws of other jurisdictions.

The Company is a Jersey registered alternative investment fund, and it is regulated by the Jersey Financial Services Commission as a 'listed fund' under the Collective Investment Funds (Jersey) Law 1988 (the "Funds Law") and the Jersey Listed Fund Guide published by the Jersey Financial Services Commission. The Jersey Financial Services Commission is protected by the Funds Law against liability arising from the discharge of its functions thereunder. This document is an advertisement for the purposes of the Financial Services (Advertising) (Jersey) Order 2008, and it has not been approved by the Jersey Financial Services Commission.No liability whatsoever (whether in negligence or otherwise) arising directly or indirectly from the use of this document is accepted and no representation, warranty or undertaking, express or implied, is or will be made by the Company, or any of their respective directors, officers, employees, advisers, representatives or other agents ("Agents") for any information or any of the opinions contained herein or for any errors, omissions or misstatements. None of the Agents makes or has been authorised to make any representation or warranties (express or implied) in relation to the Company or as to the truth, accuracy or completeness of this document, or any other written or oral statement provided.

Although the portfolio reflected in this document (the "Portfolio") is consistent with the investment strategy of the Company, there is no guarantee that the portfolio acquired will be identical to the make-up of the Portfolio. Moreover, the future investments to be made by the Company may differ substantially from the investments included in the Portfolio. Therefore, the Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Portfolio could all be materially different than those of the future portfolio acquired by the Company.

## Important notice from the entities distributing this communication

BGLF has engaged Blackstone Ireland Fund Management Limited to produce this report and BGLF (including its directors) has not been involved in the production of the report or verified the accuracy of its contents and therefore accepts no responsibility for the information herein.

This update presentation ("**Presentation**") is being furnished to you to provide preliminary summary information regarding an investment in BGLF and/or BCF EUR (together, the "**Fund**"), is for informational purposes only and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone Ireland Fund Management Limited or Blackstone Ireland Limited (together, the "**Manager**") or its affiliates in the credit-focused business unit of The Blackstone Group Inc. ("**Blackstone**"), including without limitation, Blackstone Credit (together with the Manager and their affiliates in the credit-focused business unit of Blackstone, "**Blackstone Credit**"). The offering is made only to qualifying investors through a separate subscription agreement for the Fund and the governing and operating documents for the Fund (together as may be amended or supplemented from time to time, the "**Operative Documents**"). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document, and supersede and qualify in its entirety the information set forth herein. Any decision to invest in, or withdraw from, the Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in the Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument, and risk of loss of principal.

Certain information contained herein has been obtained from published and non-published sources prepared by other parties, which in certain cases has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, Blackstone Credit does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by Blackstone Credit. In particular, you should note that, since many of the investments described are unquoted, net asset value figures in relation to the Fund are based wholly or partly on estimates of the values of the Fund's investments provided by the originating banks of those underlying investments or other market counterparties, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the date of the relevant net asset valuation for the Fund, or which have otherwise been estimated by Blackstone Credit. In addition, certain performance related information contained in this Presentation, including information sourced from third parties, may be based on data that was prepared and/or provided to the applicable sources by certain CLO market participants, and there can be no assurance that such data is inclusive or representative of comparable data for the entire CLO market. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses costs by negligence) in connection with any use of their content, including ratings.

**Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve results comparable to its earlier results or those of any of Blackstone Credit's prior funds, special purpose investment vehicles, co-investment vehicles or non-fund relevant transactions, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Certain countries have been susceptible to epidemics, most recently COVID-19, which may be designated as pandemics by world health authorities. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and thereby is expected to adversely affect the performance of the Fund's Investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Fund and the performance of its Investments.**

Information contained herein which relates to the net asset value performance of the Fund may not be indicative of how the Fund's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for such Fund take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned herein may go down as well as up and investors may not get back the amount invested. No assurance can be given that the investment objective will be achieved. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Investments mentioned herein may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from an appropriately authorised advisor.

