Blackstone

2022 Annual Report

Blackstone Loan Financing Limited

Contents

Refer to the glossary on pages 110 to 112 for the definitions for all the terms, jargon, abbreviations and acronyms used throughout this Annual Report.

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A Note from our Chair

2022 was an eventful year for the global economy. A combination of macro events, including the Russia-Ukraine conflict, rising inflation and subsequent coordinated monetary policy tightening by central banks tempered investor sentiment.

Despite this backdrop, the Company delivered a total return per ordinary share of 5.22% on a Published NAV basis, ending the period with a NAV of €0.9081 per share. On an IFRS NAV basis, the Company returned a total return per ordinary share of (19.19)%, ending the period with a NAV of €0.6784 per share. The difference between the Published and IFRS NAV return is the differing valuation bases, with the main driver being the discount rate used. Refer to page 43 for details on the key assumptions that significantly contribute to the valuation divergence.

The Board is cautiously optimistic for 2023, encouraged by recent improving macroeconomic data and falling energy prices. The Board is also cognisant of the impact that ongoing interest rate hikes is expected to have on credit performance. The Board gains comfort from the robust investment approach of the Company's Portfolio Adviser and their ability to select an underlying portfolio of high-quality borrowers, supported by strong underlying protections.

All of us on the Board thank our Shareholders for participating in the consultation process that took place after year end.

As noted on page 55, I am due to rotate off the Board at the 2023 AGM (expected to be held in July). It has been a pleasure to serve on the Board for the last 9 years as Chair of the Company. I will leave the Chair position in the very capable hands of Mr Steven Wilderspin, who will be appointed as Chair following the 2023 AGM.

Charlotte Valeur
Chair
27 April 2023

About the Company

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey. The Company's ordinary shares are quoted on the Premium Segment of the Main Market of the LSE.

The Company has a wholly-owned Luxemburg subsidiary, Blackstone/GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 31 December 2022, all of the Class A and Class B shares were held by the Company together with 239,550,782 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BCF, which in turn invests in CLOs and loans.

Refer to page 26 for more details on the Company's purpose, values and principle activities.

As outlined in the Company's Prospectus, the Company's investment objective is to provide Shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds directly and indirectly through CLO securities and investments in Loan Warehouses. The Company seeks to achieve its investment objective through exposure (directly or indirectly) to one or more companies or entities established from time to time ("Underlying Companies"), such as BCF.

Refer to pages 27 to 29 for more details on the Company's investment policy and strategy, which form the 'business model' of the Company.

Elements of the Company's investment strategy

How does the Company's investment strategy help achieve its investment objective?	The Board, through delivery of the Company's strategy and investment approach of the Portfolio Adviser, seeks to generate returns for its Shareholders, in order to meet the Company's investment objective, as explained on pages 27 to 29.
How does the Board measure success in delivery of the Company's investment strategy?	The Board monitors and measures the Company's performance on an ongoing and consistent basis in accordance with its KPIs as set out on pages 3 and 45, whilst also taking into consideration the Company's values as noted on page 26.
Which principal risks and emerging risks affect the ability of the Company to deliver its investment strategy?	The Board actively monitors the risks which could impact the ability of the Company to deliver its investment strategy. A description of the key principal and emerging risks identified and how the Board assesses, monitors, measures and reports these risks is set out on pages 38 to 39.
How does the Company's investment strategy maintain or improve its ability to deliver value to its Shareholders?	The Company has achieved an annualised IFRS NAV and Published NAV total return since inception of 4.41% and 8.07% respectively. In addition, despite not forming part of the Company's investment strategy, the Company seeks to generate regular cash income by paying out a stable and attractive dividend as well as offering the potential for capital appreciation. On 23 January 2023, the Board announced that the Company has adopted a dividend policy targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share. Refer to page 6 for further details.

Key Performance Indicators

	IFRS NAV	Published NAV
NAV(1)	€0.6784 (31 Dec 2021: €0.9154)	€0.9081 (31 Dec 2021: €0.9407)
NAV total return(1)	(19.19)% (31 Dec 2021: 16.87%)	5.22% (31 Dec 2021: 21.82%)
Discount(1)	(1.98)% (31 Dec 2021: (13.43)%)	(26.77)% (31 Dec 2021: (15.75)%)
Dividend	€0.08 (31 Dec 2021: €0.08)	€0.08 (31 Dec 2021: €0.08)

Further information on the reconciliation between the IFRS NAV and the Published NAV can be found in Note 16 in the notes to the financial statements. Refer to 'Discount management' in the Chair's Statement on page 10 for the latest share price discount to the Published NAV.

Performance

Ticker	IFRS NAV per Ordinary Share	Published NAV per Ordinary Share	Share Price(2)	Discount IFRS NAV	Discount Published NAV	Dividend Yield
BGLF						
31 Dec 2022	€0.6784	€0.9081	€0.6650	(1.98)%	(26.77)%	12.03%(3)
31 Dec 2021	€0.9154	€0.9407	€0.7925	(13.43)%	(15.75)%	10.09%
BGLP(4)						
31 Dec 2022	£0.6006	£0.8040	£0.5888	(1.96)%	(26.77)%	12.03%(3)
31 Dec 2021	£0.7697	£0.7608	£0.6750	(12.30)%	(11.28)%	10.07%

	LTM Return(1)	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF IFRS NAV	(19.19)%	0.93%	4.41%	43.96%
BGLF Published NAV	5.22%	8.55%	8.07%	92.54%
BGLF Ordinary Share Price	(6.56)%	3.35%	5.05%	51.67%

The Company is not managed in reference to a benchmark, however commentary to market indices and market performance is detailed in the Portfolio Adviser's report on pages 12 to 13.

(1) Refer to the glossary for an explanation of the terms used above and elsewhere within this report. The calculation for the IFRS NAV per ordinary share is found in Note 15 in the 'notes to the financial statements' and the calculation for the IFRS and Published NAV total return and discount is found under 'Alternative Performance Measures' on page 45. These calculations remain consistent with prior years.
(2) Bloomberg closing price at period end.
(3) Dividend yield presented as €0.08 per annum, given the first three quarterly dividends of €0.0175 per ordinary share and fourth quarter dividend of €0.0275 and the share price of €0.6650 as at 31 December 2022.
(4) BGLP is the ticker for the Company's Sterling Quote and has been presented for information purposes only.

Strategic Report

1.0

Reconciliation of IFRS NAV to Published NAV

At 31 December 2022, there was a difference between the NAV per ordinary share as disclosed in the Statement of Financial Position, €0.6784 per ordinary share ("IFRS NAV") and the published NAV, €0.9081 per ordinary share, which was released to the LSE on 23 January 2023 ("Published NAV"). The reconciliation is provided on page 45 and in Note 16 in the notes to the financial statements. The difference between the two valuations is entirely due to the different valuation bases used, as explained in detail on page 43.

Valuation Policy for the Published NAV

The Company publishes a NAV per ordinary share on a monthly basis in accordance with its Prospectus. The valuation process in respect of the Published NAV incorporates the valuation of the Company's CSWs and underlying PPNs (held by the Lux Subsidiary). These valuations are, in turn, based on the valuation of the BCF portfolio using a CLO intrinsic calculation methodology per the Company's Prospectus, which we refer to as a "mark to model" approach. As documented in the Prospectus, certain "Market Colour" (market clearing levels, market fundamentals, BWIC, broker quotes or other indications) is not incorporated into this methodology. This valuation policy is deemed to be an appropriate way of valuing the Company's holdings and of tracking the long-term performance of the Company as the underlying portfolio of CLOs held by BCF are comparable to held to maturity instruments, and the Company expects to receive the benefit of the underlying cash flows over the CLOs' entire life cycles.

Refer to the 'Shareholder Consultation' section in the Chair's Statement for proposals regarding the future valuation policy of Directors.

€0.6784

IFRS NAV per Ordinary Share

€0.9081

Published NAV per Ordinary Share

Valuation Policy for the IFRS NAV

For financial reporting purposes on an annual and semi-annual basis, to comply with IFRS as adopted by the EU, the valuation of BCF's portfolio is at fair value using models that incorporate Market Colour at the year-end date, which we refer to as a "mark to market" approach. IFRS fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date and is an "exit price" e.g. the price to sell an asset. An exit price embodies expectations about the future cash inflows and cash outflows associated with an asset or liability from the perspective of a market participant. IFRS fair value is a market-based measurement, rather than an entity-specific measurement and so incorporates general assumptions that market participants are applying in pricing the asset or liability, including assumptions about risk.

Both the mark to model Published NAV and mark to market IFRS NAV valuation bases use modelling techniques and input from third-party valuation specialists.

Dividends and Other Key Data

Whilst not forming part of the Company's investment objective or investment policy, it is currently intended that dividends are payable in respect of each calendar quarter, two months after the end of that quarter, dependent on the solvency position and the amount of stated capital available for distribution.

On 21 January 2022, the Board announced that the Company had adopted a dividend policy targeting a total 2022 annual dividend of between €0.07 and €0.08 per ordinary share, to consist of quarterly payments of €0.0175 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. In accordance with the Company's dividend policy, the Board declared dividends of €0.0175 per ordinary share for the first three quarters of 2022 and a dividend of €0.0275 per ordinary share for the fourth quarter.

On 23 January 2023, the Board also announced that it is targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share, which will consist of quarterly payments of €0.02 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time.

Ordinary Share Dividends for the Year Ended 31 December 2022

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
1 Jan 2022 to 31 Mar 2022	25 Apr 2022	5 May 2022	9 Jun 2022	0.0175
1 Apr 2022 to 30 Jun 2022	21 Jul 2022	28 Jul 2022	26 Aug 2022	0.0175
1 Jul 2022 to 30 Sept 2022	21 Oct 2022	3 Nov 2022	2 Dec 2022	0.0175
1 Oct 2022 to 31 Dec 2022	23 Jan 2023	2 Feb 2023	3 Mar 2023	0.0275

Ordinary Share Dividends for the Year Ended 31 December 2021

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
1 Jan 2021 to 31 Mar 2021	23 Apr 2021	6 May 2021	4 Jun 2021	0.0175
1 Apr 2021 to 30 Jun 2021	21 Jul 2021	5 Aug 2021	3 Sep 2021	0.0175
1 Jul 2021 to 30 Sept 2021	21 Oct 2021	28 Oct 2021	26 Nov 2021	0.0175
1 Oct 2021 to 31 Dec 2021	24 Jan 2022	3 Feb 2022	4 Mar 2022	0.0275

Year Highs and Lows

	2022 High	2022 Low	2021 High	2021 Low
Published NAV per Ordinary Share	€0.9657	€0.9035	€0.9407	€0.8534
BGLF Share Price (last price)	€0.8000	€0.6400	€0.8250	€0.6400
BGLP Share Price (last price)	£0.6750	£0.5650	£0.7300	£0.5700

Schedule of Investments

As at 31 December 2022

	Nominal Holdings	Market Value €	% of Net Asset Value
Investment held in the Lux Subsidiary:			
CSWs	239,550,782	290,426,295	96.29
Shares (2,000,000 Class A and 1 Class B)	2,000,001	7,294,874	2.42
Other Net Assets		3,893,808	1.29
Net Assets Attributable to Shareholders		**301,614,977**	**100.00**

As at 31 December 2021

	Nominal Holdings	Market Value €	% of Net Asset Value
Investment held in the Lux Subsidiary:			
CSWs	267,088,098	411,170,727	97.43
Shares (2,000,000 Class A and 1 Class B)	2,000,001	6,798,832	1.61
Other Net Assets		4,030,018	0.96
Net Assets Attributable to Shareholders		**421,999,577**	**100.00**

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Quantity	Amount €
CSWs held by the Company – Ordinary Share Class			
7 Feb 2022	Redemption	(7,759,353)	(12,436,223)
12 May 2022	Redemption	(7,954,304)	(13,330,696)
20 Jun 2022	Subscription	2,336,756	2,336,756
5 Aug 2022	Redemption	(9,629,396)	(15,755,887)
5 Aug 2022	Subscription	2,930,048	2,930,048
4 Nov 2022	Redemption	(9,803,082)	(15,770,614)
4 Nov 2022	Subscription	2,342,015	2,342,015

The proceeds of the redemptions are used to fund dividends and share buy backs, and to cover other administrative costs. The Company subscribes to CSWs in order for the Lux Subsidiary to further invest in PPNs issued by BCF.

Chair's Statement

Dear Shareholders,

Company Returns and Net Asset Value[5]

The Company delivered an IFRS NAV total return per ordinary share of (19.19)% over 2022, ending the period with a NAV of €0.6784.

On a Published NAV basis, the Company delivered a total return per ordinary share of 5.22% during 2022, ending the year with a NAV of €0.9081. The return was composed of dividend income 8.83% and of net portfolio movement of (3.61)%. Refer to page 45 for the calculation of the IFRS and Published NAV total return.

As highlighted on page 5, the Company uses different valuation policies to determine Published and IFRS NAV. As at 31 December 2022, the variance between Published and IFRS NAV was €0.2297 per share, which is primarily associated with the discount rates used under the two methodologies. The table on page 43 further explains the rationale regarding the differences in the assumptions that have contributed to the variance as at 31 December 2022.

During 2022, the Company's performance on a Published NAV basis was supported, through its investment in BCF, by robust distributions from the underlying CLO and loan portfolio. CLO distributions have continued to benefit from refinancing and reset activity during 2021/2022 as well as the absence of CLO CCC basket breaches, which could cause diversions of cash flows away from CLO equity. However, the portfolio (primarily the loans directly held by BCF and those CLOs that have exited their reinvestment periods, as reflected in the mark-to-market loss of €70m loss in the Statement of Comprehensive Income) was not immune to broader loan market movements, noting that European and US loans returned -3.3%[6] and -1.1%[6], respectively, over the year as discussed in more detail in the Portfolio Adviser's Review.

The Company paid four dividends to ordinary Shareholders during 2022, totaling €0.08 per share, which is at the upper end of the 2022 dividend target of €0.07 - €0.08 per share. The increased dividend paid in the fourth quarter is a result of the strong continued and expected cash flows of the underlying portfolio. Looking ahead to 2023, the Board has announced an elevated dividend policy that targets a total annual dividend of €0.08 - €0.09[7], which represents a potential 12.5% increase to dividend per share. Details of all dividend payments can be found within the 'Dividend and other key data' section at the front of this financial report.

(19.19)%

IFRS NAV total return per Ordinary Share

5.22%

Published NAV total return per Ordinary Share

(5) Past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objective, or be able to implement its investment strategy.
(6) Credit Suisse: Leveraged Loan Index for US Loans, Western European Leveraged Loan Index (hedged to EUR) for EUR Loans as of 31 December 2022. Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Company. The indices may include holdings that are substantially different than investments held by BCF and do not reflect the strategy of BCF. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition, leverage and other material characteristics that may differ from BCF. The indices do not reflect the deduction of fees or expenses.
(7) See the Company's Dividend Declaration Announcement on 23 January 2023.

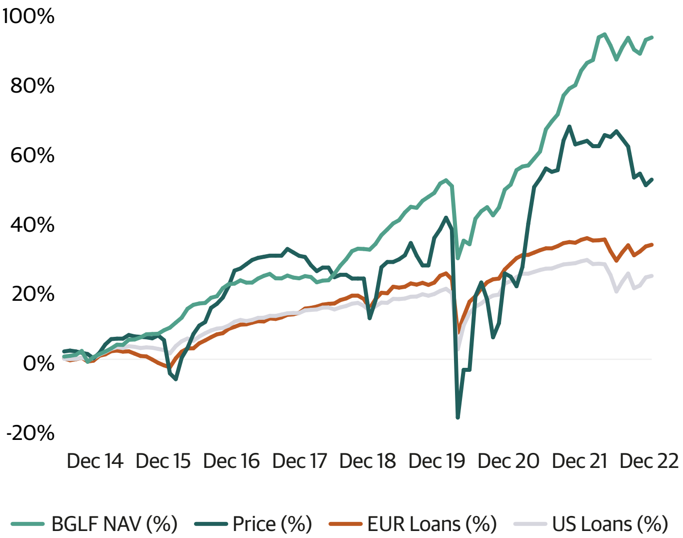
To remind investors, the Company's dividends are funded from the cash flows generated by the Company's underlying CLO and loan portfolio held within BCF. The Board considers three strategic priorities when allocating these cash flows:

- Paying a sustainable dividend sufficiently covered by cash generated, that does not erode the capital of the Company over time;
- Providing funds to implement the Board's share buyback policy; and
- Reinvesting surplus cash proceeds in order to grow the Company's NAV over time.

First of all, the Board's framework considers both realised and forward-looking expectations of underlying cash flows to derive a target range for the dividend for the coming year. The Board then considers the Company's share price and calculations of the NAV per share in order to allocate budgets for share buybacks and re-investment.

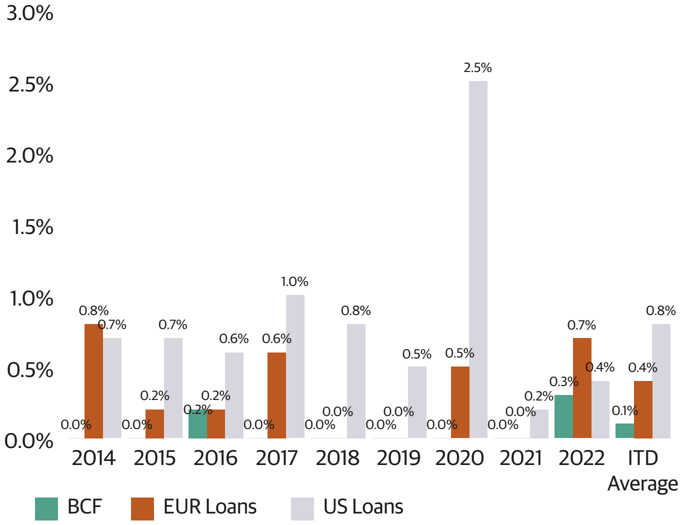
Historical BGLF NAV and Share Price

The graph shows cumulative Published NAV and ordinary share price total returns and cumulative returns on European and US loans[8].



Historical BCF Default Loss Rate

The graph shows the default loss rate, which incorporates asset recovery, within the BCF portfolio and the default loss rate of European and US loans[9].



Market Conditions

After a relatively strong start to the year, financial markets succumbed to volatility over 2022 as headwinds gathered. Central banks became more hawkish amid growing concerns over persistent inflation caused by rising energy prices, supply chain disruptions and Russia's invasion of Ukraine. A risk-off sentiment gripped the market, pushing credit spreads to widen as recession risk increased.

Against this backdrop, the loan market outperformed high yield and investment grade markets. Credit metrics for below investment grade companies remained healthy over the year, but as the year progressed, profit margins began to be squeezed due to inflationary pressures.

Looking ahead, despite rising interest rates, we expect floating rate credit, a natural interest rate and inflation hedge, to perform well and anticipate a promising environment for investors within leveraged loans and CLOs. Although reported GDP figures point toward the view of a recession, a trend of generally positive corporate earnings surprises so far this year, coupled with a strong labour market could provide a foundation for economic stability.

(8) Credit Suisse: Leveraged Loan Index for US Loans, Western European Leveraged Loan Index (hedged to EUR) for EUR Loans as of 31 December 2022. Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Company. The indices may include holdings that are substantially different than investments held by BCF and do not reflect the strategy of BCF. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition, leverage and other material characteristics that may differ from BCF. The indices do not reflect the deduction of fees or expenses.

(9) Credit Suisse: As of 31 December 2022. BX Credit data used for BCF defaults, calculated on a look through basis. BCF defaults defined as (a) missed a payment, (b) filed bankruptcy or (c) were downgraded by Moody's, Fitch, or S&P to D. Recovery rate excluded from years with zero defaults. **Past performance is not necessarily indicative of future results and there can be no assurance that the Company will continue to achieve comparable results or that the Company will be able to implement its investment strategy or achieve its investment objective or avoid substantial losses.**

Discount Management

The share price discount to Published NAV widened from 15.75% on 31 December 2021 to 26.77% on 31 December 2022. The share price discount to IFRS NAV narrowed from a discount of 13.43% on 31 December 2021 to 1.98% on 31 December 2022. During 2022, the Company repurchased 16,406,180 shares for €11,502,021 at an average discount of 22.95% using available cash with the goal of reducing the volatility and quantum of discount. As of 31 March 2023, the share price discount to Published NAV was 18.95%. As a Board, we regularly weigh the balance between maintaining liquidity of the shares, the stability and quantum of any discount and the desire of Shareholders to see the ordinary shares trade as closely as possible to their inherent value. Please see the announcement dated 23 January 2023 for more details.

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 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. An announcement was made on 17 March 2023, covering the following results of the Shareholder Consultation:

- It was discussed 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 Portfolio Adviser may still be attractive. 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 AGM expected to be held in July 2023.

- 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 share price discount to NAV while taking into account the market environment for CLOs.

- 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 for the monthly published NAV at a time when the NAV derived from both methodologies are broadly aligned.

Transition away from LIBOR

The transition away from LIBOR to SOFR primarily impacts BCF's US CLO portfolio, which accounts for 43.6% of BCF's NAV as of year-end. Blackstone has been working through amendments to transition the liabilities of the US CLOs it manages, including those in BCF's US CLO portfolio, from LIBOR to SOFR. It is anticipated that BCF's US CLOs will transition to SOFR on 30 June 2023, either by amendment or the LIBOR Act. If the transition occurs on such date, BCF's US CLOs will first utilise SOFR on the July 2023 interest determination dates and the first payments to debt holders in such CLOs based on SOFR will occur on the October 2023 payment dates. Under normal market conditions, the Portfolio Adviser expects the impact to BCF's US CLO equity positions to be relatively muted due to the ability to refinance and the expectation of converging forward rates and applicable credit spread adjustments on loans in transition.

Recent Market Events

Local, regional, or global events such as bank failures (e.g. Silicon Valley Bank), conflicts (e.g., Russia/Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in the US and global economies and have a significant impact on the Company and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility and many of the risks discussed herein associated with an investment in the Company may be increased. The Board continues to monitor noteworthy market events and developments on a continuous basis.

Ongoing Conflict in Ukraine

The Board and the Portfolio Adviser are deeply saddened by the ongoing humanitarian crisis in Ukraine. When the conflict first commenced, the Board engaged the Portfolio Adviser to understand any expected impacts to BCF's portfolio. BCF did not and currently does not, have any direct exposure to issuers domiciled in Russia, Ukraine or Belarus and the vast majority of underlying loan issuers in the portfolio had very limited exposure with respect to revenue and EBITDA. Within Europe, there are a small handful of issuers identified with marginally higher revenue exposure and the Portfolio Adviser remains comfortable on the credit quality of these issuers going forward. In the US loan portfolio, revenue exposure to Russia remains even lower versus Europe.

ESG

The practice of responsible investing remains a key focus for investors and for Blackstone. The Board regularly engages with the Company's Portfolio Adviser regarding their ESG policy. Blackstone has committed to being a responsible investor for over 35 years and is a signatory to the PRI. This commitment is affirmed across the organisation and guides its approach to investing.

Whilst the Company is currently exempt from the requirement to report against the TCFD recommendations, the Board continues to actively discuss ESG matters with BX Credit with a view of obtaining meaningful information to provide to Shareholders. The Board fully acknowledges the importance of the TCFD recommendations and expects the companies to which BCF provides finance to be compliant in their reporting against TCFD recommendations, as may be required by applicable law or regulation. We continue to liaise with BCF on progress in this area.

Refer to the Portfolio Adviser's Review on pages 22 to 25 for further details on the Portfolio Adviser's ESG policy.

During 2022, the Board has undertaken various actions as part of its commitment on ESG, namely:

- the Board continues to participate in the Board apprentice scheme as outlined on page 53;
- the Board has made inquiries of its key service providers principally via a questionnaire which includes questions regarding aspects of ESG. The responses to the questionnaire are reviewed by the Management and Engagement Committee;
- the Board has liaised with BX Credit to gain an understanding of their ongoing ESG initiatives and processes; and;
- the Board has considered the impact of its own carbon emissions with a view to determining a process for carbon offsetting which will be progressed during 2023.

The Board

Good governance remains at the heart of our work as a Board and is taken very seriously. The Board believes that the Company maintains high standards of corporate governance. The Board was very active during the period, convening a total of 15 Board meetings and 13 Committee meetings (excluding 12 NAV Review Committee meetings), as well as undertaking a virtual due diligence meeting with the Portfolio Adviser in October 2022, the agenda for which covers risk and compliance, risk oversight monitoring, finance and accounting and the wider market. The Board also met with the BCF Board at the same time.

During the period, the Board and its advisers have met frequently, with the Company's advisers providing general updates as well as recommendations on pertinent matters such as the Company's share repurchase programme. The Board deems the careful consideration of such matters to be critical to ensuring the long-term success of the Company, particularly in light of the challenges and uncertainty faced since the start of 2022.

The work of the Board is also assisted by the Audit Committee, NAV Review Committee, Management Engagement Committee, the Remuneration and Nomination Committee, the Risk Committee and the Inside Information Committee.

The Company is a member of AIC and adheres to the AIC Code which is endorsed by the FRC and meets the Company's obligations in relation to the UK Code.

In terms of composition, Mr Gary Clark and I have informed the Board of our intention to retire at the Company's next AGM as we will have both reached nine years of service. The Company also announced the appointment of Mr Giles Adu as non-executive director, which is now confirmed to be effective from the date of 2023 AGM. The Board has given consideration to Chair succession and believes it to be in the best interests of the Company that Mr Steven Wilderspin be appointed as the new Chair following the 2023 AGM.

Refer to page 55 for further details on these changes.

