

RNS Miscellaneous

RESULTS OF SHAREHOLDER CONSULTATION

[BLACKSTONE LOAN FINANCING LIMITED](#)

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Blackstone Loan Financing Limited

(the "Company")

Results of Shareholder Consultation

On 26 January 2023, the Company announced it would undertake a shareholder consultation on potential policy amendments in light of the prevailing and persistent discount to net asset value ("**NAV**") at which the Company's shares trade and with a view to broadening investor interest in the Company's shares and maximising shareholder total return. Since that announcement the Board, the Investment Adviser and/or the Company's joint financial advisers and brokers have consulted with shareholders and incorporated the view of Blackstone, which together represent 78% of the share capital of the Company.

The shareholder consultation set out to cover the following topics: reinvestment/distribution of excess net income including expanding the Company's remit to enable direct primary market investment and a potential exit opportunity. During the consultations the topic of the Company's NAV valuation methodology was also discussed. This announcement covers the results of the shareholder consultation and a summary of proposals.

Reinvestment/Distribution of Excess Net Income

In general, the shareholders consulted were comfortable with the current approach taken to the allocation of excess net income between reinvestment, dividend distribution and share buybacks. It was however recognised that there are times when reinvestment by the Company into BCF may be unattractive but direct investment in primary market CLOs managed and controlled by the Investment Adviser may still be attractive. At present the Company is unable to make such direct investments. The Board believes such flexibility to be in the interests of shareholders and will propose a change to the Company's investment policy to allow such investment to be put forward at the time of the Company's Annual General Meeting ("**AGM**") expected to be held in July. Further details will be set out in the Notice of AGM.

Potential Exit Opportunity

The shareholder consultation discussed various potential exit opportunities. There was variation in feedback with no consensus whether such an exit opportunity should be offered. In general, there was no consensus for the creation of a run-off share class to sit alongside a continuing share class given the potential reduced liquidity of

both such share classes. There was some appetite, but not consensus, for the entire fund being placed into run off.

As at 31 January 2023, 67% of the Company's assets were in CLO securities which must be held to maturity under EU retention regulations. Any run-off of the Company, in whole or part, would therefore take place over a number of years as the portfolio matures. There was concern from a number of shareholders that the slow decline of the Company's asset base over such an extended timeframe may reduce shareholder liquidity.

The Board and its advisers have evaluated shareholder feedback, considered these issues at length and sought to balance various views whilst cognisant of the evergreen nature of the Company. In summary, the Board does not currently believe that an immediate exit opportunity would be in the best interests of the Company and shareholders as a whole. The Board will continue to monitor the situation and consult with shareholders, and if there is no significant improvement in the discount the Board will consider putting forward a continuation vote alongside the AGM in 2024. In the period between now and the 2024 AGM, the Board will continue to use all tools at its disposal, principally its buyback policy, in an effort to mitigate the discount while taking into account the market environment for CLOs.

Valuation Methodology

At the Initial Public Offering of the Company in July 2014 the Company adopted a mark to market valuation methodology for all its assets. In the March 2016 Placing Programme prospectus the valuation methodology for CLO equity tranches was amended to that of mark to model. During the shareholder consultation a number of shareholders expressed concern that the mark to model approach, whilst reflective of the hold to maturity nature of retention assets, was not a good benchmark for assessing current market risk and therefore whether the Company's shares are trading at discount or premium to the risk of the underlying assets. The Board is considering these points and believes there is merit in adopting a mark to market valuation methodology at a time when the NAV derived from both methodologies are broadly aligned. The Company will make a further announcement at the time of any change in valuation approach.

The Board thanks all those shareholders it was able to consult with for their time.

The information contained within this announcement constitutes inside information.

The person responsible for arranging for the release of this announcement on behalf of the Company is Priya Moorooogen of BNP Paribas S.A., Jersey Branch, Company Secretary.

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