Certain information contained in this document constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "intend", "continue", or "believe", or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund described herein may differ materially from those reflected or contemplated in such forward-looking statements.

Any targets, forecasts, estimates, or similar returns set forth herein are based on Blackstone Credit's belief about the returns that may be achievable on investments that the Fund intends to pursue. Targets, forecasts, and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the targets, forecasts, and estimates will not materialise or will vary significantly from actual results. Such returns are based on Blackstone Credit's current view in relation to future events and financial performance of potential investments and various models, estimations and "base case" assumptions made by Blackstone Credit, including estimations and assumptions about events that have not occurred. Among the assumptions to be made by Blackstone Credit in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities Blackstone Credit is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. While such "base case" assumptions are based on assumptions that Blackstone Credit believes are reasonable under the circumstances, they are subject to uncertainties, and changes. Any such modification could be adverse to the actual overall returns. The inclusion of targets, forecasts and estimates herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of the assumptions or information contained herein and neither Blackstone Credit nor Blackstone is under any obligation to update or otherwise revise the target returns to reflect circumstances existing after the date when made to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the target returns are later shown to be incorrect. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the Fund's investments. None of Blackstone Credit, Blackstone, its affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions.

This Presentation does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering, or investment. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this Presentation by Blackstone Credit, the Manager, Blackstone, the Fund, or any of their respective directors, officers, managers, shareholders, partners, members or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

Any comparisons herein of the investment performance of a referenced fund(s) to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of the referenced fund(s); (ii) such benchmark or index may employ different investment guidelines and criteria than the referenced fund(s) and, therefore, holdings in such fund(s) may differ significantly from holdings of the securities that comprise such benchmark or index; and (iii) the performance of such benchmark or index may not necessarily have been selected to represent an appropriate benchmark or index to compare to the performance of the referenced fund(s), but rather, is disclosed to allow for comparison of the referenced fund's (or funds') performance (or the performance of the assets held by such fund(s)) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request. No representation is made as to the risk profile of any benchmark or index relative to the risk profile of any Fund.

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There may be occasions when the management company of the Fund, the principals, Blackstone Credit, Blackstone and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with Blackstone Credit's and/or Blackstone's other activities, and the diverse interests of the Fund's investors. In addition, Blackstone Credit, Blackstone, and their affiliates engage in a broad spectrum of activities, which may include activities where the interests of certain divisions of Blackstone Credit, Blackstone and their affiliates or the interests of their clients may conflict with the interest of the partners in the Fund. Because Blackstone Credit, Blackstone, and their affiliates have many different asset management, advisory and other businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight, and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business. In addressing these conflicts and regulatory, legal, and contractual requirements across various businesses, Blackstone Credit, Blackstone, and their affiliates have implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that the Fund expects to utilise for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Fund, might become restricted to those other businesses and otherwise be unavailable to the Fund, and could also restrict the Fund's activities. There can be no assurance that any conflict of interest will be resolved in the manner most favourable to the Fund or any investor therein.

Prospective investors should note that certain senior members of the Manager's team have been working together since 1998 while at other institutions, starting at the IndoSuez Capital Division of Crédit Agricole. These team members moved to Royal Bank of Canada in 2001, joined GSO in 2005, and joined Blackstone in 2008 in connection with Blackstone's acquisition of GSO. Certain historical information contained in this material includes references to vehicles and managed accounts managed by members of the Manager's team while at other institutions indicated above. In March 2008, together with the acquisition of GSO and certain of its affiliates by Blackstone, the legacy collateralised loan obligation business of GSO Debt Funds Management LLC (now known as GSO / Blackstone Debt Funds Management LLC) was combined with the legacy collateralised loan obligation business of Blackstone Debt Advisors L.P. Past performance is not an indication of future investment returns, and there can be no assurance that such returns will be achieved.