Shareholder Communications

During 2022, using our Portfolio Adviser and Brokers, the Board continued its programme of engagement with current and prospective Shareholders. The Board sincerely hopes that you found the monthly factsheets, quarterly letters, quarterly update webcasts and market commentary valuable. The Board is always pleased to have contact with Shareholders, and welcomes any opportunity to meet with you and obtain your feedback. Refer to more details on Shareholder engagement under Section 172(1) statement on pages 32 to 33 and to the 'Shareholder Consultation' section in the Chair's Statement.

Prospects and Opportunities in 2023

The Board maintains an optimistic but cautious outlook heading into 2023, as markets continue to react swiftly to macroeconomic data and central bank actions. Global economies have proven resilient so far, but persistent inflation suggests that central banks will keep rates higher for longer. The Board expects additional volatility until rates stabilise. Furthermore, the recent failures of Silicon Valley Bank (SVB) and Credit Suisse has perpetuated volatility with an expectation of tightening of financial conditions as banks and other lenders become more conservative. That said, corporate fundamentals are expected to remain solid, supported by better-than-feared earnings and stable interest coverage ratios. The Board gains comfort from the robust investment approach of the Company's Portfolio Adviser and their ability to select an underlying portfolio of high-quality borrowers, supported by strong underlying protections.

The Board wishes to express its thanks for the support of the Company's Shareholders.

Charlotte Valeur
Chair
27 April 2023

Portfolio Adviser's Review

Bank Loan Market Overview

The global loan market started 2022 in a fundamentally good position following the strong economic recovery in 2021 that generated record supply and healthy risk adjusted returns across the asset class. However, the resurgence came to a halt in February with Russia's invasion of Ukraine and as the market realised that inflation would be more persistent than originally thought. Supply chain issues remained as a major headwind for issuers although they eased as the year progressed. Loans were also caught up in the UK's LDI pension crisis which swept through global credit markets.

Despite the barrage of headwinds, investors generally viewed loans as a safe haven against the most pressing concern of 2022: rising inflation and interest rates. The Federal Funds rate started the year off at 0.00% to 0.25% and by year-end, reached 4.25% to 4.50%, representing one of the most aggressive tightening policies in history. Similarly, the ECB hiked base rates in the Eurozone from (0.50)% to 2.00% during the year. The S&P 500 recorded its worst annual return since 2008 at (18.8)% as a result. By comparison, loans outperformed other debt and equity markets in 2022, generally due to their floating rate nature. Total returns for European and US loans ended the year at (3.3)% and (1.1)% respectively versus high yield at (11.6)% in Europe and (11.2)% in the US. Average prices for the European and US leveraged loan indices fell to €91.56 and $91.89 from €98.71 and $98.39 at the end of 2021, respectively.

Loan outperformance came against a thin primary pipeline and global loan volume stood at just $505 billion (€473 billion) in 2022, roughly half of that during 2021's record breaking year. Issuance was weighted toward higher quality issuers looking to term out maturities.

Turning to fundamentals, many companies reported 'better-than-feared' earnings in 2022 after strong refinancing activity post COVID-19 left balance sheets in good shape. Still, rising credit concerns pushed spreads across European and US loans (represented by 3-year discount margin) wider by 248bp and 213bp to 661bp and 652bp respectively as the year progressed. Rolling 12 month loan defaults ticked up in the second half of 2022, ending the year at 1.1% in the US and 1.9% in Europe, although these remain within the 10-year historical averages of 2.2% for both regions[(10)].

Looking ahead to 2023 and despite kicking off the year with a more constructive market tone, we expect ongoing volatility as credit markets adjust to the higher-for-longer narrative and digest the recent bank failures of SVB and Credit Suisse. We expect credit fundamentals to remain solid and for corporates to continue to access debt capital markets to both refinance and raise new debt. Interest coverage ratios have remained stable through all signs of volatility in the market and reported earnings could continue to deliver.

(10) Default rates for the Credit Suisse Western European Leveraged Loan Index and Credit Suisse Leveraged Loan Index as of December 2022.

CLO market overview

In stark contrast to the prior year, throughout 2022, the CLO market experienced numerous headwinds but nonetheless, ended the year with robust primary issuance of €28 billion in Europe and $129 billion in the US. 2022's CLO issuance volume marked the third largest year on record[(11)], following a record year of issuance in 2021 and brought the total outstanding volume of CLOs globally to nearly $1.1 trillion[(12)]. That was despite technically driven volatility at the top of the CLO debt stack, due in part to LDI-related weakness. Reduced demand from US and Japanese banks[(13)], the dominant buyers of CLO AAAs[(14)], was another factor.

Underlying the full year headline issuance volume, the running spread between assets and liability costs (known as CLO arbitrage) came under pressure in the second half of the year, due in part to the sustained high cost of liabilities as some dominant buyers of CLO AAAs remained side-lined following the LDI-related, technically driven secondary market sell off in CLO AAAs. While the impact of a diminished spread arbitrage on CLO equity performance can be offset to some degree through the purchase of discounted loans, capturing that price arbitrage during periods of volatility requires access to warehouse financing that remains open and available for use, which is not always the case across all managers. Issuance in 2022 skewed heavily to larger, more established managers and demonstrates advantages of greater access to warehouse financing in order to better achieve an attractive equity arbitrage.

Within the broad market, the weighted average cost of capital for new issue European CLOs widened by 134 basis points to 324 basis points and similarly by 132 basis points to 311 basis points for US CLOs over 2022. The higher cost of debt resulted in a lower net interest margin, to CLO equity investors of new issue deals. However, as noted above, the expected return in new issue CLOs is based on buying loans at discounted prices, thereby benefitting from the 'pull-to-par' effect, in addition to the traditional return from net interest margin.

Though volatility creates a challenging environment for primary CLO creation, it also provides opportunities for more seasoned vintages of CLOs to improve performance through portfolio rotation into higher quality and or wider spread loans, which highlights a key benefit of the CLO structure and its long term, non-mark-to-market financing, particularly for those CLOs which have longer remaining reinvestment periods.

Despite that rating downgrades outpaced upgrades, CLO fundamentals remained resilient throughout the year, underscoring the impact of active management on the portfolio quality and robustness of CLO structures. Commonly used measures of CLO portfolio quality showed improvements as managers have been taking advantage of the volatility in order to improve quality, as measured by reduced exposures to CCC-rated assets and stable WARF levels. Caa-rated buckets in European CLOs finished 2022 at 3.1% on average, down from 3.6% at the end of 2021, and in the US, Caa-rated buckets ended the year at 3.7%, compared to 4.1% at the end of 2021. Similarly, WARFs ended the year at 2892 in Europe and 2833 in the US, below the 5-year averages of 2924 and 2897, respectively.

While volatility and technical factors have become a more constant market feature, we believe that we are at the start of a period of transition where the CLO primary market and CLO formation will continue to be more heavily influenced by fundamental credit performance as well as liability performance, as measured by rating stability and liquidity.

Additionally, looking forward, returns across floating rates assets, including senior loans and CLOs, should continue to benefit from further central bank rate hikes in 2023. We expect the focus from managers to be on preservation of capital through active risk management.

Portfolio update – BCF

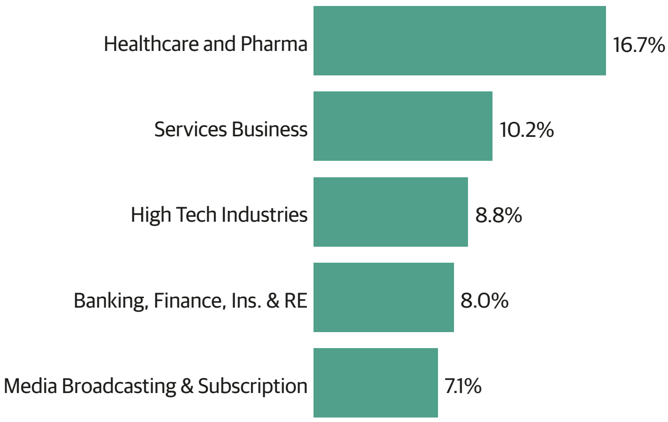
From the beginning of the year, BCF's CLOs were well insulated from dislocations related to rising inflation and interest rates. At Blackstone, we first identified inflation as a potential issue in 2021 by observing labour and input costs in our portfolio companies. Our belief that inflation would prove stickier than many expected influenced much of the trading within our portfolios over the past year. We leveraged our expansive network of CFOs to discuss corporate fundamentals and expectations, providing valuable insight. At the same time, we continued to stress test the issuers in our portfolios with higher forward looking base rates. Each quarter, our credit research team re-underwrites each loan and provides guidance on the timing and expected probability of defaults or downgrades to CCC on a loan-by-loan basis. While our view on the credit environment has shifted to a more cautious perspective and our expectations of downgrades and defaults have risen in the past year, these increases are modest and remain well within CLO limits. To date, higher default and downgrade assumptions have not caused any of BCF's CLOs to experience a disruption of cash flows and our analysis shows this to be the case even in stressed scenarios.

(11) Pitchbook LCD, 5 January 2023.
(12) Barclays Credit Research, CLO Global Ownership Update, 21 October 2022.
(13) BofA, 2023 Year Ahead Outlook (CLO), 22 November 2022. US/Japanese banks stepped back from the market last year (due to declining deposits and the Fed's stress tests (US) and FX moves and LDI-rated volatility (Japanese).
(14) Barclays Credit Research, CLO Global Ownership Update, 21 October 2022.

For the first half of the year, much of the focus within BCF's loan portfolio was on exiting tail risk names amidst the mounting macro headwinds. Our investment focus has shifted to rotate up in quality to protect against rating risk, credit risk and price migration, turning to issuers from defensive sectors in what we call 'good neighbourhoods' with secular tailwinds and robust cash generation.

As the year progressed, volatility continued to be a central theme, catalysed by a shock to the UK gilt markets following the UK government's proposed mini-budget announcement. In our view, the general re-pricing of risk created a buying opportunity and a compelling relative value opportunity for cross border issuers. Simultaneously, BCF continued to pare back exposure to lower quality assets to get ahead of any downgrades and preserve distributions within the CLO portfolio. Consistent with this approach, BCF's industry concentration is led by a 16.7% weighting towards healthcare at year-end, a defensive sector with strong pricing power, beneficial given an environment of interest rate rises and inflationary pressure. By comparison, sectors with elevated risk to consumer spending, such as leisure/travel entertainment, remain outside of the top five industry concentration.

The graph below shows the top five industry concentrations for the BCF portfolio as of 31 December 2022[15].



As of the end of 2022, BCF remains a defensively positioned portfolio of 675 loan issuers diversified across 29 sectors and 26 countries. The portfolio remains concentrated around B1-B2 rated issuers and holds 4.6% Caa-rated assets (at the facility level), which is broadly flat from the start of the year. In line with the market, the portfolio's average loan price declined to around €90 and $98 from €98 and $100 at the end of last year. Assets priced below €/$80 increased from 0.5% at the start of the year to 6.4% at the end of December. We see minimum refinancing risk in the portfolio as loan maturities are generally wrapped around 2028.

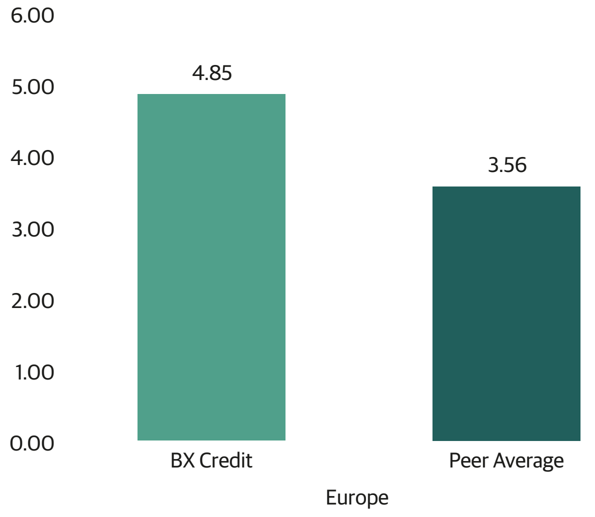
BCF's portfolios demonstrated strong collateral quality metrics compared to the market and peer managers in 2022. With respect to defaults during the year, the BCF portfolio maintained a lower default rate of 0.54% compared to the European and US loan indices of 1.90% and 1.10%[16], respectively. According to data available at the end of January[17], Blackstone's CLOs outperformed the peer average amongst the largest managers in terms of IDT cushions and other similar tests[18]. The IDT is the ratio of a CLO's assets to its liabilities and is a widely used measure of portfolio quality. A breach of the test diverts cash flows, which would have otherwise been paid to equity holders to protect debt holders and the 'cushion' is the margin of safety to the breach level. These are important tests that ensure equity distributions are well protected, the Company's income is well supported and dividends remain well covered. To note, the Company's year-on-year dividend cover increased from 1.32 times to 1.63 times at year-end 2022.

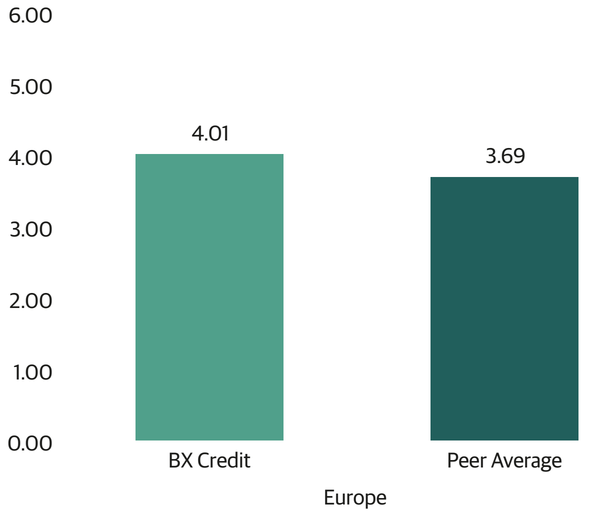
Even with challenging market conditions for CLO origination, BCF invested in five new issue CLOs in 2022, three in Europe and two in the US, bringing the number of originated CLOs within the portfolio to 49 spanning 9 vintage years, reemphasising the wholesale exposure investors experience through this vehicle. Given interest rate movements throughout the year, the expected return for recent new issue deals is in part based on the pull-to-par effect, with underlying assets being bought at a discount. This is in addition to the traditional return from spread arbitrage (as explained previously), which were temporarily squeezed toward the end of the year due to a timing mismatch between the base rates used for assets and liabilities, and we expect this to normalise over time as interest rates stabilise. Despite this, CLO distributions remained robust and have maintained uninterrupted cash flows from each CLO since inception. BCF's weighted average remaining reinvestment period was 1.9 years at the end of 2022, providing ample runway to actively reinvest in loans, taking advantage of both lower prices and generally wider spreads in the current environment.

Looking forward, BCF will, as always, prioritise managing its portfolio to effectively navigate through the market turbulence, while opportunistically issuing new CLOs when we believe the economics are attractive. We will continue to leverage our wealth of resources and experience across numerous credit cycles to invest in a prudent manner that is supportive of CLO returns to investors.

(15) Note: Portfolio data 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 31 December 2022, calculated on 18 January 2023.
(16) Credit Suisse trailing twelve-month default rates as of 31 December 2022.
(17) BoA CLO Factbook as of 3 February 2023, Wells Fargo as of 4 January 2023.
(18) Junior OC Cushion, Barclays Credit Research: Leveraged Loans and CLOs 2022 Wrap as of 6 January 2023.

The graph below shows the current IDT cushion for Blackstone's European CLOs and US CLOs compared to peers as of 31 December 2022[19]:





(19) Data as of January 2023, unless otherwise stated. Peers are defined as the 10 largest managers of European CLOs and 15 largest managers of US CLOs, based on assets under management, excluding BX Credit, per Creditflux as of 31 December 2022 (1) Change in IDT Cushion: Kanerai data for vintages after and including 2013. Average vintage change in IDT between March 2020 to December 2022. Deals priced prior to March 2020 span the full time period, deals priced in 2020/2021 span the period between deal inception to December 2022. (2) Current IDT Cushion: Kanerai data for vintages after and including 2013.

CLO Portfolio Positions

Current Portfolio	Closing/ [Expected Close] Date	Deal Size (€M)	Position Owned (€M)	% of BCF NAV	Reinvest Period Left (Yrs)	Current Asset Coupon[20]	Current Liability Cost[21]	Current Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date[21] Ann.	Cum.	% of Tranche
EUR CLO Income Note Investments												
Phoenix Park	Jul-14	€ 417	€ 22.4	1.2%	0.3	4.94%	3.31%	1.63%	1.85%	13.7%	113.1%	51.4%
Dartry Park	Mar-15	425	25.6	1.2%	2.3	4.60%	3.26%	1.35%	2.04%	13.1%	102.1%	51.1%
Tymon Park	Dec-15	415	21.9	1.4%	2.6	5.14%	3.22%	1.92%	2.13%	15.4%	105.3%	51.0%
Elm Park	May-16	520	30.7	1.8%	2.8	4.98%	3.05%	1.93%	2.21%	16.1%	102.6%	56.1%
Griffith Park	Sep-16	456	25.0	1.7%	0.4	4.92%	3.29%	1.63%	1.96%	11.3%	70.3%	53.4%
Clarinda Park	Nov-16	417	22.2	1.3%	2.1	4.97%	3.50%	1.47%	1.90%	11.8%	71.0%	51.2%
Palmerston Park	Apr-17	365	23.1	0.9%	0.0	4.43%	3.06%	1.37%	1.91%	13.4%	74.1%	53.3%
Clontarf Park	Jul-17	317	27.9	1.1%	0.0	4.67%	3.52%	1.14%	1.58%	13.8%	73.4%	66.9%
Willow Park	Nov-17	412	22.5	0.9%	0.0	4.58%	2.91%	1.67%	2.03%	17.2%	83.8%	60.9%
Marlay Park	Mar-18	413	23.7	1.0%	0.0	4.63%	2.63%	2.00%	2.29%	19.1%	86.7%	60.0%
Milltown Park	Jun-18	409	23.2	1.2%	0.0	4.75%	2.80%	1.95%	2.29%	18.4%	79.7%	65.0%
Richmond Park	Jul-18	430	44.4	1.2%	0.0	4.74%	3.10%	1.65%	1.97%	17.0%	72.3%	68.3%
Sutton Park	Oct-18	408	23.1	1.7%	0.4	4.84%	3.42%	1.42%	1.84%	17.3%	66.7%	66.7%
Crosthwaite Park	Feb-19	516	31.8	2.0%	2.7	4.75%	3.53%	1.22%	1.10%	15.4%	58.6%	64.7%
Dunedin Park	Sep-19	422	24.4	1.3%	3.4	4.88%	3.59%	1.29%	1.65%	22.3%	70.9%	52.9%
Seapoint Park	Nov-19	403	20.7	1.8%	1.4	4.56%	3.62%	0.94%	1.52%	14.4%	39.6%	70.5%
Holland Park	Nov-19	426	37.6	1.8%	1.4	5.03%	3.67%	1.36%	1.57%	11.5%	34.5%	72.1%
Vesey Park	Apr-20	403	23.6	2.2%	1.9	4.98%	3.69%	1.29%	1.49%	18.5%	47.0%	80.3%
Avondale Park	Jun-20	409	21.9	1.4%	3.2	4.84%	3.87%	0.97%	0.95%	39.5%	100.9%	63.0%
Deer Park	Sep-20	355	19.7	1.4%	3.3	5.01%	3.18%	1.82%	1.94%	35.4%	73.5%	71.9%
Marino Park	Dec-20	323	16.4	1.6%	1.0	4.81%	2.98%	1.82%	2.28%	18.7%	33.9%	71.4%
Carysfort Park	Apr-21	405	24.2	2.0%	2.6	5.02%	3.26%	1.76%	1.88%	17.9%	28.0%	80.7%
Rockfield Park	Jul-21	403	23.1	2.0%	2.5	4.96%	3.08%	1.88%	2.12%	17.8%	21.6%	80.0%
Dillon's Park	Sep-21	406	25.2	2.1%	3.3	5.06%	3.14%	1.92%	2.02%	16.9%	17.7%	84.0%
Cabinteely Park	Dec-21	404	22.7	1.8%	3.6	4.90%	3.65%	1.25%	1.70%	15.7%	14.1%	75.6%
Otranto Park	Mar-22	443	34.6	2.7%	3.9	4.96%	3.83%	1.13%	1.91%	14.0%	8.8%	100.0%
Clonmore Park	Aug-22	341	23.0	1.5%	4.1	5.20%	3.86%	1.34%	0.26%	n/a	n/a	100.0%
EdmondstownPark[22]	Dec-22	379	31.1	2.6%	4.6	5.68%	5.58%	0.10%	n/a	n/a	n/a	100.0%

(20) Debt tranches of certain US CLOs are referenced against SOFR. Some proportion of US CLO collateral may be based on SOFR and subject to change over time.
(21) Calculated on BCF's net assets as of 31 December 2022.
(22) All CLO NIMs have been impacted by recent base rate moves. In some cases, resulting in a material mismatch between the base rates used for assets and liabilities (Edmondstown Park). BX Credit expects this NIM to improve and to normalise once base rates become better aligned.

Current Portfolio	Closing/ [Expected Close] Date	Deal Size ($M)	Position Owned ($M)	% of BCF NAV	Reinvest Period Left (Yrs)	Current Asset Coupon[23]	Current Liability Cost[24]	Current Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date[24]		% of Tranche
										Ann.	Cum.	
USD CLO Income Note Investments												
Grippen Park	Mar-17	$ 576	$ 28.7	1.0%	0.0	7.39%	6.00%	1.38%	1.43%	14.7%	82.3%	100.0%
Thayer Park	May-17	523	26.3	1.4%	3.3	7.47%	5.77%	1.70%	1.68%	15.1%	82.2%	100.0%
Catskill Park	May-17	986	53.9	1.6%	0.0	7.46%	5.85%	1.62%	1.71%	15.1%	82.0%	50.1%
Dewolf Park	Aug-17	614	30.6	1.4%	0.0	7.48%	5.53%	1.95%	2.00%	15.9%	81.5%	50.1%
Gilbert Park	Oct-17	1,022	49.8	2.2%	0.0	7.43%	5.76%	1.67%	1.73%	15.5%	77.2%	51.6%
Long Point Park	Dec-17	611	28.4	1.5%	0.0	7.44%	5.50%	1.94%	1.77%	19.9%	95.3%	51.6%
Stewart Park	Jan-18	874	88.7	1.5%	0.0	7.41%	5.55%	1.86%	1.93%	14.2%	67.2%	50.8%
Cook Park	Apr-18	1,025	51.6	2.8%	0.3	7.48%	5.42%	2.05%	1.86%	17.5%	79.2%	50.1%
Fillmore Park	Jul-18	561	29.1	1.8%	0.5	7.46%	5.50%	1.96%	1.93%	17.6%	74.1%	50.1%
Harbor Park	Dec-18	715	38.2	2.5%	1.1	7.45%	5.70%	1.75%	1.67%	15.2%	58.1%	50.1%
Southwick Park	Aug-19	503	25.1	1.9%	1.6	7.47%	5.63%	1.84%	1.78%	17.0%	53.6%	54.3%
Beechwood Park	Dec-19	816	47.1	3.3%	4.0	7.32%	5.68%	1.64%	1.62%	16.9%	47.7%	50.1%
Allegany Park	Jan-20	506	29.1	2.2%	4.1	7.34%	5.72%	1.62%	1.66%	14.8%	41.0%	59.9%
Harriman Park	Apr-20	501	28.1	2.3%	3.3	7.33%	5.75%	1.58%	1.61%	25.7%	64.2%	61.1%
Cayuga Park	Aug-20	399	22.0	1.9%	3.5	7.35%	5.51%	1.85%	1.69%	30.6%	66.7%	66.2%
Point Au Roche Park	Jun-21	457	25.5	1.9%	3.6	7.43%	5.74%	1.69%	1.77%	19.9%	25.9%	70.0%
Peace Park	Sep-21	661	37.5	2.9%	3.8	7.38%	5.71%	1.67%	1.50%	19.8%	20.9%	72.0%
Whetstone Park	Dec-21	506	27.5	2.2%	4.1	7.42%	5.70%	1.72%	1.74%	21.8%	18.9%	61.2%
Boyce Park	Mar-22	762	43.0	3.4%	4.3	7.52%	5.63%	1.89%	3.66%	20.7%	12.8%	60.8%
Tallman Park	May-21	410	2.1	0.2%	3.3	7.42%	5.77%	1.65%	1.70%	21.9%	30.5%	5.0%
Wehle Park	Apr-22	547	2.4	0.2%	4.3	7.43%	5.81%	1.62%	3.38%	28.7%	15.9%	5.0%

(23) Debt tranches of certain US CLOs are referenced against SOFR. Some proportion of US CLO collateral may be based on SOFR and subject to change over time.
(24) Calculated on BCF's net assets as of 31 December 2022.

	Region	Vintage	Sale/ Redemption Date	BCF Position Prior To Exit (M)	Current Valuation as % of BCF NAV(25)	Realised IRR To Date(26)	Ann. Distribution Through Last Payment(27)
Redeemed Or Fully Sold CLOs							
Myers Park	U.S.	2018	Mar-21	$26.4	N/A	11.1%*	16.4%
Greenwood Park	U.S.	2018	Mar-21	$53.9	N/A	19.0%*	19.7%
Orwell Park	Europe	2015	May-21	€ 24.20	N/A	13.8%*	23.5%
Stratus 2020-2	U.S.	2020	Jun-21	$24.2	N/A	37.6%	93.3%
Niagara Park	U.S.	2019	Aug-21	$22.1	N/A	16.6%*	14.9%
Sorrento Park	Europe	2014	Oct-21	€ 29.50	N/A	9.7%*	18.2%
Castle Park	Europe	2014	Oct-21	€ 24.00	N/A	11.7%*	23.3%
Dorchester Park	U.S.	2015	Oct-21	$44.5	0.01%	11.5%*	20.5%
Buckhorn Park	U.S.	2019	Feb-22	$15.2	N/A	16.0%*	19.5%

As of 31 December 2022, the Company was invested in accordance with its and BCF's investment policy and was diversified across 675 issuers (2021: 727) through directly held loans and the CLO portfolio, across 26 countries (2021: 30) and 29 different industries[28] (2021: 29). No individual borrower represented more than 2% of the overall portfolio at the end of December 2022 and December 2021.

(25) As of 31 December 2022, with data available as of 11 January 2023. Certain CLOs in the process of being redeemed. The residual valuation as a % of BCF NAV is reflective of remaining distributions to be made. Once no remaining distributions are expected, valuation will appear as "N/A".
(26) Realised IRRs for redemptions are reflective of distributions made to BCF to date, with data available in Intex as of 11 January 2023. IRRs may change as further distributions to income noteholders are made. For fully sold CLOs, realised IRR includes sale proceeds returned to BCF (reflected on a traded basis). IRRs denoted with an * are inclusive of fee rebates (separate notes reflecting rights to future rebates may still be held by BCF).
(27) Source: Intex, with data available as of 11 January 2023. Annualised distributions for redeemed CLOs include return of principal; annualised distributions for fully sold CLOs do not include sale proceeds. Top 20 Issuers represent 14.4% of the portfolio par value, as of 31 December 2022.
(28) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BX Credit.

Key Portfolio Statistics

	% of NAV(29)	Current WA Asset Coupon(30)	Current WA Liability Cost(29)	WA Remaining RPs (CLOs)
EUR CLOs	44.71%	4.88%	3.44%	1.9 Years
US CLOs	43.47%	7.42%	5.66%	1.7 Years
Directly Held Loans (less leverage)	18.48%	5.61%	3.01%	n/a
CLO Warehouses	0.23%	5.82%	3.03%	n/a
Net Cash & Expenses	-6.89%	–	–	n/a

Top 10 Industries(31)

Industry	% of Portfolio 31 December 2022
Healthcare and pharmaceuticals	16.7%
Services business	10.2%
High tech industries(32)	8.8%
Banking, finance, insurance and real estate (FIRE)	8.0%
Media broadcasting and subscription	7.1%
Construction and building	5.8%
Hotels, gaming and leisure	5.5%
Chemicals, plastics and rubber	5.1%
Telecommunications	4.6%
Services consumer	4.6%

Industry	% of Portfolio 31 December 2021
Healthcare and pharmaceuticals	16.5%
High tech industries(32)	10.4%
Services business	10.0%
Banking, finance, insurance and real estate (FIRE)	7.3%
Media broadcasting and subscription	6.2%
Hotels, gaming and leisure	5.6%
Construction and building	5.5%
Chemicals, plastics and rubber	5.1%
Services consumer	4.4%
Telecommunications	4.1%

Top 5 Countries(33)

	% of Portfolio
Country	31 December 2022
United States	52.6%
France	9.0%
United Kingdom	8.6%
Netherlands	6.3%
Germany	5.5%

	% of Portfolio
Country	31 December 2021
United States	48.2%
United Kingdom	10.2%
France	9.0%
Netherlands	6.9%
Germany	5.7%

(29) Calculated on BCF's net assets as of 31 December 2022.

(30) Data for EUR and US CLOs calculated based on data available on Intex as of 11 January 2023 for non-redeemed CLOs. Data for CLO Warehouses and Directly Held Loans calculated by BX Credit.

(31) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BX Credit.

(32) Please note that the High Tech exposure is defined by Moody's as "computer hardware, software, component equipment, consumer electronics, semiconductor and contract manufacturers; IT services and distributors; transaction processors." The BCF portfolio is not exposed to "start up" type risk but rather is defensively positioned and includes established businesses with recurring revenues.

(33) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BX Credit.

Top 20 Issuers[34]

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
Ziggo	5	259	7,873	Media Broadcasting and Subscription	Netherlands	89.8	3.07%	4.47%	6.3
VodafoneZiggo is a leading operator in the Netherlands that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. The company was created as a result of a JV between Liberty Global & Vodafone.									
Numericable	10	223	12,706	Media Broadcasting and Subscription	France	87.7	3.53%	5.21%	4.1
Numericable is one of the largest telecommunications operators in France by revenues and number of subscribers, with major positions in residential fixed, residential mobile, business-to business, wholesale and media.									
Masmovil	4	207	6,050	Telecommunications	United Kingdom	94.8	4.13%	6.24%	5.0
Masmovil is the fourth largest telecommunications operator in Spain and offers fixed line, mobile, and Internet services to customers in Spain. In 2022, Masmovil and Orange signed a binding agreement to combine the two businesses. The transaction will need regulatory approval and is expected to close in Sep-23.									
Virgin Media	6	201	8,387	Media Broadcasting and Subscription	United States	95.0	2.90%	5.34%	6.0
Virgin Media O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony services to residential customers and businesses in the United Kingdom. The company was created as a result of a JV between Liberty Global & Telefonica.									
WS Audiology	2	197	3,176	Healthcare and Pharmaceuticals	Denmark	90.0	3.92%	7.19%	3.2
WS Audiology was created following the completion of the merger between Sivantos and Widex. The combined company operates in over 125 markets and holds the third position in the hearing aid market globally.									
EG Group	6	194	5,994	Retail	United Kingdom	92.2	4.21%	7.00%	2.3
EG Group is a leading global independent convenience retail and fuel station operator with a fuel, convenience retail and Food-to-Go offering with partnerships with leading brands such as Esso, BP, Shell, Starbucks, Burger King, KFC, Greggs, Subway, and Pizza Hut, among others.									
Thyssenkrupp Elevators	3	190	4,454	Capital Equipment	Germany	95.9	3.71%	5.58%	4.6
Thyssenkrupp Elevators is the fourth largest global market leader for elevator and escalator technology. The company designs, manufacturers, installs, services, and modernises elevators, escalators, and platform lifts.									
ION Trading Technologies	3	181	3,925	Banking, Finance, Insurance and Real Estate (FIRE)	Ireland	94.7	4.47%	7.76%	5.3
ION is a global financial software and services company that provides high performance trading solutions to banks, hedge funds, brokers and other financial institutions, across electronic fixed income, currencies, equities, derivatives and commodities markets.									
AkzoNobel	2	170	4,688	Chemicals, Plastics and Rubber	United States	96.8	2.91%	5.85%	2.8
AkzoNobel Specialty Chemicals is a global specialty chemicals manufacturer focused on applications in home & personal care, agriculture & food, paints & coatings, natural resources, polymer specialties and renewable fibers.									
Ineos Quattro	5	168	4,896	Chemicals, Plastics and Rubber	United States	91.7	2.65%	4.67%	3.5
Ineos Quattro, through its subsidiaries, manufactures chemicals such as PVC, caustic soda, styrene plus derivatives, aromatics and acetyls. Ineos Quattro serves customers worldwide.									
UPC	5	164	4,529	Media Broadcasting and Subscription	United States	96.3	2.80%	4.80%	6.2
UPC is a cable operator in Switzerland, Poland & Slovakia. It offers broadband, tv and mobile services.									

(34) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BX Credit. The top 20 issuers aggregated to 14.4% (2021: 12.8%) of the portfolio.

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
Allied Universal	4	158	6,500	Services Business	United States	91.2	3.76%	6.52%	5.4
Allied Universal is the largest provider of security systems and services globally, serving North America, Europe, the Middle East, Africa, Asia Pacific and Latin America.									
Paysafe	4	153	2,390	Banking, Finance, Insurance and Real Estate (FIRE)	United States	90.4	2.95%	5.19%	5.7
Paysafe is a leading specialised payments platform, with revenues derived from Payment Processing, eWallets, and eCash accounts. Paysafe is a global leader in the Gaming eCash segment, digital gambling wallets, and the Merchant Acquirer segment in the US, with a presence in Europe also.									
Froneri	2	152	4,619	Beverage, Food and Tobacco	United States	95.0	2.17%	4.14%	4.1
Froneri is a global ice cream manufacturer with its headquarters in North Yorkshire, England. It is the second largest ice cream producer by volume in the world, after Unilever. Froneri was created in 2016 as a joint venture between Nestle and PAI Partners to combine their ice cream activities.									
Independent Vetcare	3	137	2,114	Healthcare and Pharmaceuticals	United Kingdom	93.8	4.07%	6.36%	3.1
Independent Vetcare is the largest veterinary practice group in Europe. The company generates the majority of its revenue in the UK, where it is the market leader, and is also present in Sweden, the Netherlands, Finland, Germany, Norway, Denmark, Switzerland and North America.									
Medline	3	135	11,412	Healthcare and Pharmaceuticals	United States	94.4	3.36%	6.77%	5.8
Project Mozart (Medline) is the largest US-based privately held manufacturer and distributor of healthcare supplies to hospitals, post-acute settings, physician offices and surgery centers. The company manufactures Medline-branded products and distributes externally sourced items from other healthcare manufacturers. Medline has 25+ manufacturing facilities and 50+ distribution centers across North America.									
Ineos Finance	8	132	6,149	Chemicals, Plastics and Rubber	Luxembourg	96.8	2.56%	5.03%	4.1
Ineos Finance, through its subsidiaries, manufactures chemicals primarily in the Olefins and Polymers chains as well as associated chemical intermediate derivatives across the Oxides, Oligomers, Nitriles and Phenol chains. Ineos Finance serves customers worldwide									
Zayo	3	131	5,584	Telecommunications	United States	80.9	3.11%	6.51%	4.2
Zayo is a global provider of bandwidth infrastructure services, including dark fiber, lit fiber, and carrier neutral colocation and interconnection. In July 2012, the combination of Zayo and AboveNet created the largest high bandwidth infrastructure service provider in the US. Since that time, Zayo has remained active in acquisitions with a strong track record of achieving synergy targets.									
Telenet International	3	131	3,800	Media Broadcasting and Subscription	Belgium	95.2	2.20%	4.04%	5.9
Telenet is one of the largest cable operators in Belgium that provides internet, TV, fixed and mobile telephony to consumers and businesses in Flanders and Brussels. It also provides mobile telephony services in the Wallonia region.									
McAfee	2	131	6,403	High Tech Industries	United States	94.4	3.89%	6.63%	6.2
McAfee is the one of the largest security software vendors globally. McAfee is a major player in the consumer security market, with a focus on consumer endpoint protection. McAfee simplifies the complexity of threat detection and response by correlating events, detecting new threats, reducing false positives, automating and prioritizing incident response, and creating workflows that result in remediation.									

Regulatory Update

Blackstone continues to monitor operational resilience and business continuity risk and there is an ongoing focus on enhancing and strengthening the operational resilience framework.

On 6 April 2022, the European Commission adopted the Delegated Regulation (as amended from time to time) supplementing EU Regulation (EU) 2019/2088 (the "SFDR") with regard to the regulatory technical standards ("RTS") specifying the details of the content and presentation of the information in relation to the principle of "do no significant harm", information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the disclosure regarding the promotion of environmental or social characteristics (Article 8 SFDR) and sustainable investment objectives (Article 9 SFDR) in pre-contractual documents, on websites and in periodic reports. The SFDR RTS have applied since 1 January 2023. BX Credit continues to monitor regulatory developments with regards to SFDR. Interest limitation rules, implemented as part of Directive 2016/1164/EU (the so-called Anti-Tax Avoidance Directive), apply to certain EU CLO issuers with respect to their accounting periods commencing on or after 1 January 2022. To date, the interest limitation rules have not adversely impacted BX Credit's CLO business.

Risk Management

Given the natural asymmetry of fixed income, our experienced credit team focuses on truncating downside risk and avoiding principal impairment and believes that the best way to control and mitigate risk is by remaining disciplined in all market cycles and by making careful credit decisions while maintaining adequate diversification.

BCF's portfolio is managed to minimise default risk and credit related losses, which is achieved through in-depth fundamental credit analysis and diversified portfolios in order to avoid the risk of any one issuer or industry adversely impacting overall performance. As outlined in the Portfolio Update section, BCF is broadly diversified across issuers, industries and countries.

BCF's base currency is denominated in Euro, though investments are also made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of BCF. BCF may utilise different financial instruments to seek to hedge against declines in the value of its positions as a result of changes in currency exchange rates.

Through the construction of solid credit portfolios and our emphasis on risk management, capital preservation and fundamental credit research, we believe the Company's investment strategy will continue to be successful.

Blackstone Responsible Investing Approach

The Importance of Responsible Investing

Blackstone seeks to incorporate Environmental, Social and Governance ("ESG") principles to develop strong, resilient companies and assets that deliver long-term value for our investors. We believe integrating ESG factors into the investment process has the potential to create value for our investors through operational and financial performance improvements at the portfolio company level and identifying attractive thematic investment opportunities at the sector level. We are committed to incorporating ESG into our operating philosophy and applicable investment decision-making processes.

Across our corporate and investment activities, we have identified ESG topics that we believe can most affect our ability to build strong companies of enduring value. We continue to make progress on ESG initiatives related to our core themes, decarbonization, diversity, equity and inclusion and strong governance, while seeking to generate attractive returns.

We aim to integrate ESG across Blackstone. We have a robust, well-staffed effort in ESG focused on using ESG tools to enhance the value of our investments, consistent with our fiduciary responsibilities to our clients. Our senior leadership and Board of directors are highly supportive and engaged on ESG.

Objectives

Blackstone's responsible investing objectives are outlined below:

Integration

The integration of material ESG factors into our applicable investment decisions and ownership is an important part of fulfilling our mission to create strong returns for our investors. Based on our experience, we think that consideration of ESG factors not only enhances our assessment of risk and value creation – it helps us identify opportunities for transformation. We believe that our ESG program can strengthen companies, drive value, enhance returns and help to create better outcomes for people and communities.

Engagement

We regularly engage with our limited partners, investors, portfolio companies and stakeholders, and industry through membership and/or participation of organizations such as the PRI and the TCFD. We seek to partner with select portfolio companies to implement best practices through offering tools, training, and expertise; manage material ESG factors; implement Blackstone-specific initiatives; and measure progress.

Reporting

We aim to be transparent with our investors and other stakeholders about Blackstone's responsible investing initiatives, successes and goals. Blackstone reports its ESG initiatives on its website at https://www.blackstone.com/our-impact/an-integrated-approach-to-esg/. We value regular, frequent engagement with our stakeholders on ESG matters.

Approach and Responsibilities

As investors, we aim to make our companies and assets more resilient and competitive through capturing ESG opportunities and managing ESG risks to drive value for our investors. Blackstone considers relevant ESG issues both during the due diligence of potential investments and throughout our ownership period and expect our portfolio companies to manage ESG risks responsibly.

Refer to Blackstone's ESG Policy for additional information.

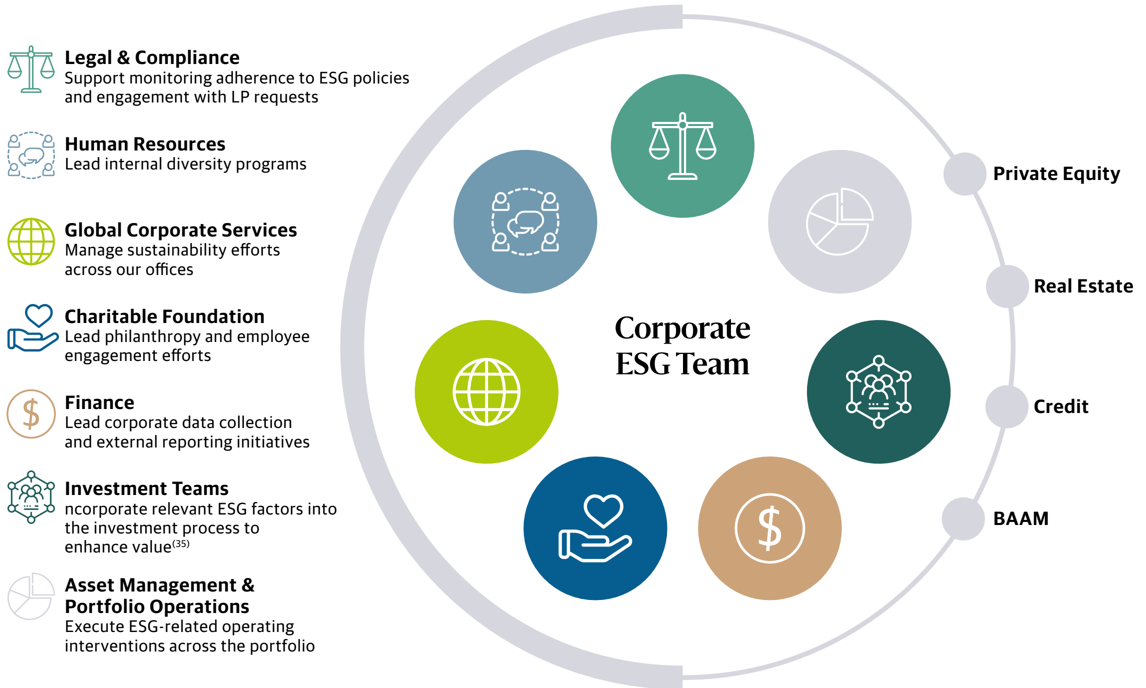
Dr Jean Rogers, Founder and Former CEO of the Sustainability Accounting Standards Board (SASB), joined Blackstone in December 2021 as Global Head of ESG. Dr Rogers oversees Blackstone's corporate ESG team, leading strategy, integration, reporting and engagement. She partners closely with our business unit heads of ESG, operational and asset management teams and other functional groups across Blackstone.

Blackstone's Sustainability team led by James Mandel, Blackstone's Chief Sustainability Officer, provides oversight and management of Blackstone's sustainability program. Individual business unit's ESG teams develop and implement a dedicated ESG program for their investments and related initiatives, with support and guidance from the Corporate ESG team, to drive long-term value.

Rita Mangalick is the Global Head of ESG for BX Credit and oversees the ESG policy integration, reporting, engagement and value creation initiatives for BX Credit. Ms Mangalick is supported by members of the BX Credit ESG team as well as ESG leads across BX Credit's key business functions.

Additionally, BX Credit has an ESG Working Group that includes senior representatives from BX Credit's Investment, Institutional Client Solutions ("ICS"), Asset Management and Legal and Compliance teams and is chaired by Ms Mangalick. The BX Credit ESG Working Group meets quarterly and discusses a variety of ESG-related topics, including, as applicable: review of investments; investor requests; market trends and newly adopted or pending legislation, rules, and regulation; and revisions and/or amendments to BX Credit ESG Policy.

Below is a visual of Blackstone's integrated ESG team approach:



(35) ESG due diligence will vary based on (i) the nature of Blackstone's investment, (ii) the transaction process and timeline, (iii) the level of access to information, specifically as it pertains to ESG factors, and (iv) the target investment's sector or business model. In cases where Blackstone determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, Blackstone will only apply those elements of its ESG approach that it determines to be practicable in light of the underlying facts and circumstances.

BX Credit's Commitment to ESG

BX Credit's focus on ESG stems from our commitment to prudent investing and our culture that prioritizes value creation and robust corporate governance. We seek to consider material ESG risks and opportunities throughout the diligence process and seek opportunities to enhance the sustainability profile of our investments to improve investor returns and drive value, where applicable. We incorporate relevant ESG principles into our investment process with approaches tailored to our various strategies.

BX Credit recognizes the value that incorporating material ESG factors in our investment research creates, both in terms of mitigating risk and enhancing long-term performance across our various investments. To that end, BX Credit integrates review and consideration of material ESG factors into its decision-making processes, as summarized below:

1 Comprehensive Due Diligence

To integrate ESG due diligence into our investment process, it is important for our team to have a deep understanding of the material ESG factors to review in due diligence, to be educated on emerging trends in ESG and to appreciate relevant KPIs to evaluate. We have learned that these topics can vary significantly across industries and therefore BX Credit partnered with a third-party ESG consultant to create a sector-specific tool based on the Sustainability Accounting Standards Board ("SASB") standards that provide a framework to conduct ESG due diligence. The proprietary tool helps our teams identify material ESG risks that may impact a company's performance, so that we are able to focus our diligence on assessing these risks in a more targeted fashion to drive value for our investors. The tool includes industry-specific due diligence questions, potential KPIs to track, detailed guidance on considerations for evaluating the topic and recommended resources for additional research. Guided by sector materiality, we further refine the relevant ESG factor considerations within the investment process based on the investment strategy, asset class, and the nature of the transactions.

2 Investment Committee Engagement and Documentation

When an investment is brought to investment committee, material ESG considerations and risks arising from diligence will be described in an ESG analysis section within the appropriate investment committee materials and discussed in the relevant investment committee forum as applicable. If material ESG concerns are identified, BX Credit may seek to remedy the situation via additional due diligence, the hiring of specialist advisors, or further discussions with company management.

3 Active Post-Investment Monitoring

On an ongoing basis, investment teams monitor the performance of BX Credit's investments, which includes, but is not limited to, assessing financial, operational, industry-specific and material ESG-related factors, as applicable. Periodically, BX Credit investment teams will update the investment committee on the performance of issuers and highlight any material ESG concerns or opportunities that warrant investment committee discussion, both in the context of the company's industry and on a stand-alone basis.

Blackstone plans to reduce carbon emissions:

At its level, Blackstone has calculated corporate, operational scope 1, scope 2 and select scope 3 (excludes financed emissions) emissions. This information can be found on page 27[36] of our ESG Update. Blackstone is also in the process of assessing the carbon emissions of its portfolio companies where it has majority ownership and board control.

Blackstone recognizes the attractive market/economic opportunity of investing in companies that are supporting the energy transition to drive long-term value for our investors. Blackstone believes that supporting its portfolio companies on environmental factors creates value. It has a history of generating value for its companies through improvements in efficiency of energy usage and shifting consumption to cleaner energy sources. Starting in 2021, Blackstone began seeking to reduce carbon emissions by 15% on average across certain new investments[37] where it controls energy usage within the first three years of ownership. The target may not apply to certain categories of investment and emissions reduction may be measured on a carbon intensity basis (versus an absolute reduction). These initiatives are believed to have the potential to result in significant cost savings and operational improvements for portfolio companies to create value.

(36) 2021 ESG Update can be found at: https://www.blackstone.com/our-impact/an-integrated-approach-to-esg/

(37) Investments made on or after 1 January 2021 where the Blackstone owns the asset and has control over energy use. For investments made or held by BX Credit between 1 January 2021 and 11 November 2022, "owns the asset and has control over energy use" means any investments where BX Credit obtained board control during that time period, which has occurred in only two circumstances. Following 11 November 2022, this commitment means investments where BX Credit obtains board control at the time of BX Credit's original investment (and, for greater certainty, excluding any follow-on investments that result in BX Credit obtaining Board control). See "ESG Disclaimer" including "ESG".

ESG Disclaimer

ESG initiatives described in these disclosures related to Blackstone's portfolio, portfolio companies, and investments (collectively, "portfolio companies") are aspirational and not guarantees or promises that all or any such initiatives will be achieved. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company the nature and/or extent of investment in, ownership of, control or influence exercised by Blackstone with respect to the portfolio company and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case by case basis. In particular, the ESG initiatives or practices described in these disclosures are less applicable to or not implemented at all with respect to Blackstone's public markets investing businesses, specifically, Credit, Hedge Fund Solutions (BAAM) and Harvest. In addition, Blackstone will not pursue ESG initiatives for every portfolio company. Where Blackstone pursues ESG initiatives for portfolio companies, there is no guarantee that Blackstone will successfully enhance long term Shareholder value and achieve financial returns. There can be no assurance that any of the ESG initiatives described in these disclosures will exist in the future, will be completed as expected or at all, or will apply to or be implemented uniformly across Blackstone business units or across all portfolio companies within a particular Blackstone business unit. Blackstone may select or reject portfolio companies or investments on the basis of ESG related investment risks, and this may cause Blackstone's funds and/or portfolio companies to underperform relative to other sponsors' funds and/or portfolio companies which do not consider ESG factors at all or which evaluate ESG factors in a different manner. Any selected investment examples, case studies and/or transaction summaries presented or referred to in these disclosures are provided for illustrative purposes only and should not be viewed as representative of the present or future success of ESG initiatives implemented by Blackstone or its portfolio companies or of a given type of ESG initiatives generally. There can be no assurances that Blackstone's investment objective for any fund will be achieved or that its investment programs will be successful. Past performance is not a guarantee of future results. While Blackstone believes ESG factors can enhance long term value, Blackstone does not pursue an ESG based investment strategy or limit its investments to those that meet specific ESG criteria or standards, except with respect to products or strategies that are explicitly designated as doing so in their Offering Documents or other applicable governing documents. Any such ESG factors do not qualify Blackstone's objectives to seek to maximize risk adjusted returns. Some, or all, of the ESG initiatives described in these disclosures may not apply to the Company's investments and none are binding aspects of the management of the assets of the Company. The Company does not promote environmental or social characteristics, nor does it have sustainable investments as its objective.

Blackstone Ireland Limited
27 April 2023

Strategic Overview

Purpose

The Company's purpose is to provide permanent capital to BCF, a company established by BIL as part of its loan financing programme, with a view to generating stable and growing total returns for Shareholders through dividends and value growth.

The Board delivers the Company's purpose by working in line with its values, which form the backbone of what the Company does and are an important part of its culture.

Values

Integrity and Trust – The Company seeks to act with integrity in everything it does and to be trustworthy. It seeks to uphold the highest standards of professionalism driven by its corporate governance processes.

Transparency – The Company aims to ensure that all of its activities are undertaken with utmost transparency and openness to sustain trust.

Opportunity – The ability to see and to seize opportunities which are in the best interests of its Shareholders.

As an investment company, the Company aims to maintain and deliver attractive and sustainable returns for its Shareholders.

Principal Activities

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey. The Company's ordinary shares are quoted on the Premium Segment of the Main Market of the LSE.

The Company's authorised share capital consists of an unlimited number of shares of any class. As at 31 December 2022, the Company's issued share capital was 444,578,522 ordinary shares. The Company also held 38,324,272 ordinary shares in treasury.