In January 2012, GSO closed on the acquisition of Harbourmaster Capital Management ("Harbourmaster"), combining the legacy GSO / Blackstone European CLO platform with the legacy Harbourmaster CLO platform. Through this acquisition, the majority of the Harbourmaster team, including certain senior members, joined GSO / Blackstone. Our track record for European CLO management begins with the inception of the legacy Harbourmaster track record on 31 October 2001. Following January 2012, total combined returns are represented by the combined entity of GSO / Blackstone and Harbourmaster. In 2020, GSO capital rebranded to Blackstone Credit.

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Although the current portfolio reflected in this Presentation (the "**Current Portfolio**") is consistent with the investment strategy of the Fund, there is no guarantee that the portfolio acquired will continue to be identical to the make-up of the Current Portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the Current Portfolio. Therefore, the Current Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Current Portfolio could all be materially different than those of the future portfolio acquired by the Fund.

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**BCF Loan Default Track Record**

BCF's track record includes the US middle market loans, European floating rate notes, and broadly syndicated loans held on a look-through basis by BCF, including through European and US CLOs, CLO Warehouses, and directly on its balance sheet. The Manager defines defaults as (a) missed a payment, (b) filed bankruptcy, or (c) were downgraded by Moody's, S&P, or Fitch (in the case of European issuers) to D. The Manager may sell a loan, including immediately prior to default, and such loan will not be treated as a default. If as asset within a CLO defaults prior to BCF's investment in that CLO, the default is excluded from the calculation.

BCF's average annual principal loss rate for the period from Jul 2014–Dec 2019 is calculated by multiplying the respective average annual default rate for that period by (1 minus the respective average recovery rate for that period).

BCF's average annual default rate is a weighted average of the yearly BCF default rates, weighted by the average of BCF's NAV at the start and end of each respective year. In other words, the average annual default rate is calculated by multiplying each year's default rate by the average annual BCF NAV in the same year and dividing that total by the sum of BCF's annual NAVs across all years. For any particular year, the default rate is calculated by first calculating the default rates by portfolio allocation, which are calculated as the defaulted notional amount for the year within each portfolio allocation (Directly Held Assets, European CLOs, US CLOs, USD CLO Warehouses), divided by the each of the following: Directly Held Assets: par balance of BCF's on-balance sheet assets; European CLO and US CLO: total Target Par for each respective CLO, weighted for each CLO's respective BCF investment; USD CLO Warehouses: par balance of warehouse assets. BCF's average annual default rate is then calculated by weighting each portfolio allocation's average annual default rate by BCF's portfolio allocation percentages based on NAV.

BCF's average recovery rate is a weighted average of the yearly BCF recovery rates, weighted by BCF's defaulted notional amount for each year. In other words, the average recovery rate is calculated by multiplying each year's recovery rate by the defaulted notional amount in the same year and dividing that total by the sum of defaulted notional amounts across all years. For any particular year, the recovery rate is calculated by first calculating the recovery rates by portfolio allocation, which are calculated as the recovery amount for the year within each portfolio allocation (Directly Held Assets, European CLOs, US CLOs, USD CLO Warehouses), divided by the defaulted notional of each respective portfolio allocation. In other words, the year's recovery rate is calculated by multiplying each defaulted asset's recovery rate by the defaulted notional amount of that defaulted asset and dividing that total by the sum of defaulted notional amounts of all assets defaulted in that year. For a given defaulted position, the recovery rate is calculated as the amount received on the position by BCF through its investments via (a) sale, (b) paydown, and/or (c) restructuring of the defaulted asset, divided by the amount originally paid by BCF through its investments for the asset (across all portfolios in which the asset was held).

Credit Suisse's loan principal loss rate is calculated by multiplying the average annual default rate by (1 minus the average annual recovery rate). Credit Suisse's loan default rate for a given year is calculated as the notional amount of US or European loan defaults for the year divided by the average US or European loan market size during that year, as applicable. Credit Suisse's loan recovery rate is the average price on the day of default for all defaulted loans during the year.

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