The Company has a wholly-owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 31 December 2022, all of the Class A and Class B shares were held by the Company together with 239,550,782 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BCF, which in turn invests in CLOs and loans.

The Company is a self-managed company. BIL acts as Portfolio Adviser to the Company and pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its investment in the CSWs.

BNP Paribas S.A., Jersey Branch acts as Administrator, Company Secretary, Custodian and Depositary to the Company.

Investment Objective

As outlined in the Company's Prospectus, the Company's investment objective is to provide Shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds directly and indirectly through CLO securities and investments in Loan Warehouses. The Company seeks to achieve its investment objective through exposure (directly or indirectly) to one or more companies or entities established from time to time ("Underlying Companies"), such as BCF.

Investment Policy

Overview

As outlined in the Company's Prospectus, the Company's investment policy is to invest (directly, or indirectly through one or more Underlying Companies) in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans, such investments being made by the Underlying Companies directly or through investments in Loan Warehouses, bonds and CLO Securities) and generate attractive risk-adjusted returns from such portfolios. The Company intends to pursue its investment policy by investing (through one or more subsidiaries) in profit participating instruments (or similar securities) issued by one or more Underlying Companies.

Each Underlying Company will use the proceeds from the issue of the profit participating instruments (or similar securities), together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future, to invest in: (i) senior secured loans, bonds, CLO Securities and Loan Warehouses; or (ii) other Underlying Companies which, themselves, invest in senior secured loans, bonds, CLO Securities and Loan Warehouses. The Underlying Companies may invest in European or US senior secured loans, bonds, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Underlying Companies. Investments in Loan Warehouses, which are generally expected to be subordinated to senior finance provided by third-party banks, will typically be in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum US or European exposure. The Underlying Companies do not invest substantially directly in senior secured loans or bonds domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

The Company's investment strategy is to implement its investment policy by investing directly or indirectly through the Underlying Companies, in a portfolio of senior secured loans and bonds or in Loan Warehouses containing senior secured loans and bonds and in connection with such strategy, to own debt and equity tranches of CLOs and in the case of European CLOs and certain US CLOs, to be the risk retention provider in each.

The Underlying Companies may periodically securitise a portion of the loans or a Loan Warehouse in which they invest, into CLOs which may be managed either by such Underlying Company itself, by BIL or BLCS (or one of their affiliates), in their capacity as the CLO manager.

Where compliance with the European Risk Retention Requirements is sought (which may include both EUR and US CLOs), the Underlying Companies will retain exposures of each CLO, which may be held as:

- CLO Income Notes equal to: (i) between 51% and 100% of the CLO Income Notes issued by each such CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5% of the credit risk relating to the assets collateralising the CLO in the case of US CLOs (each of (i) and (ii), (the "horizontal strip"); or
- Not less than 5% of the principal amount of each of the tranches of CLO Securities in each such CLO (the "vertical strip").

In the case of deals structured to be compliant with the European Risk Retention Requirements, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the US Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, which are not exempt from the US Risk Retention Regulations and as a result, may be required to retain exposure to such CLOs in accordance with such rules. In such a scenario, the Underlying Company will retain exposures to such transactions for the purpose of complying with the US Risk Retention Regulations, which may be held as:

- CLO Income Notes representing at least 5% of the fair market value of the CLO Securities (including CLO Income Notes) issued by such CLO (the "US horizontal strip");
- A vertical strip; or
- A combination of a vertical strip and US horizontal strip.

To the extent attributable to the Company, the value of the CLO Income Notes retained by Underlying Companies in any CLO will not exceed 25% of the Published NAV of the Company at the time of investment.

Investments in CLO Income Notes and Loan Warehouses are highly leveraged. Gains and losses relating to underlying senior secured loans will generally be magnified. Further, to the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in vertical strips of CLOs (net of any directly attributable financing) will not exceed 15% of the Published NAV of the Company at the time of investment. This limitation shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

Loan Warehouses may eventually be securitised into CLOs managed either by an Underlying Company itself or by BIL or BLCS (or one of their affiliates), in their capacity as the CLO Manager. To the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20% of the Published NAV of the Company at the time of investment and in all externally financed warehouses taken together (net of any directly attributable financing) shall not exceed 30% of the Published NAV of the Company at the time of investment. These limitations shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

The following limits (the "Eligibility Criteria") apply to senior secured loans and bonds (and to the extent applicable, other corporate debt instruments) directly held by any Underlying Company (and not through CLO Securities or Loan Warehouses):

Maximum Exposure	% of an Underlying Company's Gross Asset Value
Per obligor	5
Per industry sector	15 (With the exception of one industry, which may be up to 20%)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these Eligibility Criteria, "gross asset value" shall mean gross assets, including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the "maximum exposures" set out in the Eligibility Criteria shall apply on a trade date basis.

Each of these Eligibility Criteria will be measured at the close of each business day on which a new investment is made and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value or the sale or downgrading of any assets held by an Underlying Company).

In addition, each CLO in which an Underlying Company holds CLO Securities and each Loan Warehouse in which an Underlying Company invests will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies that rate securities issued by such CLO or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a CLO or Loan Warehouse may include the following:

- A limit on the weighted average life of the portfolio;
- A limit on the weighted average rating of the portfolio;
- A limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- A limit on the minimum diversity of the portfolio.

CLOs in which an Underlying Company may hold CLO Securities or Loan Warehouses in which an Underlying Company may invest also have certain other criteria and limits, which may include:

- A limit on the minimum weighted average of the prescribed rating agency recovery rate;
- A limit on the minimum amount of senior secured assets;
- A limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- A limit on the maximum portfolio exposure to covenant-lite loans;
- An exclusion of project finance loans;
- An exclusion of structured finance securities;
- An exclusion on investing in the debt of companies domiciled in countries with a local currency sub-investment grade rating; and
- An exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or Loan Warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO or Loan Warehouse.

Changes to Investment Policy

Any material change to the investment policy of the Company would be made only with the approval of ordinary Shareholders.

It is intended that the investment policy of each substantial Underlying Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a substantial Underlying Company from time to time. The Company will receive periodic reports from each substantial Underlying Company in relation to the implementation of such substantial Underlying Company's investment policy to enable the Company to have oversight of its activities.

If a substantial Underlying Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek ordinary Shareholder approval of any changes which are either material in their own right or when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If ordinary Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such substantial Underlying Company, the Directors will redeem the Company's investment in such substantial Underlying Company (either directly or if the Company's investment in a subsidiary is invested by such subsidiary in such substantial Underlying Company (either directly or through one or more other Underlying Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such substantial Underlying Companies (either directly or through one or more other Underlying Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

The Board considers BCF to be a substantial Underlying Company.

Company Borrowing Limit

The Company will not utilise borrowings for investment purposes. However, the Directors are permitted to borrow up to 10% of the Company's Published NAV for day-to-day administration and cash management purposes. For the avoidance of doubt, this limit only applies to the Company and not the Underlying Companies.

In accordance with the Company's Prospectus, the Company may use hedging or derivatives (both long and short) for the purposes of efficient portfolio management. It is intended that up to 100% (as appropriate) of the Company's exposure to any non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.

The Company has exposure to non-Euro assets through its investment in the Underlying Company which has hedging arrangements in place to protect against unfavourable currency fluctuation.

Investment Strategy

Whether the senior secured loans, bonds or other assets are held directly by an Underlying Company or via CLO Securities or Loan Warehouses, it is intended that, in all cases, the portfolios will be actively managed (by the Underlying Companies or the CLO Manager, as the case may be) to minimise default risk and potential loss through comprehensive credit analysis performed by the Underlying Companies or the CLO Manager (as applicable).

Vertical strips in CLOs in which Underlying Companies may invest are expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by the relevant Underlying Company investing in such CLO. This term financing may be full-recourse, non-mark to market, long-term financing which may, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO. In particular and although not forming part of the Company's investment policy, the following levels of, or limitations on, leverage are expected in relation to investments made by Underlying Companies:

- Senior secured loans and bonds may be levered up to 2.5x with term finance;
- Investments in "first loss" positions or the "warehouse equity" in Loan Warehouses will not be levered;
- CLO Income Notes will not be levered;
- Investments in CLO Securities rated B- and above at the time of issue may be funded entirely with term finance; and
- Investments in a vertical strip may be levered 6.0-7.0x, with term finance as described above.

To the extent that they are financed, vertical strips are anticipated to require less capital than horizontal strips, which is expected to result in more efficient use of the Underlying Companies' capital. In addition, since the return profile on financed vertical strips is different to retained CLO Income Notes, BX Credit believes that vertical strips may be more robust through a market downturn, although projected IRRs may be slightly lower. However, an investment in vertical strips is not expected to impact the Company's stated target return. From time to time, as part of its ongoing portfolio management, the Underlying Companies may sell positions as and when suitable opportunities arise. Where not bound by risk retention requirements, it is the intention that the Underlying Companies would seek to maintain control of the call option of any CLOs securitised.

With respect to investments in CLO Securities, while the Underlying Companies maintain a focus on investing in newly issued CLOs, it will also evaluate the secondary market for sourcing potential investment opportunities in CLO Securities.

Whilst the intention is to pursue an active, non-benchmark total return strategy, the Company is cognisant of the positioning of the loan portfolios against relevant indices. Accordingly, the Underlying Companies will track the returns and volatility of such indices, while seeking to outperform them on a consistent basis. In-depth, fundamental credit research dictates name selection and sector over-weighting/under-weighting relative to the benchmark, backstopped by constant portfolio monitoring and risk oversight. The Underlying Companies will typically look to diversify their portfolios to avoid the risk that any one obligor or industry will adversely impact overall returns. The Underlying Companies also place an emphasis on loan portfolio liquidity to ensure that if their credit outlook changes, they are free to respond quickly and effectively to reduce or mitigate risk in their portfolio. The Company believes this investment strategy will be successful in the future as a result of its emphasis on risk management, capital preservation and fundamental credit research. The Directors believe the best way to control and mitigate risk is by remaining disciplined in market cycles, by making careful credit decisions and maintaining adequate diversification. The portfolio of the Underlying Companies in which the Company invests (through its wholly-owned subsidiary) remains broadly divided between European CLOs and US CLOs.

Refer to page 2 for an understanding of the different elements of the investment strategy.

The Company incorporates ESG factors as part of its investment strategy where applicable. Refer to pages 22 to 25 for further details. The Company operates with Euro as its functional currency. A significant proportion of the portfolio of assets held by Underlying Companies to which the Company has exposure may, from time to time, be denominated in currencies other than Euro. The Underlying Companies utilise different financial instruments to seek to hedge against declines in the value of its portfolio as a result of changes in currency exchange rates.

Section 172(1) Statement

The Company, being a member of the AIC, complies with Provision 5 of the AIC Code and consequently voluntarily complies with section 172(1) of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its Shareholders as a whole, having regard to (amongst other things):

a) the likely consequences of any decision in the long-term;
b) the need to foster the Company's business relationships with suppliers, customers and others;
c) the impact of the Company's operations on the community and the environment;
d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
e) the need to act fairly as between members of the Company.

The Board maintains a reputation for high standards of business conduct and endeavors to act fairly as between members of the Company by acting with integrity and establishing trust as referred to in the Company's values. Additionally, the Company complies with the Principles and Provisions of the AIC Code as detailed in the Statement of Compliance with Corporate Governance on page 53. Information on how the Board has engaged with its stakeholders and promoted the success of the Company, whilst having regard to the above, is outlined on pages 32 to 35. This covers the key decisions the Board has taken during the year.

Stakeholder engagement

Shareholders

Why we engage	How we engage
Shareholders provide the necessary capital for the Company to pursue its purpose and strategy as outlined in the Company's Prospectus. **The Company also aims to ensure its long-term success and sustainability through its Shareholder relationships, based on transparency and openness and thereby fostering Shareholder confidence. This in-turn benefits the liquidity of the Company's shares and the Company's reputation as an esteemed market participant.**	The Board engages with its shareholders by: a) publishing: i) announcements on the LSE, including: ▪ the Company's Published NAV performance, announced on a monthly basis; ▪ The Company's IFRS NAV performance will be announced on a quarterly basis as from April 2023; ▪ updated dividend guidance, as announced with regard to the Company's dividend policy on 23 January 2023; ii) monthly performance reports, on the Company's website, covering the performance of the Company and its underlying portfolio and including information on the composition of the underlying portfolio; iii) monthly market commentary reports issued by BX Credit and published on the Company's website covering US and EU loan, high yield and CLO performance figures with commentary, as well as the market outlook; iv) quarterly investor reports, published on the Company's website, which provide an overview of the Company's and the Underlying Company's quarterly results, together with a market overview; v) the Company's Half-Yearly Financial Report and the Annual Report and Audited Financial Statements; vi) the Company's Key Information Document and a memorandum on costs; vii) ad-hoc reports, on the Company's website, as and when required to provide further insights into the relevant market situation; b) the Board and representatives of the Portfolio Adviser holding investor calls to provide market updates; c) communications between Directors and individual Shareholders took place during 2022, specifically a Shareholder lunch where Shareholders were invited to discuss matters including liquidity, the share buy-back programme and discount management more broadly. d) The Board held a Shareholder Consultation on potential policy amendments in light of the prevailing and persistent discount to net asset value 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. e) the Board engaging with its Shareholders through its Portfolio Adviser and Brokers who communicate pertinent information from any discussions they have had with the Company's Shareholders. Such discussions focussed for example on the Company's share price discount level and CLO performance; and f) written communication with Shareholders in response to queries received, as applicable. Additionally, the Board (including the different committee Chairs) is available at the AGM to answer questions in their areas of responsibility and the Chair encourages Shareholders to contact her or any other Director with any queries or comments they may have.

Outcome

The Board believes that following the issue of publications as listed in point (a) on page 32 and its interactions as outlined in points (b), (c), (d), (e) and (f) during 2022, Shareholders have received relevant information allowing them to make informed decisions about their shareholding(s) and have been able to engage with the Company and its advisers on any matters they consider relevant.

During the year, actions taken by the Board following on from Shareholder discussions include:

- renewal of the share repurchase programme, refer to the Directors' Report on page 51 and the share repurchase programme coverage on page 36;
- the Board, brokers and Portfolio Adviser discussing liquidity and discount management on both an ongoing and frequent basis;
- Shareholder Consultation took place to discuss the distribution/reinvestment of excess income, potential exit opportunity and valuation methodology used; and
- Amendments to the NAV factsheets by publishing the IFRS NAV on a quarterly basis as from April 2023 on the LSE.

There was no impact on the Directors' remuneration as a result of the above discussions.

During 2022, all Directors were kept informed of Shareholder engagement, as necessary, so that they are aware of and understand the views communicated. Any pertinent matters were followed up on by the Board and Shareholder views were continually considered as part of the Directors' decision-making processes.

Service Providers

Why we engage	How we engage
As an investment company with no employees, the Company is reliant on its service providers to conduct its business. The Board considers the Portfolio Adviser, the Administrator and the Registrar to be critical to the Company's day-to-day operations. **The Board views the Company's other service providers, such as brokers, auditors and lawyers as being highly important in enabling the Company to meet its regulatory and legal requirements as necessary.**	The Board engages with its Portfolio Adviser on an on-going basis through: a) regular communication with representatives as required, such as telephone and email correspondence, discussing ad-hoc matters which may arise; b) monthly meetings to receive updates on the performance of the portfolio; c) quarterly board meetings to receive detailed updates on, but not limited to, the loan and CLO markets and activity updates for the Underlying Company. These include discussions about capital inflows, performance of current investments and return attribution; d) an annual due diligence meeting with senior representatives of the Portfolio Adviser held virtually in 2022; and e) ad-hoc meetings to discuss various day-to-day operational matters or strategic matters. The Board engages with its Administrator on an on-going basis including: a) regular communication with representatives, such as telephone and email correspondence, to discuss any ad-hoc matters; b) monthly meetings to discuss the Published NAV as computed by the Administrator; c) quarterly Board meetings at which the Board receives accounting, company secretarial and compliance updates and liaises with the Administrator on any pertinent matters; d) production of the Company's Half-Yearly Financial Report and Annual Report and Audited Financial Statements; e) ad-hoc meetings to discuss various day-to-day operational matters; and f) annual service review meetings. The Company's Registrar is responsible for maintaining the Company's share register and for processing any corporate actions. The Registrar's reports are available via an online platform. The Board receives quarterly reports in person from the Company's Registrar on key matters. The Company otherwise engages as necessary with the Registrar via email and telephone.

Outcome

Through its engagement with its service providers during 2022, the Board confirms it has received appropriate and timely advice and guidance, together with responses to any query raised. There were no material actions resulting from engagement with service providers. The Board's engagement during 2022 with its service providers enabled it to help facilitate the effective running of the Company and therefore to determine that the Company is well managed and its operations and internal controls are effective, efficient and compliant.

Underlying Company

Why we engage	How we engage
The Board's purpose and strategy is implemented through investment in the Underlying Company, BCF. Understanding the capital requirements, specifically the timing and quantum, of the Underlying Company is important to the Board to ensure the Company can provide capital as required and so that redemptions of CSWs are appropriately factored in so as to not adversely impact the operations of the Underlying Company. **Additionally, understanding the performance of the Underlying Company is vital to ensuring the Company can deliver on its investment objective of income and capital appreciation.**	The Board engages with the Portfolio Adviser and the Board of directors of the Underlying Company to understand their capital requirements and performance. It does so through the methods described above. The Board also held a virtual meeting with the board of BCF during 2022.

Outcome
During 2022, the Board has kept abreast of capital requirements and the performance of the Underlying Company (BCF). It has reviewed BCF's past performance and contributing factors to that past performance together with their prospective outlook. From this process, the Board has considered the effectiveness of the Portfolio Adviser and in doing so, ensured the execution of the investment strategy of the Company over the longer term.

Wider society

Why we engage	How we engage
As a responsible corporate citizen the Company recognises that its operations have an environmental footprint and an impact on wider society.	The Board welcomes the views of stakeholders to remain current in their understanding of stakeholder views relating to environmental and social matters. The Board seeks to uphold the highest standards of professionalism and corporate governance and embraces diversity, inclusion and ESG. The Board expects the same from its service providers and asks its service providers to provide an overview of their diversity and ESG policies on an annual basis, as part of the Company's service provider evaluation. Mr Clark is responsible for ESG matters at Board-level. In endeavouring to exemplify best corporate governance practice, the Board aims to positively influence BX Credit and the wider corporate and economic environment and inspire stakeholder trust.

Outcome
The Board is conscious of the importance of good governance, including diversity, inclusion and ESG specifically and seeks to positively influence the wider society and its service providers. During 2022, the Board liaised with BX Credit to advance their ESG initiatives and processes for upholding high standards of ESG, responsible investing and governance; such discussions remain ongoing as ESG procedures and requirements evolve.

Regulators

Why we engage	How we engage
The Board engages with its main regulator, the JFSC, and other regulators to ensure business is conducted in line with their expectations and the evolving regulatory framework.	The Company primarily interacts with its main regulator through formal submissions of information on a periodic basis (for example, periodic financial statements). The Company engages more formally with its regulators on an ad-hoc basis, via its Compliance Officer. The Board also receives detailed quarterly legal, regulatory and compliance updates.

Outcome
During 2022, the Company complied with regulatory and statutory rules, maintained an open and transparent form of communication with its regulators and the Board received appropriate and timely advice and guidance, together with responses to any query the Board had. During the year, the Company had no material communications with its regulators.

Corporate Activity

The principal decisions taken below are the ones that the Board considers have the greatest impact on the Company's long-term success. The Board considers the factors outlined under the Section 172(1) statement and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Dividend Policy

Description
On 24 January 2022, the Board announced that the Company had adopted a dividend policy targeting a total 2022 annual dividend of between €0.07 and €0.08 per ordinary share, to consist of quarterly payments of €0.0175 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. In accordance with the Company's dividend policy, the Board declared dividends of €0.0175 per ordinary share for the first three quarters of 2022 and a dividend of €0.0275 per ordinary share for the fourth quarter. On 23 January 2023, the Board announced that the Company has adopted a dividend policy targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share, which will consist of quarterly payments of €0.02 per ordinary share for the first three quarters and a final quarterly payment of a variable amount to be determined at that time.

Impact on long-term success	Stakeholder considerations
Amending the dividend to ensure the long-term sustainability of the Company. At the same time, the dividend policy provides sufficient flexibility to pay more or less for Q4 dependent on the year's results.	Stakeholders are provided with a degree of certainty as to the level of Shareholder dividends and the sustainability of the Company is also enhanced.

Share Repurchase Programme

Description
From 1 January 2022 to 31 December 2022, the Company undertook 118 share repurchases and repurchased a total of 16,406,180 ordinary shares at a weighted average price of €0.6997 per ordinary share. The repurchased shares were held in treasury during 2022 and remain in treasury. On 27 September 2021, the Company announced that it had appointed its Joint Brokers to manage a Share Repurchase Programme to repurchase ordinary shares within certain pre-set parameters, to begin on 1 October 2021 and run until 21 January 2022. On 17 June 2022, the Company announced that the above-described Share Repurchase Programme had been renewed until 27 July 2022. On 28 July 2022, the Company announced that the above described Share Repurchase Programme had been renewed until 20 October 2022. On 21 October 2022, the Company announced that the Share Repurchase Programme would be renewed until 20 January 2023. On 23 January 2023, the Company announced that the Share Repurchase Programme would be renewed until 3 May 2023. During the period 1 January 2023 to 27 April 2023, the Company has repurchased 1,839,619 shares at a total cost of €1,228,191 (excluding fees and commissions).

Impact on long-term success	Stakeholder considerations
▪ Increasing the NAV per ordinary share; ▪ Aiming to reduce the discount to NAV which ordinary shares are trading; and ▪ Reducing share price volatility.	The Board believes that undertaking repurchases of ordinary shares helps to address any imbalance between the supply of, and demand for, the ordinary shares.

Risk Overview

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls to enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

Risk Appetite

The Board's strategic risk appetite is to balance the amount of income distributed by the Company by way of dividend with the opportunity to reinvest the returns received from the underlying CLO investments in further CLO equity. The Board seeks to ensure that the dividend policy is sustainable. Where the Company's share price is at a material discount to the NAV per ordinary share the Board may decide to repurchase shares in accordance with its share buyback policy instead of, or as well as, reinvestment into CLOs.

When considering other risks, the Board's risk appetite is effectively governed by a cost benefit analysis when assessing mitigation measures. However, at all times the Company will seek to follow best practice and remain compliant with all applicable laws, rules and regulations.

Statement on risk management and internal controls

Board acknowledgements	Commentary
The Board is responsible for the Company's risk management and internal control systems and for reviewing their effectiveness.	Refer to page 57 for a description of risk management and internal controls.
The Board is responsible for the ongoing process for identifying, evaluating and managing the principal risks faced by the Company.	Refer to the section on pages 38 and 39 for a description of the principal risks faced by the Company and how the Board assesses, monitors, measures and reports on those risks.
The Board ensures the internal control systems of its key service providers are regularly reviewed and have been in place for the year under review and up to date of this Annual Report.	As explained on page 57, the Board relies on the control environment of its key service providers and reviews them on an ongoing basis. The Board also reviews the performance of the Portfolio Adviser and its key service providers on an annual basis, as outlined on page 54.

Principal Risks and Uncertainties

As recommended by the Risk Committee, the Board has adopted a risk management framework to govern how the Board identifies existing and emerging risks, determines risk appetite, identifies mitigation and controls and how the Board assesses, monitors, measures and reports on risks.

The Board's strategic risk appetite is to balance the amount of income distributed by the Company by way of dividend with the opportunity to reinvest the returns received from the underlying CLO investments in further CLO equity. The Board seeks to ensure that the dividend policy is sustainable. Where the Company's share price is at a material discount to the NAV per share the Board may decide to repurchase shares in accordance with its share buyback policy instead of, or as well as, reinvestment into CLOs.

When considering other risks, the Board's risk appetite is effectively governed by a cost benefit analysis when assessing mitigation measures. However, at all times the Company will seek to follow best practice and remain compliant with all applicable laws, rules and regulations.

The Board reviews risks at least twice a year and receives deep-dive reports on specific risks as recommended by the Risk Committee. Throughout the period under review, the Board considered a set of sixteen main risks which have a higher probability and a significant potential impact on performance, strategy, reputation or operations (Category A risks). Of these, the five risks identified below were considered the principal risks faced by the Company where the combination of probability and impact was assessed as being most significant. The Board also considered twelve other less significant existing or emerging risks (Category B risks) which are monitored on a watch list.

During the year, the day-to-day impact of the COVID-19 pandemic on the Company's investments and the operations of its service providers decreased. After Russia's invasion of Ukraine, the Portfolio Adviser reviewed the underlying portfolio of companies that the Company is exposed to and identified a very small number whose revenue and earnings might be impacted by the conflict. These positions have been closely monitored by the Portfolio Adviser and opportunities have been taken to trim the exposure, so it is now negligible. More recently, the macro-economic environment has deteriorated, with rising inflation and interest rates and the Portfolio Adviser has focused on positioning the underlying portfolio appropriately. The Portfolio Adviser has closely monitored these positions and managed their risk accordingly. Refer to page 22 for further details. The commentary below describes the factors affecting each of the principal risks during the year.

Principal risk	Commentary
Investment performance A key risk to the Company is unsatisfactory investment performance due to an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk reward characteristics for CLO structuring. This could directly impact the performance of the underlying CLOs that the Company invests in and it could also result in a reduced number of suitable investment opportunities and/or lower Shareholder demand.	**2022: Increased probability, stable impact.** In early 2022, credit markets were initially impacted by the Russian invasion of Ukraine, but the Company's exposure was limited. As the year progressed, focus turned to more negative macro-economic developments with increasing inflation and interest rates. The Portfolio Adviser continued to actively manage the CLO portfolios to orientate them for this environment. The Board takes comfort from the pedigree of BX Credit as Portfolio Advisers and their ability to trade and manage risk in the portfolios in difficult circumstances, as demonstrated in the GFC and in the height of the COVID-19 pandemic. See comments from the Portfolio Adviser on Risk Management on page 22.
Share price discount to NAV per Ordinary Share The price of the Company's shares may trade at a discount relative to the underlying net asset value of the shares. This can be for a number of reasons, including the inherent lack of liquidity in the underlying investments and the shares, relatively poor investment performance compared to peers and/or market perceptions of the inherent value of the Company's portfolio.	**2022: Increased probability, stable impact.** After the Russian invasion of Ukraine, the discount moved out to the 19.8% to 21.0% range and did not recover as macro-economic concerns then weighed on the share price. The Board kept measures to improve the discount under review during the year and continued buying back the Company's shares. Evidence suggests that this has at least helped dampen the volatility of the discount. More recently, after the year-end, the Board has conducted a Shareholder Consultation regarding other measures as explained on pages 46 to 47 and in the Chair's Statement.

Principal risk	Commentary
Investment valuation The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BCF held by the Lux Subsidiary are at fair value. Investments in BCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors. Because the underlying CLO investments held by BCF are held to maturity for risk retention purposes, they are valued using a mark-to-model methodology, described in the Company's Prospectus, that is, based upon many assumptions. The valuation of the Company's investments therefore requires significant judgement and there is a risk that they are incorrectly valued due to calculation errors or incorrect assumptions.	**2022: Increased probability, stable impact.** The Directors use their judgement, with the assistance of the Portfolio Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. The board of directors of BCF likewise use their judgement in determining the valuation of investments and underlying CLOs and equity tranches retained by BCF. Independent valuation service providers are involved in determining the fair value of underlying CLOs. An alternative mark-to-market methodology for valuation has been used by the directors for financial reporting purposes twice a year. This is to comply with accounting standards that focus on fair value between a willing buyer and a willing seller at each reporting date. From January 2023, the mark-to-market valuation has been provided quarterly alongside the mark-to-model valuation, along with the key assumptions behind each methodology, to give investors more information. See also proposals regarding valuation policy resulting from the Shareholder Consultation on pages 46 to 47 and in the Chair's Statement.
Income distribution model The Company receives cash flows from its underlying exposure to debt and CLO investments held by BCF. Each underlying CLO will pay out a mixture of income and capital return over its life. BCF aims to distribute most of the proceeds that it receives from CLO investments to the Company (via PPNs) whilst reinvesting some of the proceeds back into CLOs to maintain capital invested. In turn, the Company aims to distribute income received to Shareholders, in accordance with its distribution policy, as well as fund buy backs of the Company's shares in accordance with its share buy-back policy. Any surplus is then reinvested on a discretionary basis by the Board. There is a risk that the distribution policy at the Company level may be too generous or re-investment may not be sufficient, resulting in the erosion of underlying capital invested.	**2022: Increased probability, stable impact.** The Directors use their judgement, with the assistance of the Portfolio Adviser, in setting the Company's distribution policy to ensure that it is appropriate given the performance of the underlying CLOs. Based upon the modelling of cash flows provided by the Portfolio Adviser, the Board were able to pay a dividend of €0.08 per ordinary share for 2022 and as outlined in the Chair's Statement on page 8 have announced an increased target range for 2023 of €0.08 to €0.09 per ordinary share.
Operational The Company has no employees, systems or premises and is reliant on its Portfolio Adviser and other service providers for the delivery of its investment objective and strategy.	**2022: Increased probability, stable impact.** This risk has been increased in the year as there has been some staff turnover and strategic pressures on key service providers.

Going Concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments while factoring in the continuing economic impact from the inflationary environment, increasing interest rates and the impact of Russia's invasion of Ukraine. The Directors have also considered the principal risks as outlined on pages 38 to 39 and have concluded that these do not have any impact on the going concern status of the Company. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and the Directors believe it is appropriate to continue to adopt this basis for a period of at least 12 months from the date of approval of these financial statements.

Viability Statement

At least once a year the Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. The Directors also assess the Company's policies and procedures for monitoring, managing and mitigating its exposure to these risks. In assessing viability, the Directors have considered on an individual basis, each of the principal risks of the Company as detailed on pages 38 to 39 along with the evolution of market, economic and political conditions, the Company's current position, investment objective and strategy and the performance of the Portfolio Adviser, and hence how these could impact the cash flows received by BGLF from its Lux Subsidiary and ultimately from BCF.

The Directors believe that the principal risk most likely to impact viability is that relating to investment performance. As explained on pages 27 to 29, the Company's underlying investment exposure is to the investment portfolio of BCF. BCF's portfolio comprises the following categories of investments: (i) CLO Debt and CLO Income Notes securitised by BCF, (ii) a portfolio of senior secured loans and bonds and (iii) preference shares. The majority of CLO investments in the portfolio have a non-call period of approximately two years from their origination date and cannot be redeemed until these expire.

The directors considered two extreme market scenarios.

1 Scenario 1 included assumptions which mirrored the global financial crisis, namely:

	EUR CLOs	US CLOs
Prepayment rate	7.5% for first 2 years; 25% thereafter	10% for first 2 years; 25% thereafter
Constant default rate	2.0% for next 2 years	2.0% for next 2 years
Recovery rate	60% for next 2 years	60% for next 2 years
Re-investment price	90 for first 6 months; 95 for the next year; 99.5 thereafter	90 for first 6 months; 95 for the next year; 99.5 thereafter
Elevated CCC basket stress	10%	10%

- CLO warehouses assume no cash flows for the first three years, followed by 14% yield cash flows on 50% impaired principal.
- The revolving facility assumes a 10% haircut on cash flows from the loan balance for the first three years, no haircuts are assumed for the following two years.

2 Scenario 2 included assumptions which incorporated severe spread stress, namely:

	EUR CLOs	US CLOs
Prepayment rate	40% for first 2 years; 25% thereafter	40% for first 2 years; 25% thereafter
Constant default rate	1.65%	1.65%
Recovery rate	60%	60%
Reinvestment spread	3.0% over SoFR	2.90% over SoFR
Reinvestment rate	100	100

- Assumes no adjustment to the 14% statically yielding CLO warehouse cash flows.
- For the revolver, an average coupon of 3.25% was applied to a static financing vehicle based on an approximated historical run rate.

The Directors also considered other key risks on top of the above, as outlined on pages 38 to 39, and concluded that these risks do not impact the resilience or sustainability of the Company's business model. Whilst each of these key risks could have an impact on the long-term sustainability of the Company, the Directors concluded that each was sufficiently mitigated and would therefore not impact the viability of the Company over a five-year period.

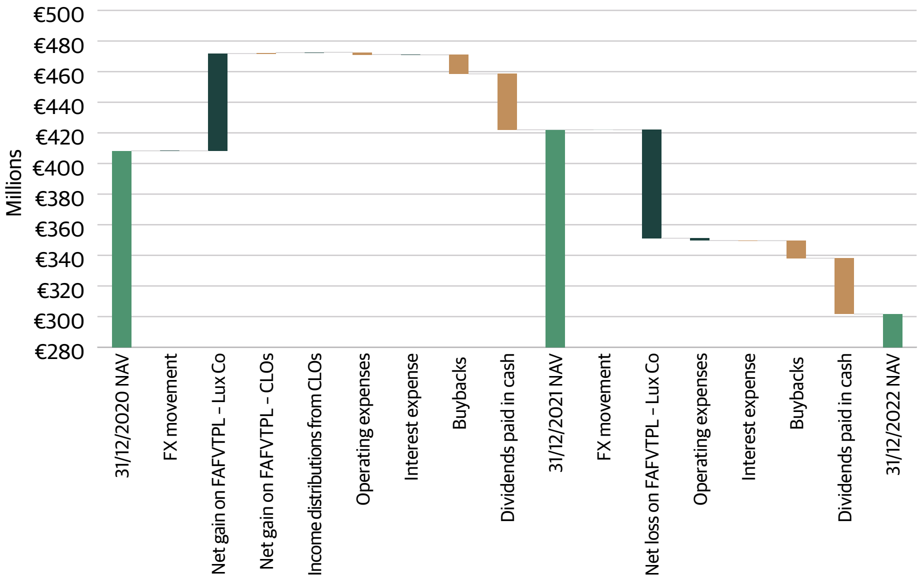
The Directors have assessed the prospects of the Company over the five-year period to 30 April 2028 which the Directors have determined constitutes an appropriate period to provide its viability statement. The Directors regularly receive financial forecasts from the Portfolio Adviser presented on a quarterly basis for at least the next four to five years. The Directors believe that financial forecasts to support its investment strategy can be subject to changes dependent upon investment performance, deployment of capital and regulatory, legal and tax developments for which the impact beyond a five-year term is difficult to assess. In addition, the extent to which macro-economic, political, social, technological and regulatory changes beyond a five-year term may have a plausible impact on the Company are difficult to envisage.

The Directors continue to regularly review the Company's dividend policy, but at present are satisfied that the outcomes modelled by the Portfolio Adviser under extreme market scenarios will allow the Company to generate sufficient cash flow to meet the dividend policy and ensure that the Company is able to meet its liabilities, as they fall due. Should the Company need to take action to mitigate the threats to viability, it will consider reduction in the dividend to ensure continued viability.

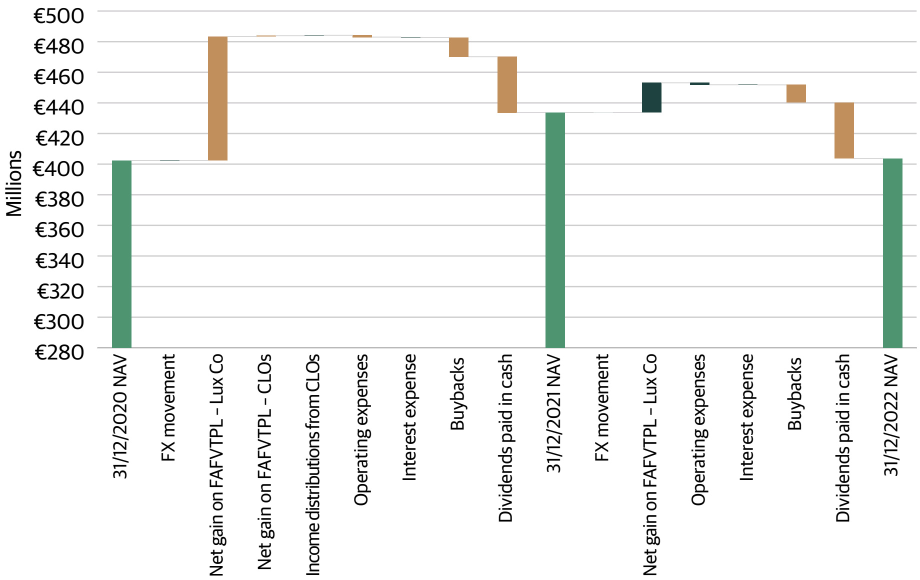
On the basis of this assessment of the principal risks facing the Company and the modelled extreme market scenarios by the Portfolio Adviser used to assess the Company's prospects and in the absence of any unforeseen circumstances, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. However, it is worth noting that there is no intention for the life of the Company to be limited to this five-year period.

Performance Analysis

IFRS NAV Performance Analysis for the Years Ended 31 December 2022 and 31 December 2021 – Contributors to Change



Published NAV Performance Analysis for the Years Ended 31 December 2022 and 31 December 2021 – Contributors to Change



"Net loss/gain on FAFVTPL – Lux Co" for the years ended 31 December 2022 and 31 December 2021 reflects the Company's pro-rated share of the underlying activity of BCF.

"Net gain on FAFVTPL – CLOs" and "income distributions from CLOs" for the year ended 31 December 2021 relate to the directly held CLOs from the Rollover Offer.

Further commentary on the Company's performance is contained in the Chair's Statement and the Portfolio Adviser's Review.

Other Information

Valuation Methodology

As noted on page 5, the Published NAV and the IFRS NAV may diverge because of different key assumptions used to determine the valuation of the BCF portfolio. Key assumptions which are different between the two bases as at 31 December 2022 and 31 December 2021 are detailed below:

Asset	Valuation Methodology	Input	IFRS NAV	Published NAV	IFRS NAV	Published NAV
				31 December 2022		31 December 2021
CLO Securities	Discounted Cash Flows	Constant default rate[38]	2.0%	2.0%	2.0%	2.0%
		Conditional prepayment rate	20%	25%	25%	25%
		Reinvestment spread (bps over LIBOR/SoFR)	363.99	360.36	350.04	360.32
		Recovery rate loans	65.00%	65.00%	60.00%	60.00%
		Recovery lag (Months)	–	–	–	–
		Discount rate	25.30%	15.00%	12.75%	14.00%

All of the assumptions above are based on weighted averages.

Certain assumptions which underpin the year-end Published NAV, such as reinvestment spread and the discount rate, are generally more conservative than those underlying in the IFRS NAV. The below table further explains the rationale regarding the differences in the assumptions that significantly contributed to the valuation divergence as at 31 December 2022.

Assumptions	IFRS NAV	Published NAV
Discount Rate	Intended to reflect the market required rate of return for similar securities and is informed by market research, BWICs, market colour for comparable transactions and dealer runs. The discount rate may vary based on underlying loan prices, exposure to distressed assets or industries, manager performance and time remaining in reinvestment period. Discount rates have widened materially relative to Quarter 4 2021, as higher rates, higher spreads, and increased inflation expectations negatively impacted credit markets.	Based on the expected rate of return for a newly originated CLO equity security on a hold to maturity basis. The expected rate of return is based on a long-term market average and is periodically reviewed and updated to the extent of secular changes in the market. Discount rates increased 100bps relative to the prior year, as prolonged market volatility led to a re-rating of expected long-term returns.

Source of the Company's Dividend – Ordinary Class

The Company through its investments in the Lux Subsidiary receives income, on a quarterly basis, on the PPNs held by the latter in BCF, which continues to generate positive cash flows from its CLO income note investments and from its portfolio of directly held and warehoused loans.

The Company redeems CSWs on a quarterly basis to transfer the income from the Lux Subsidiary. As detailed on page 7, the Company redeemed 35,146,135 CSWs in the Lux Subsidiary during the year with a fair value of €57,293,420 to fund the quarterly dividends.

(38) Deal level constant default rate

Alternative Investment Fund Managers' Directive

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. There has been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

Alternative Performance Measures

In accordance with ESMA Guidelines on APMs, the Board has considered which APMs are included in the Annual Report and Audited Financial Statements and require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the financial statements, which are unaudited and outside the scope of IFRS, are detailed in the table below.

	Published NAV total return per Ordinary Share[39]	Published NAV per Ordinary Share[39]	(Discount)/Premium per Ordinary Share
Definition	The increase in the Published NAV per ordinary share plus the total dividends paid per ordinary share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per ordinary share as at period end	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus, divided by the number of ordinary shares at the relevant time	BGLF's closing share price on the LSE less the Published NAV per ordinary share as at the period end, divided by the Published NAV per ordinary share as at that date
Reason	NAV total return summarises the Company's true growth over time while taking into account both capital appreciation and dividend yield	The Published NAV per ordinary share is an indicator of the intrinsic value of the Company	The discount or premium per ordinary share is a key indicator of the discrepancy between the market value and the intrinsic value of the Company
Target	11%+	Not applicable	Maximum discount of 7.5%
Performance			
2022	5.22%	0.9081	(26.77)%[40]
2021	21.82%	0.9407	(15.75)%
2020	(0.22)%	0.8435	(20.57)%
2019	14.46%	0.9187	(10.20)%
2018	6.70%	0.8963	(15.21)%

(39) Published NAV is an APM from which these metrics are derived.
(40) Refer to details on management of the discount in the Chair's Statement.

A reconciliation of the above-mentioned APMs to the most directly reconcilable line items presented in the financial statements for the year ended 31 December 2022 is presented below:

Published NAV total return per Ordinary Share

	31 December 2022	31 December 2021
Opening Published NAV per Ordinary Share (A)	€0.9407	€0.8435
Adjustments per Ordinary Share (B)	€(0.0253)	€0.0122
Opening IFRS NAV per Ordinary Share (C=A+B)	€0.9154	€0.8557
Closing Published NAV per Ordinary Share (D)	€0.9081	€0.9407
Adjustments per Ordinary Share (E)	€(0.2297)	€(0.0253)
Closing IFRS NAV per Ordinary Share (F=D+E)	€0.6784	€0.9154
Dividends paid during the year (G)	€0.0800	€0.0775
Published NAV total return per Ordinary Share (H=(D-A+G)/A)	5.04%	20.71%
Impact of dividend re-investment (I)	0.18%	1.11%
Published NAV total return per Ordinary Share with dividends re-invested (J=H+I)	5.22%	21.82%
IFRS NAV total return per Ordinary Share (K=(F-C+G)/C)	(17.15)%	16.03%
Impact of dividend re-investment (L)	(2.04)%	0.84%
IFRS NAV total return per Ordinary Share with dividends re-invested (M=K+L)	(19.19)%	16.87%

Refer to Note 16 for further details on the adjustments per Ordinary Share.

Published NAV per Ordinary Share

	31 December 2022	31 December 2021
Published NAV per Ordinary Share (A)	€0.9081	€0.9407
Adjustments per Ordinary Share (B)	€(0.2297)	€(0.0253)
IFRS NAV per Ordinary Share (C=A+B)	€0.6784	€0.9154

Refer to Note 16 for further details on the adjustments per Ordinary Share.

(Discount)/Premium per Ordinary Share

	31 December 2022	31 December 2021
Published NAV per Ordinary Share (A)	€0.9081	€0.9407
Adjustments per Ordinary Share (B)	€(0.2297)	€(0.0253)
IFRS NAV per Ordinary Share (C=A+B)	€0.6784	€0.9154
Closing share price as at 31 December per the LSE (D)	€0.6650	€0.7925
Discount to Published NAV per Ordinary Share (E=(D-A)/A)	(26.77)%	(15.75)%
Discount to IFRS NAV per Ordinary Share (F=(D-C)/C)	(1.98)%	(13.43)%

Refer to Note 16 for further details on the adjustments per Ordinary Share.

Significant Events after the Reporting Period

Dividends

On 23 January 2023, the Board declared a dividend of €0.0275 per ordinary share in respect of the period from 1 October 2022 to 31 December 2022 with an ex-dividend date of 2 February 2023. A total payment of €12,182,391 was processed on 3 March 2023.

On 23 January 2023, the Board also announced that it is targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share, which will consist of quarterly payments of €0.02 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time.

On 25 April 2023, the Board declared a dividend of €0.02 per ordinary share in respect of the period from 1 January 2023 to 31 March 2023 with an ex-dividend date of 4 May 2023. The dividend will be paid on 2 June 2023.

Share Repurchase Programme

Repurchase of Ordinary Shares

During the period from 1 January 2023 to 27 April 2023, the Company repurchased 1,839,619 shares at a total cost of €1,228,191 (excluding fees and commissions).

Investment Policy Change

On 10 February 2023, the Board announced that BCF had notified them of a proposed change to BCF's investment policy. The proposed change to the investment policy will enable BCF (or an underlying company through which it invests) to hold minority equity positions in addition to majority equity positions and/or debt positions in European and US CLOs, which would all be in Blackstone managed and controlled CLOs. Accordingly, BCF (or any underlying company through which it invests) may not be the risk retention provider in respect of certain CLOs in which it comes to hold a minority equity position (in such circumstances, the risk retention will be held by another Blackstone affiliated entity in compliance with UK and European risk retention rules).

These changes took effect on 9 March 2023.

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 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 Portfolio Adviser and 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. An announcement was made on 17 March 2023, covering 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 Portfolio 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 AGM expected to be held in July 2023. 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 BCF's assets were in CLO securities which must be held to maturity under EU retention regulations. Any run-off of BCF, 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 BCF'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 share price discount to NAV 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.

Board changes

Mr Gary Clark and Ms Charlotte Valeur have informed the Board of their intention to retire at the Company's next AGM as they will have reached nine years of service. The Company also announced the appointment of Mr Giles Adu as non-executive director, which is now confirmed to be effective from the date of 2023 AGM. As approved in the Remuneration and Nomination Committee meeting held on 27 April 2023, Mr Steven Wilderspin will be appointed in the role of Chair following the 2023 AGM.

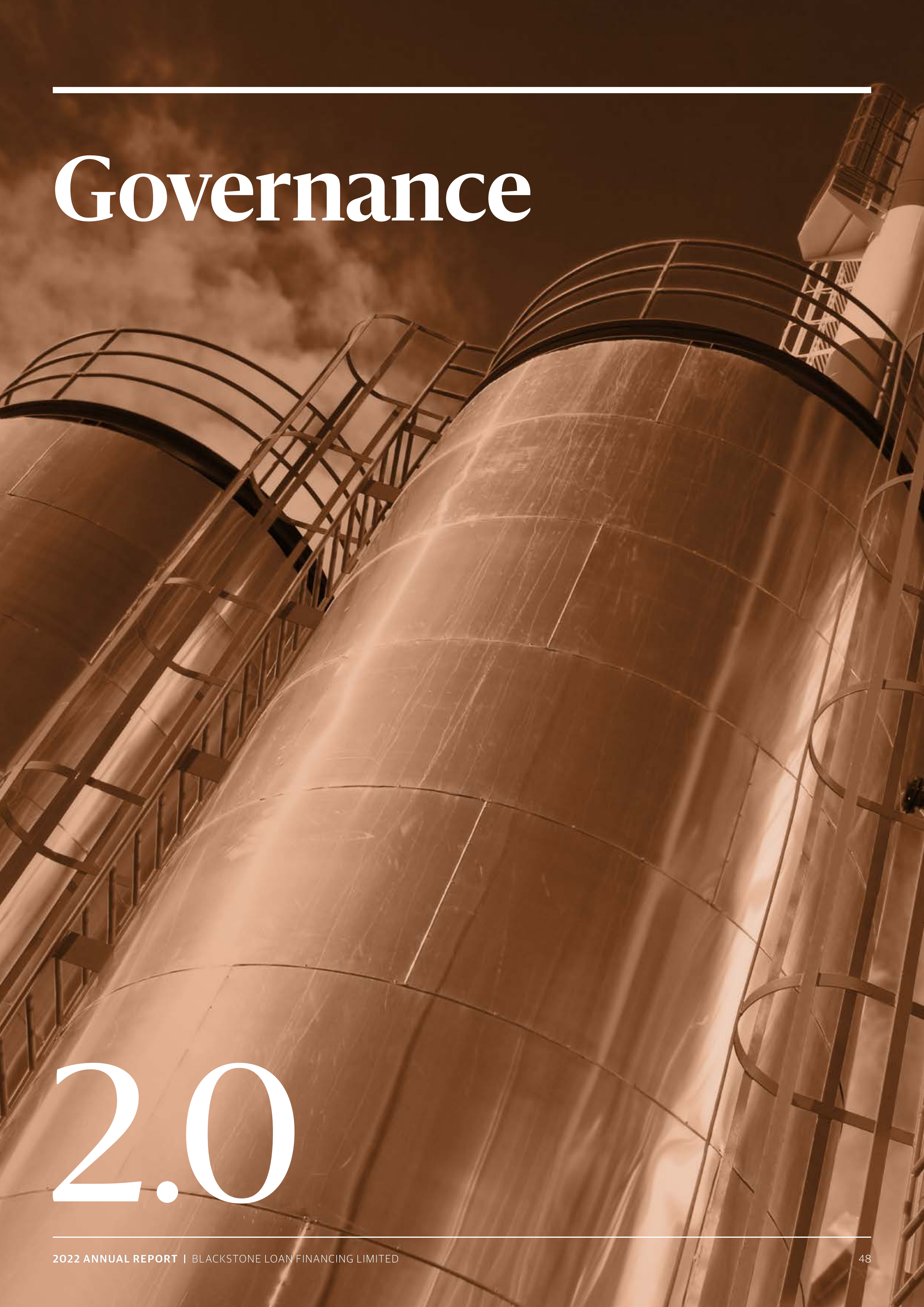
Refer to page 55 for more details on the above changes.

Related parties

There have been no material changes to the nature of related party transactions. Refer to Note 19 for information on related party transactions.

Outlook

It is the Board's intention that the Company will pursue its investment objective and investment policy as detailed on pages 27 to 29. Further comments on the outlook for the Company for the 2023 financial year and the main trends and factors likely to affects its future development, performance and position are contained within the Chair's Statement and the Portfolio Adviser's Review.



Governance

2.0

Directors' Biographies

The Directors appointed to the Board as at the date of approval of this Annual Report and Audited Financial Statements are:

Charlotte Valeur

Position: Chair of the Board (non-executive and independent director, resident in Jersey)

Date of appointment: 13 June 2014

Ms Charlotte Valeur has over 35 years of experience in finance, primarily as an investment banker in Capital Markets in Denmark and the UK. She is an experienced FTSE Chair, Non-Executive Director and corporate governance expert. Ms Charlotte Valeur's current appointments include her roles as NED of listed company Digital 9 Infrastructure Plc, NED of Laing O'Rourke Construction Ltd and NED of The Bankers Investment Trust PLC.

Ms Charlotte Valeur previously held roles as Chair of FTSE 250 Kennedy Wilson Europe Real Estate Plc, Chair of DW Catalyst Fund Ltd, NED of Renewable Energy Generation Plc, NED of Phoenix Spree Deutschland Ltd, NED of JPMorgan Convertibles Income Fund, NED of FTSE 250 3i Infrastructure Plc and NED of NTR Plc.

Ms Charlotte Valeur is also a Trustee of the Institute of Neurodiversity and Chair and founder of Board Apprentice. She is a member of the London Stock Exchange Primary Markets Group, serves on the Advisory Board of the Moller Institute, Churchill College, University of Cambridge and is a visiting Professor in Governance at University of Strathclyde. Ms Charlotte Valeur was previously the Chair of the UK Institute of Directors.

Gary Clark, ACA

Position: Chair of the Remuneration and Nomination Committee and NAV Review Committee; Senior Independent Director (non-executive and independent director, resident in Jersey)

Date of appointment: 13 June 2014

Mr Gary Clark acts as an independent non-executive director for a number of investment managers including Emirates NBD, abrdn Standard Capital and ICG. Until 1 March 2011, he was a managing director at State Street and their head of Hedge Fund Services in the Channel Islands. Mr Gary Clark, a Chartered Accountant, served as chairman of the Jersey Funds Association from 2004 to 2007 and was managing director at AIB Fund Administrators Limited when it was acquired by Mourant in 2006. This business was sold to State Street in 2010. Prior to this, Mr Gary Clark was managing director of the futures broker, GNI (Channel Islands) Limited in Jersey.

A specialist in alternative investment funds, Mr Gary Clark was one of several practitioners involved in a number of significant changes to the regulatory regime for funds in Jersey, including the introduction of both Jersey's Expert Funds Guide and Jersey's Unregulated Funds regime.

As a Chartered Accountant with over 30 years' experience in financial services, including many years focused on running fund administration businesses in alternative asset classes, Mr Gary Clark brings a wealth of highly relevant experience, at both board level and as an executive, in fund/asset management operations, including in particular valuation, accounting and administrative controls and processes.

Heather MacCallum, CA

Position: Chair of the Audit Committee (non-executive and independent director, resident in Jersey)

Date of appointment: 7 September 2017

Ms Heather MacCallum is a Chartered Accountant and was a partner of KPMG Channel Islands for 15 years before retiring from the partnership in 2016.

Ms Heather MacCallum now holds a portfolio of non-executive directorships including abrdn Latin American Income Fund Limited and Invesco Bond Income Plus Limited, both of which are investment companies listed on the London Stock Exchange. She is the Chair of Jersey Water, an unlisted Jersey utility company.

She is a member of the Institute of Directors and the Institute of Chartered Accountants of Scotland (ICAS). She is also a past president of the Jersey Society of Chartered and Certified Accountants.

With 20 years' experience gained in a global professional services firm, Ms Heather MacCallum brings financial experience including technical knowledge of accounting and auditing, especially in the context of financial services, and in particular the investment management sector.

Steven Wilderspin, FCA, IMC

Position: Chair of the Risk Committee (non-executive and independent director, resident in Jersey)

Date of appointment: 11 August 2017

Mr Steven Wilderspin, a qualified Chartered Accountant, has been the Principal of Wilderspin Independent Governance, which provides independent directorship services, since 2007. He has served on a number of private equity, property and hedge fund boards as well as commercial companies.

Mr Steven Wilderspin is a director of FTSE 250 GCP Infrastructure Investments Ltd, a director of FTSE 250 HarbourVest Global Private Equity Limited and a director of Phoenix Spree Deutschland Limited. Mr Steven Wilderspin previously served as the Chairman of the Audit and Risk Committee of FTSE 250 3i Infrastructure plc.

From 2001 until 2007, Mr Steven Wilderspin was a director of fund administrator Maples Finance Jersey Limited where he was responsible for fund and securitisation structures. Before that, from 1997, Mr Steven Wilderspin was Head of Accounting at Perpetual Fund Management (Jersey) Limited.

Mr Steven Wilderspin has significant listed corporate governance experience, particularly in the area of risk management, so is well placed to lead the board through the development of its risk framework.

Mark Moffat

Position: Non-executive and independent director (resident in UK)

Date of appointment: 8 January 2019

Mr Mark Moffat has been involved in structuring, managing and investing in CLOs for over 20 years. Mr Mark Moffat left GSO Capital Partners LP, part of the credit businesses of The Blackstone Group L.P., in April 2015 to pursue other interests.

Whilst at GSO, Mr Mark Moffat was a senior managing director and the portfolio manager responsible for investing in structured credit and co-head of the European activities of the Customised Credit Strategies division.

Mr Mark Moffat joined GSO in January 2012 following the acquisition by GSO of Harbourmaster Capital Management Limited where he was co-head. Prior to joining Harbourmaster in 2007, Mr Mark Moffat was head of European debt and equity capital markets and the European CLO business of Bear Stearns. At Bear Stearns, Mr Mark Moffat was responsible for the origination, structuring and execution of CLOs in Europe over a seven-year period. Prior to Bear Stearns, Mr Mark Moffat was global head of CLOs at ABN AMRO and a director in the principal finance team of Greenwich NatWest.

With over 20 years of experience structuring, managing and investing in CLOs, Mr Mark Moffat brings a deep knowledge of how CLO structures and markets perform over the credit cycle.

Directors' Report

The Directors present the Annual Report and Audited Financial Statements for the Company for the year ended 31 December 2022.

Directors

The Directors of the Company on the date the financial statements were approved are listed on pages 49 to 50. All Directors were directors of the Company throughout the year ended 31 December 2022.

The Board and Employees

The Board currently comprises three male and two female Directors. The Company has no employees; therefore, there is nothing further to report in respect of gender representation within the Company.

Full details of the Company's policy on 'Board diversity' can be found in the Corporate Governance Report on page 56.

Share Capital

The Company's share capital consists of an unlimited number of shares. As at 31 December 2022, the Company had 444,578,522 ordinary shares in issue and 38,324,272 ordinary shares in treasury (31 December 2021: 460,984,702 ordinary shares in issue and 21,918,092 ordinary shares in treasury).

Share Repurchase Programme

At the 2021 AGM, held on 23 July 2021, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the 2021 AGM for cancellation or to be held as treasury shares. Under this authority, during the year ended 31 December 2021, the Company purchased 7,722,373 of its ordinary shares of no par value at a total cost of €6,101,156. These ordinary share are being held as treasury shares.

At the Company's 2021 AGM, the Company received Shareholder approval to resell up to 46,880,707 Shares held by the Company in treasury. Under this authority, these Shares are permitted to be sold or transferred out of treasury for cash at a price representing a discount to Net Asset Value per ordinary share not greater than the discount at which such Shares were repurchased by the Company. To-date, no shares have been resold by the Company under this authority.

At the 2022 AGM, held on 17 June 2022, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the 2022 AGM for cancellation or to be held as treasury shares. Under this authority, during the year ended 31 December 2022, the Company purchased 16,406,180 of its ordinary shares of no par value at a total cost of €11,502,021. These ordinary share are being held as treasury shares.

At the Company's 2022 AGM, the Company received Shareholder approval to resell up to 45,932,470 shares held by the Company in treasury. Under this authority, these shares are permitted to be sold or transferred out of treasury for cash at a price representing a discount to net asset value per ordinary share not greater than the discount at which such shares were repurchased by the Company. To date, no shares have been resold by the Company under this authority.

Authority to Allot

At the 2022 AGM, the Directors were granted authority to allot, grant options over, or otherwise dispose of up to 45,932,470 ordinary shares (being equal to 10.00% of the Shares in issue at the date of the AGM). This authority will expire at the 2023 AGM.

Shareholders' Interests

As at 31 December 2022, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), of the following Shareholders with an interest of greater than 5% in the Company's issued share capital:

Shareholder	Date notified	Number of voting rights notified to the Company	Percentage of voting rights as per notification
BlackRock Inc	8 January 2020	109,488,727	22.78%
Quilter plc	16 December 2022	89,305,931	20.02%
Blackstone Treasury Asia Pte Ltd	9 January 2020	43,000,000	8.95%

During 1 January 2023 to 27 April 2023[41], the Company had been notified as follows:

Shareholder	Date notified	Number of voting rights notified to the Company	Percentage of voting rights as per notification
Quilter plc	1 February 2023	87,305,931	19.71%
Border to Coast Pensions Partnership	16 January 2023	24,000,000	5.36%

Statement of Disclosure of Information to the Auditor

The Directors who held office as at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial risk management

The Company is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds and the markets in which it invests. Refer to Note 10 for further details.

Modern slavery

The Company would not fall into the scope of the UK Modern Slavery Act 2015 (as the Company does not have any turnover derived from goods and services) if it was incorporated in the UK. Furthermore, as a closed-ended investment company, the Company has no employees and its supply chain is considered to be low risk given that suppliers are typically professional advisers based in any of the Channel Islands, Ireland or the UK. Based on these factors, the Board has considered that it is not necessary for the Company to make a slavery and human trafficking statement.

Gary Clark
Director
27 April 2023

(41) Only two TR1 Notifications were received from the period of 1 January 2023 to 27 April 2023. No notification has been received from BlackRock Inc and Blackstone Treasury Asia Pte Ltd post the year end

Corporate Governance Report

Statement of Compliance with Corporate Governance

The Board of the Company has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company, as an investment company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC and supported by the Jersey Financial Services Commission provides more relevant information to Shareholders.

The Company has complied with the Principles and Provisions of the AIC Code as they apply to the Company.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board

The Board consists of five non-executive directors. Their biographies can be found on pages 49 to 50.

The Board meets at least four times a year and is in regular contact with the Portfolio Adviser, the Portfolio Manager, the Administrator and the Company Secretary. Furthermore, the Board is supplied with information in a timely manner from the Portfolio Adviser, Portfolio Manager, the Company Secretary and other advisers in a form and of a quality appropriate for it to be able to discharge its duties.

Board Apprentices

The Board participates in the Board Apprentice scheme and took on two Board Apprentices during 2022. The Board considers this a valuable exercise in mentoring already accomplished individuals to be future directors, fostering equality and developing board culture.

Duties and Responsibilities

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to Shareholders for the overall management of the Company. The Board has delegated certain operational activities of the Company to the Portfolio Adviser, Administrator and Company Secretary. The Board reserves the power of decisions relating to the determination of investment policy, the approval of changes in strategy, capital structure, statutory obligations and public disclosure, and the entering into of any material contracts by the Company.

Board Attendance

The following table shows the number of meetings held by the Board and each committee for the year ended 31 December 2022, as well as the Directors' and Committee Members' attendance.

Meeting	Total	Charlotte Valeur	Gary Clark	Steven Wilderspin	Heather MacCallum	Mark Moffat
Quarterly Board	4	4	4	4	4	4
Ad Hoc Board	7	4	6	7	5	5
Ad Hoc board (Dividend Declaration)	4	1	3	3	4	4
Audit Committee	5	N/A	4	5	5	5
Management Engagement Committee	2	2	2	2	2	2
NAV Review Committee	12	N/A	11	10	11	10
Remuneration and Nomination Committee	2	2	2	2	2	2
Risk Committee	4	4	4	4	4	4
Inside Information Committee[42]	0	N/A[42]	N/A[42]	N/A[42]	N/A[42]	N/A[42]

Chair

The Chair is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is also responsible for ensuring that the Directors receive accurate, timely and clear information and for effective communication with Shareholders.

Board Independence

For the purpose of assessing compliance with principle G, provisions 10 and 13 of the AIC Code, the Board considers all of the current Directors to be independent.

The Directors consider that there are no factors, as set out in provision 13 in the AIC Code, which compromise the other Directors' independence and that all Directors contribute comprehensively to the affairs of the Company. The Board reviews the independence of all Directors annually. The Company Secretary acts as secretary to the Board and Committees and in doing so, assists the Chair in ensuring that all Directors have full and timely access to all relevant documentation, organises induction of new Directors, is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

Board evaluation

During 2022, the Board engaged Satori Board Review ("Satori") to conduct an external board evaluation, which included the performance of its committees. The Company does not have any other business relationships with Satori. The evaluation considered guidance outlined in the AIC Code, with account taken of other best practice guidance. The evaluation consisted predominantly of creation, issuance and collation of survey question responses, interviews with the Directors of the Company and key representatives of the Company's service providers and observation of Board and Committee meetings.

The results of the board evaluation were positive and a number of limited recommendations were made to further enhance the good governance of the Company. The recommendations have formed a part of the Board's rolling action plan.

Committees of the Board

The Board has established six committees: an Audit Committee, a Management Engagement Committee, a NAV Review Committee, a Remuneration and Nomination Committee, a Risk Committee, and an Inside Information Committee. Each committee has formally delegated duties and responsibilities within written terms of reference. These are available on the Company's website, blackstone.com/bglf, under "Terms of Reference".

The current committee memberships are detailed below.

Audit Committee

The Audit Committee comprises all Directors, except Ms Charlotte Valeur and is chaired by Ms Heather MacCallum.

The terms of reference state that the Audit Committee will meet not less than three times a year and will meet with the Auditor at least once a year. The report on the role and activities of this committee and its relationship with the Auditor is included in the Audit Committee Report on pages 61 to 63.

Management Engagement Committee

The Management Engagement Committee comprises all Directors and is chaired by Ms Charlotte Valeur.

The terms of reference state that the Management Engagement Committee shall meet at least once a year; will have responsibility for monitoring and reviewing the Portfolio Adviser's along with other service providers' performance and will recommend to the Board whether the continued appointment of the Portfolio Adviser and other service providers is in the best interests of the Company and Shareholders.

(42) The Inside Information Committee is a committee of any two Directors.

NAV Review Committee

The NAV Review Committee comprises all Directors, except Ms Charlotte Valeur and is chaired by Mr Gary Clark.

The terms of reference state that the NAV Review Committee shall meet at least once a month to review and consider the Company's NAV calculation, fact sheet and related stock exchange announcement(s).

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all Directors and is chaired by Mr Gary Clark.

The terms of reference state that the Remuneration and Nomination Committee will meet not less than twice a year and shall be responsible for all aspects of the appointment and remuneration of Directors. The remuneration duties of the committee include determining and agreeing with the Board the framework or broad policy for the remuneration of the Directors and to review its ongoing appropriateness and relevance.

The nomination duties of the committee include regularly reviewing the structure, size and composition of the Board, including the balance of skills, experience, independence and knowledge, as well as identifying, nominating and recommending for the approval of the Board, candidates to fill Board vacancies as they arise.

Director Re-Election and Tenure

The Remuneration and Nomination Committee and the Board are strongly committed to striking the correct balance between the benefits of continuity and those that come from the introduction of new perspectives to the Board.

It is the intention of the Board that each Director will retire after no longer than nine years in their role and the Board has adopted a policy whereby all Directors will be put up for re-election every year in line with the AIC Code. Each of the Directors has demonstrated a strong commitment to the Company and the Board believes each Director's re-election to be in the best interests of the Company. Accordingly, all Directors will be put forward for re-election at the forthcoming AGM, except for Ms Charlotte Valeur and Mr Gary Clark.

The Company announced on 3 April 2023 that Mr Gary Clark, who has served as a non-executive director of the Company since its IPO, intends to retire at the Company's 2023 AGM, having reached nine years of service. Ms Charlotte Valeur who has also served as a non-executive director and Chair of the Company since its IPO, has also informed the Board of her intention to retire at the Company's next AGM. The Board wishes to thank Mr Gary Clark and Ms Charlotte Valeur for their significant contribution to the Company over that time and wish them every success in their future endeavours.

Board succession

The Board maintains a succession planning matrix covering the Directors' skills, the Board's diversity and the Directors' expected year of retirement should they hold office for nine years. The matrix is used by the Remuneration and Nomination Committee to identify any additional skills that would benefit the Board and to help the Remuneration and Nomination Committee establish when to begin recruiting for any new directors. The Board also keeps its diversity under review.

The Committee commenced a recruitment process in October 2022 with the intention to identify candidates for anticipated Board succession in 2023. The Board engaged Nurole, an external market leading recruiter to manage the process. Nurole has no other connection to the Company or any individual Director. The recruitment process focused not only on the qualifications of each potential candidate but also on each candidates' independence and ensuring that no appointment would create conflicts of interest.

Nurole received a significant number of applications out of which nine individuals were shortlisted. Following interviews, three candidates were invited to meet the Portfolio Adviser. The Committee agreed that the decision on appointment should lie with the three members of the Committee that will be the continuing Directors of the Company and they chose Mr Giles Adu as the successful candidate. Mr Giles Adu has over 30 years' experience in financial markets and real estate investment across fixed-income sales and trading, alternative investment fund structuring, capital raising and property investment, structuring and financing. The Committee did consider the fact that Mr Giles Adu was married to Ms Charlotte Valeur over 10 years ago, but taking into account their respective circumstances and the principals and provisions of the AIC Code, concluded that Mr Giles Adu was and would remain independent on his appointment to the Board.

A proper and thorough process was followed in the appointment of Mr Giles Adu as a non-executive director of the Company, which will be effective as from the date of the 2023 AGM. Overall, the Board was impressed with the quality and calibre of all the candidates and had passed on their thanks to all those who participated in the process.

During 2023, the Board discussed succession of the Chair and concluded it to be in the best interests of the Company to appoint an existing director to the role of Chair. In a Remuneration and Nomination Committee meeting held on 27 April 2023, Mr Steven Wilderspin was recommended to the Board as the new Chair following the AGM in 2023. At a Board meeting held on the same date, the Board approved the recommendation of the Remuneration and Nomination Committee. Further consideration will be given to the appointment of an additional director later in the year.

Risk Committee

The Risk Committee comprises all Directors and is chaired by Mr Steven Wilderspin.

The terms of reference state that the Risk Committee shall meet at least two times a year. The activities of this committee are outlined in the Risk Committee Report on page 58.

Inside Information Committee

The Inside Information Committee comprises any two members of the Board.

The Inside Information Committee is responsible for considering whether anything brought to its attention constitutes inside information and monitoring the disclosure and control of such information.

Board diversity

The Board believes in and values the importance of a broad range of skills, experience and diversity, including gender and cultural or ethnic background, for the effective functioning of the Board, all of which are considered when determining the optimum composition of the Board. Board appointments are based on merit as well as being an appropriate fit for the Company.

The Board has a policy that aims to have a minimum of 40% of either gender represented on the Board and also recognises the importance of inclusivity in its diversity policy. The Board aims to ensure compliance with its policy in respect of any appointments to the Board, including ethnic diversity.

The below tables set out the Board's composition as at 31 December 2022 in terms of gender identity and ethnic background. The below text compares this against the targets prescribed by Listing Rule 9.8.6R (9)(a).

Number of board members	Percentage of the board	Senior positions on the board (CEO, CFO, SID and Chair)[43]
Men: 3	60%	**Gary Clark** – Chair of the Remuneration and Nomination Committee, Chair of the NAV Review Committee and Senior Independent Director **Steven Wilderspin** – Chair of the Risk Committee
Women: 2	40%	**Charlotte Valeur** – Chair of the Board **Heather MacCallum** – Chair of the Audit Committee
Not specified/prefer not to say	N/A	N/A

	Number of board members	Percentage of the board	Senior positions on the board (CEO, CFO, SID and Chair)[43]
White British or other White (including minority-white groups)	5	100%	**Gary Clark** – Chair of the Remuneration and Nomination Committee, Chair of the NAV Review Committee and Senior Independent Director **Steven Wilderspin** – Chair of the Risk Committee **Charlotte Valeur** – Chair of the Board **Heather MacCallum** – Chair of the Audit Committee
Mixed/Multiple Ethnic Groups	Nil	N/A	N/A
Asian/Asian British	Nil	N/A	N/A
Black/African/Caribbean/Black British	Nil	N/A	N/A
Other ethnic group, including Arab	Nil	N/A	N/A
Not specified/ prefer not to say	Nil	N/A	N/A

(43) The Company does not have executive management.

Internal controls

The Board has applied "principle O" of the AIC Code by establishing a continuous process for identifying, evaluating and managing the principal risks that the Company faces. The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board obtains comfort that the controls environment is effective in a number of ways. It receives and reviews independent reports regarding the control environments of key service providers Blackstone (Portfolio Adviser), BNP Paribas (Company Secretary and Depositary) and Link (Registrar). The auditor reports on any control findings from the audit and regular compliance reports are received from the Company's compliance officer. The Board also carry out annual due diligence visits to the Portfolio Adviser in Dublin to discuss amongst other matters, controls, risk, compliance and valuations.

The Audit Committee assists the Board in discharging its monitoring responsibilities.

During the course of the Board's review of the system of internal controls, it has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, no confirmation in respect of necessary actions has been made.

The Directors clearly define the duties and responsibilities of their agents and advisers, whose appointments are made after due consideration and monitor their ongoing performance, which is done with the assistance of the Management Engagement Committee. All of the Company's agents and advisers maintain their own systems of internal control on which they report to the Board. These systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and the costs of control. It follows, therefore, that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Directors are satisfied that the continued appointment of the relevant service providers is in the best interests of the Shareholders.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Portfolio Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, to safeguard the Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary. Full details are set out in the Audit Committee Report on pages 61 to 63.

The Company has appointed N+1 Singer Advisory LLP and Winterflood Securities Limited as its joint brokers. Together with the brokers, the Portfolio Adviser assists the Board in communicating with and understanding the views of the Company's Shareholders.

Risk Committee Report

Membership

The Risk Committee comprises Mr Steven Wilderspin (Chair), Ms Charlotte Valeur, Ms Heather MacCallum, Mr Gary Clark and Mr Mark Moffat.

Key Objectives

The Risk Committee has been established to assist the Board in its oversight of risk through ensuring the Company maintains a high standard of risk identification, monitoring and management so as to minimise investment risks and any other risks not covered by the Audit Committee.

Responsibilities

The Risk Committee's key responsibilities are:

- ensuring the Company's compliance with its investment objective, policies, restrictions and borrowing limits;
- ensuring that appropriate policies and reporting exists for the monitoring of the Company's key risks;
- developing and maintaining a risk register documenting identified risks, their mitigants, likelihood and impact, which is reviewed regularly by the Board with action points and newly identified risks being appropriately dealt with;
- defining risk review activities regarding investment decisions, transactions and exposures for approval by the Board; and
- ensuring due regard is given to all regulations, codes, and laws that the Company is subject to.

Committee Meetings

In 2022, the Risk Committee met on four occasions. The specific areas of focus for the Committee during the year included:

- **The ongoing impact of the COVID-19 pandemic.** The Committee reviewed the operational resilience of the Company's key service providers to ensure that they could continue providing services throughout the year, particularly during periods of lockdown. The Committee reviewed all of the Company's risks through the lens of the pandemic to ensure that any new or heightened risk was identified and appropriately dealt with. Other than the heightened operational risk, the most material increase in risk related to the sustainability of the Company's dividend and level of the Company's share price discount to Published NAV. These areas were addressed by the Board as described on pages 38 to 39.
- **ESG.** ESG was a major topic of discussion for the Committee and the wider Board during the year. See further information on pages 22 to 25.
- **LIBOR transition.** The Committee reviewed the impact of the transition of the interest reference rate for its underlying CLO assets and liabilities from LIBOR to alternatives such as SoFR. BX Credit has a project team that is managing this transition across its wider business. The impact on the Company as assets and liabilities transition over time is not expected to be material.
- **Virtual due diligence visit.** The Committee carried out a virtual due diligence visit to the Portfolio Adviser's Dublin office, including a meeting with the BCF board. The Committee focused on governance, valuation, compliance and risk management topics.

Risk Monitoring

Being internally managed, the Company is responsible for both portfolio and risk management. However, due to the nature of the investment and the limited ability to look through, traditional market and credit risk techniques do not apply at the Company level. That said, the Board engages, annually and as required, with the board of BCF and discusses with them key areas of risk.

Investment risk management and monitoring, to ensure the successful pursuance of our investment objective, is therefore mainly through the Company's monthly NAV reporting process and the monitoring of investment restrictions and eligibility criteria as carried out by the Depositary.

Steven Wilderspin
Risk Committee Chair
27 April 2023

Directors' Remuneration Report

Directors' Remuneration

This report provides relevant information in respect of the Directors' remuneration.

The tables below outlines the remuneration the Directors were entitled to during the year ended 31 December 2022 for their services:

	Total fixed remuneration for the year ended 31 December 2022	Total fixed remuneration for the year ended 31 December 2021
	£	£
Charlotte Valeur	62,000	61,000
Gary Clark	46,750	46,000
Heather MacCallum	50,250	49,500
Steven Wilderspin	45,250	44,500
Mark Moffat	38,750	38,000
Total Directors' Remuneration	**243,000**	**239,000**
Total Directors' Remuneration (€)	**281,337**	**284,347**

The Chairs of the Management Engagement Committee, NAV Review Committee, Remuneration and Nomination Committee, Audit Committee and Risk Committee each received additional fees, which are included in the amounts above, for the additional responsibilities and time commitment required in undertaking these roles. Additionally, the Senior Independent Director received additional fees for the additional responsibilities and time commitment required in undertaking this role.

The Remuneration and Nomination Committee increased each of the Directors fees for services provided by £750 with the exception of the Chair's fee which was increased by £1,000. These changes were effective from 1 January 2022.

Directors' remuneration is payable in Sterling quarterly in arrears. No other remuneration (fixed or variable) or compensation was paid or is payable by the Company during the year to any of the Directors. There has been no change to the Company's remuneration policy.

The Company has no employees, accordingly, there is no difference in policy on the remuneration of Directors and the remuneration of employees. No Director is entitled to receive any remuneration which is performance-related.

The Remuneration and Nomination Committee reviews the Remuneration Policy and Directors' remuneration on an annual basis.

Remuneration policy

Directors' fees are determined by the Remuneration and Nomination Committee under the terms of the remuneration policy (the "Remuneration Policy") approved on 3 November 2021, as derived from the Company's Articles of Association. The Remuneration and Nomination Committee also considers the remuneration levels of similar companies and consults external remuneration consultants where this is deemed appropriate. No such external remuneration consultants were engaged during the year.

The Remuneration and Nomination Committee consists of all Directors and is involved in deciding Directors' remuneration and ensuring that remuneration received reflects the Directors' duties, responsibilities and the value of their time.

The Company does not provide pensions or other retirement or superannuation benefits, death or disability benefits, or other allowances or gratuities to the Directors or specified connected parties. The Remuneration Policy also prohibits payments to a Director for loss of office or as consideration for, or in connection with, his or her retirement from office. Whilst the Remuneration Policy permits part of their fee to be paid in the form of fully-paid up shares in the capital of the Company, the Directors' fees are not currently paid this way.

In addition, the Remuneration Policy allows for reasonable travel, hotel and other expenses incurred by the Directors in the course of performing their duties or from their performance of a special service on behalf of the Company.

The limit for the aggregate fees payable to the Directors is £300,000 per annum.

Directors' interests

The Directors held the following number of ordinary shares in the Company as at the year-end:

Shares	Type	As at 31 December 2022	As at 31 December 2021
Charlotte Valeur	Ordinary	11,500	11,500
Gary Clark	Ordinary	168,200	168,200
Heather MacCallum	Ordinary	-	-
Steven Wilderspin	Ordinary	20,000	20,000
Mark Moffat	Ordinary	771,593	771,593

On 9 January 2023, Mr Mark Moffat disposed of 29,799 shares in the Company, held in his Stocks & Shares ISA Account, and simultaneously acquired 29,799 shares in the Company, via his Fund & Share Account.

There has been no other changes to the Directors' Interests as at the date of the approval of these financial statements.

Service contracts and policy on payment of loss of office

No Director has a service contract with the Company. The Directors have each entered into a letter of engagement with the Company setting out the terms of their appointment. Directors' appointments may be terminated at any time by giving three month's written notice, with no compensation payable upon leaving office for whatever reason.

Gary Clark
Remuneration and Nomination Committee Chair
27 April 2023

Audit Committee Report

Audit Committee

The Audit Committee comprises Ms Heather MacCallum, Mr Mark Moffat, Mr Steven Wilderspin and Mr Gary Clark and is chaired by Ms Heather MacCallum. Ms Heather MacCallum has recent and relevant financial experience in accounting and auditing and the Audit Committee as a whole has competence relevant to the sector in which the Company operates.

In addition to formal meetings, the Audit Committee has worked with the Portfolio Adviser and Auditor to assess the operations and controls of BCF and to assess in particular what reliance the Audit Committee can place on the control environment. The Chair has also had a number of discussions with the Auditor, the Portfolio Adviser and the Administrator around the annual audit and half year financial reporting processes.

Role of the Audit Committee

The function of the Audit Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.

The Audit Committee's main roles and responsibilities include, but are not limited to, the following:

- monitoring the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing and reporting to the Board on any significant financial reporting issues and judgements;
- reviewing and monitoring the effectiveness of the Company's risk management and internal control arrangements;
- monitoring the statutory audit of the annual financial statements of the Company and its effectiveness;
- reviewing the external auditor's performance, independence and objectivity;
- making recommendations to the Board in relation to the appointment, reappointment and/or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;
- implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;
- reviewing and challenging where necessary significant accounting policies and practices; and
- reporting to the Board on how it has discharged its responsibilities.

How the Audit Committee has discharged its responsibilities

The Audit Committee met five times during the year. Representatives of the Portfolio Adviser, Company's auditor and the Administrator were invited to the meetings as appropriate.

Monitoring the integrity of the financial statements including significant judgements

The Audit Committee reviewed the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2021 and the Half Yearly Financial Report for the six months ended 30 June 2022 prior to discussion and approval by the Board and the significant financial reporting issues and judgements which they contain. The Audit Committee also reviewed the external auditor's reports thereon, which were discussed with the Auditor. The Audit Committee reviewed the appropriateness of the Company's accounting principles and policies, and monitored changes to and compliance with, accounting standards on an ongoing basis.

After the year end, the Audit Committee had further meetings and reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements for the year ended 31 December 2022. In undertaking this review, the Audit Committee discussed with the Auditor, the Portfolio Adviser and the Administrator the critical accounting policies and judgements that have been applied.

The Auditor reported to the Committee on any non-trivial misstatements that they had found during the course of their work and confirmed that under ISA (UK) no material amounts remained unadjusted.

As requested by the Board, the Audit Committee also reviewed the Annual Report and are able to confirm to the Board that, in our view, the Annual Report, taken as a whole, is fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Significant accounting matters

The Committee considered the key accounting issues, matters and judgements regarding the Company's 2022 Annual Report and Financial Statements and disclosures including those relating to:

Significant Area	How Addressed
Valuation of investments	The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BCF held by the Lux Subsidiary are at fair value. Investments in BCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as Level 3 under IFRS 13 "Fair Value Measurement." Valuation is therefore considered a significant area and is monitored by the Board, the Audit Committee, the Portfolio Adviser and the Administrator. The Audit Committee receives and reviews reports on the processes for the valuation of investments. Following discussion, the Audit Committee was satisfied that the judgements made and methodologies applied were prudent and appropriate and that an appropriate accounting treatment has been adopted in accordance with IFRS 9. Please see Notes 2, 6, 10 and 16 in the financial statements for further details.

Assessment of Risks and Uncertainties

The risks associated with the Company's financial instruments, as disclosed in the financial statements, particularly in Note 10, represent a key accounting disclosure. The Audit Committee and the Risk Committee review critically, on the basis of input from the service providers, the process of ongoing identification and measurement of these risks disclosures.

Evaluation of the Audit Committee

During 2022, the Board engaged Satori Board Review ("Satori") to conduct an external board evaluation, which included the performance of the Audit Committee. Refer to page 54 for further details on this evaluation.

Other matters

During the year, the Committee considered compliance with relevant legislation, performance metrics and related disclosures in the Company's financial statements.

Risk management and internal controls

The Board as a whole is responsible for the Company's system of internal controls; however, the Audit Committee assists the Board in meeting its obligations in this regard. The daily operational activities of the Company were delegated to its service providers and as a result, the Company has no direct internal audit function and instead places reliance on the external and internal audit controls of the service providers as regulated entities. However, the Audit Committee reviews periodic reports from the service providers to ensure that no material issues have arisen in respect of the system of internal controls and risk management operated by the Company's service providers. The Committee confirms that this is an ongoing process conducted in order to manage the risks faced by the Company. The Audit Committee deems that, to date, there are no significant issues in this area which need to be brought to your attention.

External Audit

It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of the Auditor. The Audit Committee met with Deloitte LLP ("Deloitte") to consider the audit strategy and plan for the audit. The audit plan for the reporting period was reviewed, including consideration of the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused.

The Auditor attends the Audit Committee meetings throughout the year, as applicable, which allows the opportunity to discuss any matters the Auditor may wish to raise without the Portfolio Adviser or other service providers being present. The Auditor provides feedback at relevant Audit Committee meetings on topics such as the key accounting matters, mandatory communications and the control environment. The Audit Committee also discusses the performance of the Auditor independently of the Auditor.

Deloitte was formally appointed as Auditor for the Company's 2014 period-end audit following a competitive tender process during 2014. The lead audit partner is rotated every five years to ensure continued independence and objectivity; consequently a new lead audit partner has been in place since the interim review to 30 June 2019.

The Audit Committee reviews the performance of the Auditor and considers audit quality as part of that review. Consequently, the Audit Committee is satisfied with the performance of the Auditor and concluded that it was in the best interests of the Company to recommend the re-appointment of the Auditor. The Audit Committee has therefore recommended to the Board that the Auditor, in accordance with agreed terms of engagement and remuneration, should continue as the Company's auditor after the forthcoming Annual General Meeting. Accordingly, a resolution proposing the reappointment of Deloitte as the Company's auditor will be put to the Shareholders at the 2023 AGM.

In advance of the commencement of the annual audit, the Audit Committee reviewed a statement provided by the Auditor confirming their independence as defined under relevant regulation and professional standards. In addition, in order to satisfy itself regarding the Auditor's independence, the Audit Committee undertook a review of the Auditor's compensation and the balance between audit and non-audit fees.

During 2022, the Audit Committee reviewed its policy with respect to non-audit services and continually monitored the level of non-audit services provided by the Auditor to ensure alignment and compliance with best practice. The Company's policy sets out the permitted types of non-audit services that can be provided by Deloitte, which are consistent with the FRC's Revised Ethical Standard (2019). All proposed non-audit services required explicit approval from the Audit Committee. During the year, Deloitte were contracted to review the Company's interim financial statements. Audit fees for the year ended 31 December 2022 increased by 31.60% compared to 2021 (refer to Note 3 for further details). Audit-related services increased by 21.59% year on year. These items have been given due consideration by the Audit Committee, who reviewed inter-alia the role of the respective engagement teams and the independence of individuals from the audit engagement team and concluded it was satisfied the Auditor had acted in an independent and professional manner.

Heather MacCallum
Audit Committee Chair
27 April 2023

Financial Statements

3.0

Statement of **Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS, as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 49 to 50, confirms that, to the best of that Director's knowledge and belief:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and audited financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Charlotte Valeur
Director
27 April 2023

Heather MacCallum
Director

Independent Auditor's Report
to the Shareholders of Blackstone Loan Financing Limited

Report on the audit of the financial statements

1 Opinion
In our opinion the financial statements of Blackstone Loan Financing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2 Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the valuation of investments in the Luxembourg subsidiary. Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk – Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used in the current year was €6,000,000 which was determined on the basis of Net Asset Value of the company.
Scoping	All of the audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There are no significant changes in our approach in the current year.

4 Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Carrying out the following on the forecasts provided by the directors:
  - Testing the arithmetic accuracy and integrity of the model used for preparation of the forecasts;
  - Assessing whether the cash flows included in the forecast were in line with relevant agreements and market expectations; and
  - Assessing the other key inputs used in the forecasts for reasonableness and consistency with prior years and industry norms.
- Evaluating the forecasts prepared by the directors in prior years to assess whether they are in line with actual results in current year;

- Evaluating the directors' assessment of the impact of the principal risks faced by the company and its regulatory and liquidity requirements, and the continuing economic impact from the inflationary environment and increasing interest rates.
- Assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of investments in Luxembourg subsidiary

Key audit matter description	The company's investments in Blackstone/GSO Loan Financing (Luxembourg) S.a.r.l. ("the Luxembourg subsidiary") totalling €297,721,169 (2021: €417,969,559), consists of 239,550,782 Cash Settlement Warrants ("CSWs"), 2,000,000 Class A shares and 1 Class B share (31 December 2021: 267,088,098 CSWs, 2,000,000 Class A shares and 1 Class B share) as detailed in note 6 to the financial statements. These investments are accounted at fair value through profit and loss. The Luxembourg subsidiary invests all its capital and proceeds from CSWs in Profit Participating Notes ("PPNs") issued by Blackstone Corporate Funding Designated Activity Company ("BCF" or the "Originator"). The fair value of the CSWs and the Class A and Class B shares is based substantially on the fair value of the PPNs issued by BCF, which are illiquid, not traded on an active market, and are valued using valuation techniques determined by the directors and classified as level III under IFRS: Fair Value Measurement ("IFRS 13"). We therefore consider BCF as the principal source of risks and rewards for the company with BCF's financial situation represented by its Net Asset Value as the main component for the fair valuation of the investments. Reviewing risk monitoring, performance, and the investments' valuation for the company, requires an assessment of the positions within BCF, including its direct and indirect investment in CLO income notes and Senior secured loans and bonds. To assess these positions, the directors use their judgement, with the assistance of the Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. Assumptions are made based on quoted market rates adjusted for specific features of any instrument. Valuation of investments accounted at fair value is therefore a key area of judgement and has a significant impact on the Net Assets Value ("NAV") which is the most significant Key Performance Indicator ("KPI") of the company and has a direct effect on the recognition of gains and losses on investments. There is a risk that the third-party valuer has used an incorrect methodology, inaccurate data is supplied by the CLO Manager of the Originator or inappropriate assumptions are used concerning market information. The key assumptions include discount, prepayment, reinvestment and default rates. Refer to pages 61 to 63 (Audit Committee Report), pages 76 to 79 (Significant Accounting Policies) and pages 81 to 84 (Note 6 to the Financial statements).

How the scope of our audit responded to the key audit matter	In response to this key audit matter: ▪ We obtained an understanding of and tested the relevant controls over the valuation process of the company. ▪ We assessed the valuation methodology for the financial instruments issued by BCF against industry standards and IFRS 13. ▪ We obtained confirmations from third-party custodians for the securities held by the company. ▪ We involved our financial instruments specialists to review the procedures performed over the valuation of investments. ▪ We involved our CLO valuation specialists to assess the conclusions reached by the auditors of BCF, by comparing information and assumptions used by the directors to information available from external independent reliable sources such as Bloomberg or Intex, including any impact of discount / premium to NAV. ▪ We tested the calculation of the change in value of investments for the year and its recognition in the statement of comprehensive income. ▪ We assessed the appropriateness of disclosures (including disclosures related to sensitivity) in accordance with requirements of IFRS 13.
Key observations	Based on the work performed we concluded that the valuation of investments in the Luxembourg subsidiary is appropriate.

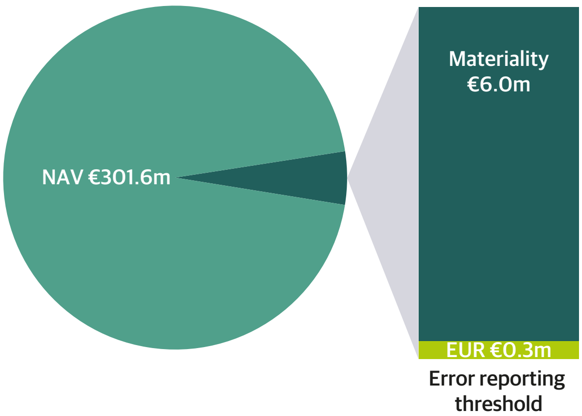
6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	€6,000,000 (2021: €8,400,000)
Basis for determining materiality	2% of the company's Net Asset Value (2021: 2% of the company's Net Asset Value)
Rationale for the benchmark applied	Net Asset Value is the key performance indicator of the company and is therefore selected as the appropriate benchmark.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered our risk assessment, the quality of the company's control environment, and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €300,000 (2021: €420,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the audit engagement team with the participation of the BCF auditor.

7.2 Our consideration of the control environment

A third-party administrator maintains the books and records of the company. Our audit therefore included obtaining an understanding of the controls at this service organisation, to the extent that they are relevant to the company.

7.3 Our consideration of climate-related risks

In planning our audit, we considered the potential financial impacts on the company and its financial statements of climate change and the transition to a low carbon economy. We considered the directors' assessment of climate risks and opportunities as described in the Strategic Report on pages 10 to 11 and 22 to 25, together with our cumulative knowledge and experience of the company and the environment in which it operates. We assessed the disclosures about critical judgements and key sources of estimation uncertainty as outlined in note 2.4, including the potential impact of climate change on those judgements and estimates. We have considered whether information included in the climate-related disclosures in the annual report is materially consistent with the financial statements and our understanding of the business.

7.4 Working with other auditors

We engaged with Deloitte Ireland, the auditor of BCF to assist us with testing of the valuation of the investment in the Luxembourg subsidiary. We directed their work for our purpose through issuing referral instructions and communicating materiality to be used. We held meetings with the auditor at several points during the audit, and we reviewed their audit procedures and conclusions on the PPNs and other balances in BCF's company only Statement of Financial Position.

8 Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of the third-party administrator, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;

- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investments in the Luxembourg subsidiary. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law, 1991, Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Jersey Financial Services Commission (JFSC) regulatory requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified valuation of investments in the Luxembourg subsidiary as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of the third-party administrator, the audit committee and the company secretary concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with the JSFC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 40;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 40 to 41;
- the directors' statement on fair, balanced and understandable set out on page 65;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 38 to 39;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and
- the section describing the work of the audit committee set out on pages 61 to 63.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14 Other matters which we are required to address

14.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the shareholders on 4 July 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years 31 December 2014 to 31 December 2022.

14.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15 Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Cleeve, BA, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
Jersey
27 April 2023

Statement of **Financial Position**

As at 31 December 2022

	Notes	As at 31 December 2022 €	As at 31 December 2021 Represented[44] €	As at 1 January 2021 Represented[44] €
Cash and cash equivalents		6,259,400	5,671,436	20,725,819
Other receivables	5	52,219	47,415	151,038
Financial assets at fair value through profit or loss – Lux Co	6	297,721,169	417,969,559	388,000,146
Financial assets at fair value through profit or loss – CLOs	6	–	–	549,437
Total assets		**304,032,788**	**423,688,410**	**409,426,440**
Payables	8	(723,734)	(442,584)	(351,277)
Intercompany loan	7	(1,694,077)	(1,246,249)	(869,988)
Total liabilities		**(2,417,811)**	**(1,688,833)**	**(1,221,265)**
Net assets	15,16	301,614,977	421,999,577	408,205,175
Capital and reserves				
Stated capital	9	447,542,762	459,044,783	471,465,875
Retained loss		(145,927,785)	(37,045,206)	(63,260,700)
Shareholders' equity		**301,614,977**	**421,999,577**	**408,205,175**
Net asset value per ordinary share	15	0.6784	0.9154	0.8557

These financial statements were authorised and approved for issue by the Directors on 27 April 2023 and signed on their behalf by:

Charlotte Valeur
Director

Heather MacCallum
Director

The accompanying notes on pages 76 to 107 form an integral part of the financial statements.

(44) The Company has elected to change its accounting policy to present the assets and liabilities by order of decreasing liquidity in line with IAS 1. The comparative figures in the Statement of Financial Position have been represented by order of decreasing liquidity. Refer to Note 2.3 for further information.

Statement of **Comprehensive Income**

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Income			
Realised (loss)/gain on foreign exchange		(15)	72,560
Net (loss)/gain on financial assets at fair value through profit or loss – Lux Co	6	(70,894,563)	63,418,195
Net gain on financial assets at fair value through profit or loss – CLOs	6	–	586,087
Income distributions from CLOs		–	207,431
Total income		**(70,894,578)**	**64,284,273**
Expenses			
Operating expenses	3	(1,393,632)	(1,356,960)
Loan interest expense	7	(23,400)	(16,909)
Bank interest expense		(17,978)	(99,656)
Total expenses		(1,435,010)	(1,473,525)
(Loss)/profit before taxation		**(72,329,588)**	**62,810,748**
Taxation	2.11	–	–
(Loss)/profit after taxation		**(72,329,588)**	**62,810,748**
Total comprehensive (loss)/income for the year attributable to Shareholders		**(72,329,588)**	**62,810,748**
Basic and diluted (loss)/earnings per ordinary share	**14**	**(0.1587)**	**0.1334**

The Company has no items of other comprehensive income and therefore the loss/profit for the year is also the total comprehensive loss/income.

All items in the above statement are derived from continuing operations. No operations were discontinued during the year.

The accompanying notes on pages 76 to 107 form an integral part of the financial statements.

Statement of **Changes in Equity**

For the year ended 31 December 2022

	Notes	Stated Capital	Retained Loss	Total
		€	€	€
Shareholders' equity at 1 January 2022	**9**	**459,044,783**	**(37,045,206)**	**421,999,577**
Total comprehensive loss for the year attributable to Shareholders		–	(72,329,588)	(72,329,588)
Transactions with owners				
Dividends	18	–	(36,552,991)	(36,552,991)
Ordinary shares repurchased	9	(11,502,021)	–	(11,502,021)
		(11,502,021)	**(36,552,991)**	**(48,055,012)**
Shareholders' equity at 31 December 2022	**9**	**447,542,762**	**(145,927,785)**	**301,614,977**

For the year ended 31 December 2021

	Notes	Stated Capital	Retained Loss	Total
		€	€	€
Shareholders' equity at 1 January 2021	9	**471,465,875**	**(63,260,700)**	**408,205,175**
Total comprehensive income for the year attributable to Shareholders		–	62,810,748	62,810,748
Transactions with owners				
Dividends	18	–	(36,595,254)	(36,595,254)
Ordinary shares repurchased	9	(12,421,092)	–	(12,421,092)
		(12,421,092)	**(36,595,254)**	**(49,016,346)**
Shareholders' equity at 31 December 2021	9	**459,044,783**	**(37,045,206)**	**421,999,577**

The accompanying notes on pages 76 to 107 form an integral part of the financial statements.

Statement of **Cash Flows**

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Cash flow from operating activities			
Total comprehensive (loss)/income for the year attributable to Shareholders		(72,329,588)	62,810,748
Adjustments to reconcile (loss)/profit after tax to net cash flows:			
Unrealised loss/(gain) on financial assets at fair value through profit and loss		92,214,092	(50,415,131)
Realised gain on financial assets at fair value through profit and loss		(21,319,529)	(13,738,221)
Purchase of financial assets at fair value through profit or loss		(7,608,819)	(18,884,567)
Proceeds from sale of financial assets at fair value through profit or loss		56,962,646	53,617,941
Changes in working capital			
(Increase)/decrease in other receivables		(4,804)	103,625
Increase in payables		281,150	91,307
Net cash generated from operating activities		**48,195,148**	**33,585,702**
Cash flow from financing activities			
Ordinary shares repurchased (including costs)	9	(11,502,021)	(12,421,092)
Increase in intercompany loan	17	447,828	376,261
Dividends paid	18	(36,552,991)	(36,595,254)
Net cash used in financing activities		**(47,607,184)**	**(48,640,085)**
Net increase/(decrease) in cash and cash equivalents		**587,964**	**(15,054,383)**
Cash and cash equivalents at the start of the year		5,671,436	20,725,819
Cash and cash equivalents at the end of the year		**6,259,400**	**5,671,436**

The accompanying notes on pages 76 to 107 form an integral part of the financial statements.

Notes to the financial statements

1 General information

The Company is a closed-ended limited liability investment company domiciled and incorporated under the laws of Jersey with variable capital pursuant to the Collective Investment Funds (Jersey) Law 1988. It was incorporated on 30 April 2014 under registration number 115628. The Company's ordinary shares are quoted on the Premium Segment of the Main Market of the LSE and the Company has a premium listing on the Official List of the FCA. The Company's C Shares were quoted on the SFS of the Main Market of the LSE until 6 January 2020 and converted to ordinary shares on 7 January 2020.

The Company's investment objective is to provide Shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds directly and indirectly through CLO Securities and investments in Loan Warehouses. The Company seeks to achieve its investment objective through exposure (directly or indirectly) to one or more companies or entities established from time to time.

As at 31 December 2022, the Company's stated capital comprised 444,578,522 ordinary shares of no par value (31 December 2021: 460,984,702), each carrying the right to 1 vote; 38,324,272 ordinary shares held in treasury (31 December 2021: 21,918,092). The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxemburg subsidiary, Blackstone/GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company as at 31 December 2022 and 31 December 2021. The Company also holds 239,550,782 Class B CSWs as at 31 December 2022 (31 December 2021: 267,088,098) issued by the Lux Subsidiary.

The Company's registered address is IFC 1, The Esplanade, St Helier, Jersey, JE1 4BP, Channel Islands.

2 Significant accounting policies

2.1 Basis of preparation and statement of compliance

The Annual Report and Audited Financial Statements (the "Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements give a true and fair view of the Company's affairs and comply with the requirements of the Companies (Jersey) Law 1991, as amended.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to the Company's financial statements for all years presented except for the adoption of new and amended standards as set out below.

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2022

There were no new standards, amendments or interpretations that are effective for the financial year beginning 1 January 2022 which the Directors consider to have a material impact on the financial statements of the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted

The following standards will become effective in future accounting periods and are relevant to the Company:

1. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective as from 1 January 2023
2. Definition of Accounting Estimate (Amendments to IAS 8) – effective as from 1 January 2023

However, the Directors believe that the application of the above amendments will not have a material impact on the Company's financial statements.

The Company's financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss at the end of each reporting period.

The Company's functional currency is the Euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Euro. Therefore, Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, except where otherwise indicated.

2.2 Going concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments while factoring in the continuing economic impact from the inflationary environment, increasing interest rates and the ongoing impact of Russia's invasion of Ukraine. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and the Directors believe it is appropriate to continue to adopt this basis for a period of at least 12 months from the date of approval of these financial statements.

2.3 Change in accounting policy

The Company has elected to change its accounting policy to present the assets and liabilities by order of decreasing liquidity in line with IAS 1.

Under the previous accounting policy the company presented its assets and liabilities allocated between current and non-current. The Company does not have a traditional "operating cycle" because it is set up in order to hold assets on a long term basis to allow its Shareholders to gain access to the returns from underlying investments. Amounts are recovered from the Company's investments on an ad-hoc basis to allow it to pay dividends and undertake other transactions with Shareholders, and therefore the presentation of a "current" portion of assets is considered to be of limited relevance to users of the accounts. Presentation of a current portion of the assets is also not relevant to an understanding of the liquidity position of the company because the assets are all considered to be highly liquid whereas as shown in note 6, only a small portion of the Financial assets at fair value through profit or loss – Lux Co were collected within 12 months of the prior year reporting date (and only this portion should have been presented as current under the previous accounting policy).

Accordingly, a presentation by order of liquidity would provide a more reliable and more relevant information on the financial position of the Company. Furthermore the ad-hoc nature of the redemptions means that a reliable estimate of the amounts expected to be collected within 12 months after the reporting date is challenging, and any estimates are subject to significant change. Therefore the Directors consider that presentation of assets and liabilities in order of liquidity presents information that is reliable and more relevant to users.

The comparative figures in the statement of financial position have been represented by order of decreasing liquidity.

There have been no other changes in the accounting policies during the year.

2.4 Critical accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Estimates

a) Fair value

For the fair value of all financial instruments held, the Company determines fair values using appropriate techniques.

Refer to page 43, Note 2.9 and Note 12 for further details on the significant estimates applied in the valuation of the Company's financial instruments and the underlying financial instruments in BCF. Refer to Note 6 and Note 12 for sensitivity analysis for unobservable inputs.

Judgements

b) Non-consolidation of the Lux Subsidiary

The Company meets the definition of an investment entity as defined by IFRS 10 and is required to account for its investments at fair value through profit or loss.

The Company has multiple unrelated investors and holds multiple investments in the Lux Subsidiary. The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- the Company has obtained funds for the purpose of providing investors with investment management services;
- the Company's business purpose, which has been communicated directly to investors, is investing solely for returns from capital appreciation, investment income, or both; and
- the performance of investments made through the Lux Subsidiary are measured and evaluated on a fair value basis.

The Company controls the Lux Subsidiary through its 100% holding of the voting rights and ownership. The Lux Subsidiary is incorporated in Luxembourg.

Refer to Note 11 for further disclosures relating to the Company's interest in the Lux Subsidiary.

c) Non-consolidation of BCF

To determine control, there has to be a linkage between power and the exposure to risks and rewards. The main link from ownership would allow a company to control the payments of returns and operating policies and decisions of a subsidiary.

To meet the definition of a subsidiary under the single control model of IFRS 10, the investor has to control the investee.

Control involves power, exposure to variability of returns and a linkage between the two:

- the investor has existing rights that give it the ability to direct the relevant activities that significantly affect the investee's returns;
- the investor has exposure or rights to variable returns from its involvement with the investee; and
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Notes to the Financial Statements continued

In the case of BCF, the relevant activities are the investment decisions made by it. However, in the Lux Subsidiary's case, the power to influence or direct the relevant activities of BCF is not attributable to the Lux Subsidiary. The Lux Subsidiary does not have the ability to direct or stop investments by BCF; therefore, it does not have the ability to control the variability of returns. Accordingly, BCF has been determined not to be a subsidiary undertaking as defined under IFRS 10 and the Lux Subsidiary's investment in the PPNs issued by BCF are accounted for at fair value through profit or loss.

2.5 Income

Interest income and expense is recognised under IFRS 9 separately through profit or loss in the Statement of Comprehensive Income, on an effective interest rate yield basis.

2.6 Shares in issue

The shares of the Company are classified as equity, based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32 Financial Instruments: Presentation ("IAS 32").

The proceeds from the issue of shares are recognised in the Statement of Changes in Equity, net of the incremental issuance costs.

Share repurchased by the Company are deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale or cancellation of the Company's own equity instruments. The consideration paid or received is recognised directly in the Statement of Changes in Equity. Shares repurchased are recognised on the trade date.

2.7 Fees and charges

Expenses are charged through profit or loss in the Statement of Comprehensive Income on an accruals basis.

2.8 Cash and cash equivalents

Cash comprises current deposits with banks.
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are revalued at the end of the reporting period using market rates and any increases/decreases are recognised in the Statement of Comprehensive Income. There were no such holdings during the year ended 31 December 2022 (31 December 2021: nil).

2.9 Financial instruments

Investments and other financial assets

i. Initial recognition

The Company recognises a financial asset or a financial liability in its Statement of Financial Position when and only when, the Company becomes party to the contractual provisions of the instrument. Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment.

ii. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either to be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVTOCI.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

iii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's business model is to manage its debt instruments and to evaluate their performance on a fair value basis. The Company's policy requires the Portfolio Adviser and the Board to evaluate the information about these financial assets on a fair value basis together with other related financial information. Consequently, these debt instruments are measured at fair value through profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in fair value of financial assets at FVTPL are recognised in "net gain/(loss) on financial assets at fair value through profit or loss" in the Statement of Comprehensive Income.

iv. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

v. Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at 31 December 2022, the Company held 239,550,782 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2021: 267,088,098 CSWs, 2,000,000 Class A shares and 1 Class B share). These Investments are not listed or quoted on any securities exchange, are not traded regularly and, on this basis, no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs, however, the Company controls the Lux Subsidiary through its 100% holding of the shares in the Lux Subsidiary.

The fair value of the CSWs and the Class A and Class B shares are based on the net assets of the Lux Subsidiary which is based substantially in turn on the fair value of the PPNs issued by BCF.

The Company determines the fair value of the CLOs held directly using third party valuations.

vi. Valuation process
The Directors have held discussions with BIL in order to gain comfort around the valuation of the CLOs, the underlying assets in the BCF portfolio and through this, the valuation of the PPNs and CSWs as of the Statement of Financial Position date.

The Directors, through ongoing communication with the Portfolio Adviser including quarterly meetings, discuss the performance of the Portfolio Adviser and the underlying portfolio and in addition review monthly investment performance reports. The Directors analyse the BCF portfolio in terms of the investment mix in the portfolio. The Directors also consider the impact of general credit conditions and more specifically credit events in the US and European corporate environment on the valuation of the CSWs, PPNs and the BCF portfolio.

Portfolio
The Directors discuss the valuation process to understand the methodology regarding the valuation of its underlying portfolio and direct CLO holding, both comprising Level 3 assets. The majority of Level 3 assets in BCF are comprised of CLOs. In reviewing the fair value of these assets, the Directors look at the assumptions used and any significant fair value changes during the period under analysis.

Net asset value
The IFRS NAV of the Company is calculated by the Administrator based on information from the Portfolio Adviser and is reviewed and approved by the Directors, taking into consideration a range of factors including the unaudited IFRS NAV of both the Lux Subsidiary and BCF, and other relevant available information. The other relevant information includes the review of available financial and trading information of BCF and its underlying portfolio, advice received from the Portfolio Adviser and such other factors as the Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation.

The estimated fair values may differ from the values that would have been realised had a ready market existed and the difference could be material.

The fair value of the CSWs and the Class A and Class B shares are assessed on an ongoing basis by the Board.

Financial liabilities
i. Classification
Financial liabilities include payables which are held at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

ii. Recognition, measurement and derecognition
Financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.10 Foreign currency translations
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Foreign currency gains and losses are included in profit or loss on the Statement of Comprehensive Income as part of "Realised (loss)/gain on foreign exchange".

2.11 Taxation
Profit arising in the Company for the year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (31 December 2021: 0%).

2.12 Dividends
Dividends to Shareholders are recorded through the Statement of Changes in Equity when they are declared to Shareholders.

Notes to the Financial Statements continued

3 Operating expenses

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Administration fees	323,962	344,439
Directors' fees (see Note 4)	281,337	284,347
Audit fees and audit related fees	263,980	206,098
Professional fees	226,777	196,132
Brokerage fees	128,494	131,271
Sundry expenses	76,014	116,987
Regulatory fees	61,161	43,897
Registrar fees	31,907	33,789
	1,393,632	**1,356,960**

Administration fees

Under the administration agreement, the Administrator is entitled to receive variable fees based on the Published NAV of the Company for the provision of administrative and compliance oversight services and a fixed fee for the provision of company secretarial services. The overall charge for the above-mentioned fees for the Company for the year ended 31 December 2022 was €323,962 (31 December 2021: €344,439) and the amount due at 31 December 2022 was €80,685 (31 December 2021: €83,690).

Advisory fees

Under the Advisory Agreement, the Portfolio Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs and other expenses incurred in the performance of its obligations. On this basis, the Portfolio Adviser recharged €18,847 to the Company (31 December 2021: nil). This amount has been included under professional fees.

Audit and non-audit fees

The Company incurred €263,980 (31 December 2021: €206,098) in audit and audit-related fees during the year of which €169,062 (31 December 2021: €106,003) was outstanding at the year end.

The Company did not incur any non-audit fees during the year (31 December 2021: nil). The table below outlines the audit and audit related services received during the year.

	Year ended 31 December 2022	Year ended 31 December 2021
	€	€
Audit of the Company	175,987	133,732
Audit-related services – review of interim financial report	87,993	72,366
Total audit and audit-related services	**263,980**	**206,098**

Professional fees

For the year ended 31 December 2022, professional fees comprised €53,968 (2021: €63,503) in legal fees and €172,809 (2021: €132,629) in other professional fees.

4 Directors' fees

The Company has no employees. The Company incurred €281,337 (31 December 2021: €284,347) in Directors' fees (consisting exclusively of short-term benefits) during the year of which €68,470 (31 December 2021: €71,165) was outstanding at the year end. No pension contributions were payable in respect of any of the Directors.

Refer to the Directors' remuneration report on pages 59 to 60 for further details on the Directors' remuneration and their interests.

5 Other receivables

	As at 31 December 2022	As at 31 December 2021
	€	€
Prepayments	52,219	47,415
	52,219	**47,415**

6 Financial assets at fair value through profit or loss

	As at 31 December 2022	As at 31 December 2021
	€	€
Financial assets at fair value through profit or loss – Lux Co	297,721,169	417,969,559

Financial assets at fair value through profit or loss – Lux Co consists of 239,550,782 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2021: 267,088,098 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary).

CSWs

The Company has the right, at any time during the exercise period (being the period from the date of issuance and ending on earlier of the 3 February 2046 or the date on which the liquidation of the Lux Subsidiary is closed), to request that the Lux Subsidiary redeems all or part of the CSWs at the redemption price (see below), by delivering a redemption notice, provided that the redemption price will be due and payable only if and to the extent that (a) the Lux Subsidiary will have sufficient funds available to settle its liabilities to all other ordinary or subordinated creditors, whether privileged, secured or unsecured, prior in ranking to the CSWs, after any such payment, and (b) the Lux Subsidiary will not be insolvent after payment of the redemption price.

The redemption price is the amount payable by the Lux Subsidiary on the redemption of CSWs outstanding, which shall be at any time equal to the fair market value of the ordinary shares (that would have been issued in case of exercise of all CSWs), as determined by the Board on a fully diluted basis on the date of redemption, less a margin (determined by the Board on the basis of a transfer pricing report prepared by an independent advisor), and the redemption price for each CSW shall be obtained by dividing the amount determined in accordance with the preceding sentence by the actual number of CSWs outstanding.

If at the end of any financial year there is excess cash, as determined in good faith by the Lux Subsidiary board (but for this purpose only), the Lux Subsidiary will automatically redeem, to the extent of such excess cash, all or part of the CSWs at the redemption price provided the requirements in the previous paragraph are met, unless the Company notifies the Lux Subsidiary otherwise. For the avoidance of doubt, to the extent the subscription price for the CSWs to be redeemed has not been paid at the time the CSWs were issued, the subscription price for such CSWs to be redeemed shall be deducted from the Redemption Price.

CSWs listed in an exercise notice may not be redeemed.

Notes to the Financial Statements continued

Class A and Class B shares held in the Lux Subsidiary

Class A and Class B shares are redeemable and have a par value of one Euro per ordinary share. Class A and Class B Shareholders have equal voting rights commensurate with their shareholding.

Class A and Class B Shareholders are entitled to dividend distributions from the net profits of the Lux Subsidiary (net of an amount equal to five per cent of the net profits of the Lux Subsidiary which is allocated to the general reserve, until this reserve amounts to ten per cent of the Lux Subsidiary's nominal share capital).

Dividend distributions are paid in the following order of priority:

- Each Class A share is entitled to the Class A dividend, being a cumulative dividend in an amount of not less than 0.10% per annum of the face value of the Class A shares.
- Each Class B share is entitled to the Class B dividend (if any), being any income such as but not limited to interest or revenue deriving from the receivable from the PPN's held by the Lux Subsidiary, less any non-recurring costs attributable to the Class B shares.

Any remaining dividend amount for allocation of the Class A dividend and Class B dividend shall be allocated pro rata among the Class A shares.

The Board does not expect income in the Lux Subsidiary to significantly exceed the anticipated annual running costs of the Lux Subsidiary and therefore does not expect that the Lux Subsidiary will pay significant, or any, dividends although it reserves the right to do so.

Fair value hierarchy

IFRS 13 requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13 that reflects the significance of the inputs used in determining their fair values:

- **Level 1**: Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss – Lux Co	–	–	297,721,169	**297,721,169**

31 December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss – Lux Co	–	–	417,969,559	**417,969,559**

The Company determines the fair value of the financial assets at fair value through profit or loss – Lux Co using the unaudited IFRS NAV of the Lux Subsidiary and the audited IFRS NAV of BCF.

The Company determines the fair value of any CLOs held directly using third party valuations. The Portfolio Adviser can challenge the marks if they appear off-market or unrepresentative of fair value.

During the years ended 31 December 2022 and 31 December 2021, there were no reclassifications between levels of the fair value hierarchy.

The Company's maximum exposure to loss from its interests in the Lux Subsidiary and indirectly in BCF is equal to the fair value of its investments in the Lux Subsidiary.

Financial assets at fair value through profit or loss reconciliation

The following table shows a reconciliation of all movements in the fair value of financial assets – Lux Co categorised within Level 3 between the start and the end of the reporting period:

31 December 2022	
	€
Balance as at 1 January 2022	417,969,559
Purchases – CSWs	7,608,819
Sale proceeds – CSWs	(56,962,646)
Realised gain on financial assets at fair value through profit or loss	21,319,529
Unrealised loss on financial assets at fair value through profit or loss	(92,214,092)
Balance as at 31 December 2022	**297,721,169**
Realised gain on financial assets at fair value through profit or loss	21,319,529
Total change in unrealised gain on financial assets for the year	(92,214,092)
Net loss on financial assets at fair value through profit or loss – Lux Co	**(70,894,563)**

31 December 2021	
	€
Balance as at 1 January 2021	388,000,146
Purchases – CSWs	18,608,735
Sale proceeds – CSWs	(52,057,517)
Realised gain on financial assets at fair value through profit or loss	15,115,024
Unrealised gain on financial assets at fair value through profit or loss	48,303,171
Balance as at 31 December 2021	**417,969,559**
Realised gain on financial assets at fair value through profit or loss	15,115,024
Total change in unrealised gain on financial assets for the year	48,303,171
Net gain on financial assets at fair value through profit or loss – Lux Co	**63,418,195**

Notes to the Financial Statements continued

The following table shows a reconciliation of all movements in the fair value of financial assets - CLOs categorised within Level 3 during the year ended 31 December 2021. All investments in CLOs were disposed during the year ended 31 December 2021.

31 December 2021	
	€
Balance as at 1 January 2021	549,437
PIK capitalised	275,832
Sale proceeds – CLOs	(1,411,356)
Realised loss on financial assets at fair value through profit or loss - CLOs	(1,525,873)
Unrealised gain on financial assets at fair value through profit or loss - CLOs	2,111,960
Balance as at 31 December 2021	**–**
Realised loss on financial assets at fair value through profit or loss – CLOs	(1,525,873)
Total change in unrealised gain on financial assets for the year – CLOs	2,111,960
Net loss on financial assets at fair value through profit or loss - CLOs	**586,087**

Refer to page 43, Note 2.9 and Note 12 for valuation methodology of financial assets at fair value through profit and loss.

The Company's investments, through the Lux Subsidiary, in BCF are untraded and illiquid. The Board has considered these factors and concluded that there is no further need to apply a discount for illiquidity as at the end of the reporting period.

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs - Level 3

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss – Lux Co within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2022 and 31 December 2021 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	290,426,295	Undiscounted NAV of BCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/– €58,085,259
Class A and Class B shares	7,294,874	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/– €1,458,975
Total as at 31 December 2022	**297,721,169**				

Asset Class	Fair Value	Unobservable Inputs	Ranges	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	411,170,727	Undiscounted NAV of BCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/– € 82,234,145
Class A and Class B shares	6,798,832	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/– € 1,359,767
Total as at 31 December 2021	**417,969,559**				

Refer to Note 12 (pages 91 to 104) for financial and other information on BCF including sensitivity analysis.

7 Intercompany loan

	As at 31 December 2022	As at 31 December 2021
	€	€
Intercompany loan – payable to the Lux Subsidiary	**1,694,077**	**1,246,249**

The intercompany loan – payable to the Lux Subsidiary is a revolving unsecured loan between the Company and the Lux Subsidiary. The intercompany loan has a maturity date of 13 September 2033 and is repayable at the option of the Company up to the maturity date. Interest is accrued at a rate of 1.6% per annum and is payable annually only when a written request has been provided to the Company by the Lux Subsidiary. During the year ended 31 December 2022, loan interest expense incurred by the Company was €23,400 (2021: €16,909).

8 Payables

	As at 31 December 2022	As at 31 December 2021
	€	€
Professional fees	142,314	86,425
Administration fees	80,685	83,690
Directors' fees	68,470	71,165
Audit fees	169,062	106,003
Intercompany loan interest payable	59,242	35,842
Payable on share buyback	160,322	–
Other payables	43,639	59,459
Total payables	**723,734**	**442,584**

All payables are due within the next twelve months.

9 Stated capital

Authorised

The authorised share capital of the Company is represented by an unlimited number of shares of any class at no par value.

Allotted, called up and fully-paid

Ordinary shares	Number of shares	Stated capital
		€
As at 1 January 2022	460,984,702	459,044,783
Shares repurchased during the period and held in treasury	(16,406,180)	(11,502,021)
Total ordinary shares as at 31 December 2022	**444,578,522**	**447,542,762**

Allotted, called up and fully-paid

Ordinary shares	Number of shares	Stated capital
		€
As at 1 January 2021	477,023,331	471,465,875
Shares repurchased during the period and held in treasury	(16,038,629)	(12,421,092)
Total ordinary shares as at 31 December 2021	**460,984,702**	**459,044,783**

Notes to the Financial Statements continued

Ordinary shares

At the 2021 AGM, held on 23 July 2021, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the 2021 AGM for cancellation or to be held as treasury shares. Under this authority, and that of the previous AGM, the Company purchased 16,038,629 of its ordinary shares of no par value at a total cost of €12,421,092 (inclusive of transaction costs of £24,864). These ordinary share are being held as treasury shares.

At the Company's 2021 AGM, the Company received Shareholder approval to resell up to 46,880,707 Shares held by the Company in treasury. Under this authority, these Shares are permitted to be sold or transferred out of treasury for cash at a price representing a discount to Net Asset Value per ordinary share not greater than the discount at which such Shares were repurchased by the Company. To-date, no shares have been resold by the Company under this authority.

At the 2022 AGM, held on 17 June 2022, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the 2022 AGM for cancellation or to be held as treasury shares. Under this authority, during the year ended 31 December 2022, the Company purchased 16,406,180 of its ordinary shares of no par value at a total cost of €11, 502,021 (inclusive of transaction costs of £23,095). These ordinary share are being held as treasury shares.

At the Company's 2022 AGM, the Company received Shareholder approval to resell up to 45,932,470 shares held by the Company in treasury. Under this authority, these shares are permitted to be sold or transferred out of treasury for cash at a price representing a discount to net asset value per ordinary share not greater than the discount at which such shares were repurchased by the Company. To date, no shares have been resold by the Company under this authority.

As at 31 December 2022, the Company had 444,578,522 ordinary shares in issue and 38,324,272 ordinary shares in treasury (31 December 2021: 460,984,702 ordinary shares in issue and 21,918,092 ordinary shares in treasury).

Refer to Note 21 for further details on repurchases of ordinary shares under the 2022 AGM authority subsequent to the reporting period. This authority will expire at the 2023 AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

Voting rights – ordinary shares

Holders of ordinary shares have the right to receive income and capital from assets attributable to such class. Ordinary Shareholders have the right to receive notice of general meetings of the Company and have the right to attend and vote at all general meetings.

Dividends

The Company may, by resolution, declare dividends in accordance with the respective rights of the Shareholders, but no such dividend shall exceed the amount recommended by the Directors. The Directors may pay fixed rate and interim dividends.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that payment of a dividend shall be satisfied wholly or partly by the issue of Ordinary shares or the distribution of assets and the Directors shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the Shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable in respect of any Share shall bear interest against the Company.

The Directors may deduct from any dividend or other monies payable to a Shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

Refer to page 7 and page 43 on how dividends are funded and to Note 21 for dividends declared after the year end.

Repurchase of ordinary shares

The Board intends to seek annual renewal of this authority from the Ordinary Shareholders at the Company's AGM, to make one or more on-market purchases of shares in the Company for cancellation or to be held as Treasury shares. The Board may, at its absolute discretion, use available cash to purchase shares in issue in the secondary market at any time.

Rights as to capital

On a winding up, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders in specie provided that no holder shall be compelled to accept any assets upon which there is a liability. On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payments of its liabilities shall subject to the rights of the holders of other classes of shares, to be applied to the Shareholders equally pro rata to their holdings of shares.

Capital management

The Company is closed-ended and has no externally imposed capital requirements. The Company's capital as at 31 December 2022 comprises Shareholders' equity at a total of €301,614,977 (31 December 2021: €421,999,577). The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- to achieve consistent returns while safeguarding capital by investing via the Lux Subsidiary in BCF and other Underlying Companies;
- to maintain sufficient liquidity to meet the expenses of the Company and to meet dividend commitments; and
- to maintain sufficient size to make the operation of the Company cost efficient.

The Board monitors the capital adequacy of the Company on an on-going basis and the Company's objectives regarding capital management have been met. Refer to Note 10C Liquidity Risk for further discussion on capital management, particularly on how the distribution policy is managed.

10 Financial risk management

These are components of the Company's principal risk regarding investment performance as outlined on pages 38 to 39. This, in turn, links to the Portfolio Adviser's section on Risk Management. The Company is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds and the markets in which it invests.

10A Market risk

Market risk is the current or prospective risk to earnings or capital of the Company arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices. The Company holds three investments, denominated in Euro, in the Lux Subsidiary in the form of CSWs, Class A and Class B shares. The CSWs are the main driver of the Company's performance. Financial market disruptions may have a negative effect on the valuations of BCF's investments and, by extension, on the NAV of the Lux Subsidiary and the Company and/or the market price of the Company's Euro shares, and on liquidity events involving BCF's investments. Any non-performing assets in BCF's portfolio may cause the value of BCF's portfolio to decrease and, by extension, the NAV of the Lux Subsidiary and the Company. Adverse economic conditions may also decrease the value of any security obtained in relation to any of BCF's investments.

A sensitivity analysis is shown below disclosing the impact on the IFRS NAV of the Company, if the fair value of the Company's investments at the year-end increased or decreased by 20%. This level of change is considered to be reasonably possible based on observations of past and possible market conditions. For appreciation of the underlying exposure of BCF, refer to Note 12.

	Year ended 31 December 2022	Increase by 20%	Decrease by 20%
	€	€	€
Financial assets held at fair value throughprofit or loss:			
CSWs	290,426,295	348,511,554	(232,341,036)
Class A and Class B shares	7,294,874	8,753,849	(5,835,899)
	297,721,169		

	Year ended 31 December 2021	Increase by 20%	Decrease by 20%
	€	€	€
Financial assets held at fair value through profit or loss:			
CSWs	411,170,727	493,404,872	(328,936,582)
Class A and Class B shares	6,798,832	8,158,598	(5,439,066)
	417,969,559		

Notes to the Financial Statements continued

The calculations are based on the investment valuation at the Statement of Financial Position date and are not representative of the period as a whole, and may not be reflective of future market conditions.

Note 12 is an extract taken from BCF's audited financial statements for the year ended 31 December 2022. The Company does not have any further visibility of more granular sensitivity disclosure at BCF level.

i. Interest rate risk

Interest rate movements affect the fair value of investments in fixed interest rate securities and floating rate loans and on the level of income receivable on cash deposits.

The interest income received by the Lux Subsidiary from investments held at fair value through profit or loss is the interest income on the PPNs received from BCF. Its calculation is dependent on the profit generated by BCF as opposed to interest rates set by the market. Interest rate sensitivity analysis is presented for BCF in Note 12 since any potential movement in market interest rates will impact BCF's holdings which in turn will impact the interest income received by the Lux Subsidiary on the PPNs.

The following tables detail the Company's interest rate risk as at 31 December 2022 and 31 December 2021:

31 December 2022	Interest bearing	Non-interest bearing	Total
	€	€	€
Assets			
Cash and cash equivalents	6,259,400	–	6,259,400
Financial assets at fair value through profit or loss	–	297,721,169	297,721,169
Total assets	**6,259,400**	**297,721,169**	**303,980,569**
Liabilities			
Intercompany loan	(1,694,077)	–	(1,694,077)
Payables	–	(723,734)	(723,734)
Total liabilities	**(1,694,077)**	**(723,734)**	**(2,417,811)**
Total interest sensitivity gap	**4,565,323**		

31 December 2021	Interest bearing	Non-interest bearing	Total
	€	€	€
Assets			
Cash and cash equivalents	5,671,436	–	5,671,436
Financial assets at fair value through profit or loss	–	417,969,559	417,969,559
Total assets	**5,671,436**	**417,969,559**	**423,640,995**
Liabilities			
Intercompany loan	(1,246,249)	–	(1,246,249)
Payables	–	(442,584)	(442,584)
Total liabilities	**(1,246,249)**	**(442,584)**	**(1,688,833)**
Total interest sensitivity gap	**4,425,187**		

As at 31 December 2022 and 31 December 2021, the majority of the Company's interest rate exposure arose in the fair value of the underlying BCF portfolio which is largely invested in senior secured loans of companies predominantly in Western Europe or North America. Most of the investments in senior secured loans carry variable interest rates and various maturity dates. Refer to Note 12 which details BCF's exposure to interest rate risk.

ii. Currency risk

Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency. The functional currency of the Company and its Lux Subsidiary is the Euro.

The Company and the Lux Subsidiary are not subject to significant foreign currency risk since the majority of their investments are denominated in Euro and their share capital are also denominated in Euro. Refer to Note 12 which details BCF's exposure to currency risk. BCF hedges US CLO equity exposure by reference to mark to model valuations incorporated in the Published NAV as defined on page 5.

In 2021, the Company was exposed to currency risk on its investments in the directly held CLOs which were all disposed in 2021. To reduce the impact on the Company of currency fluctuations and the volatility of returns which may result from currency exposure, the Company may hedge the currency exposure of the directly held CLOs of the Company with the use of derivatives. The Company did not have any derivatives at the year-end (2021: nil).

iii. Price risk

Price risk is the risk that the value of the Company's indirect investments in BCF through its holding in the Lux Subsidiary does not reflect the true value of BCF's underlying investment portfolio. BCF's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which a limited market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

Further, because of overall size or concentration in particular markets of positions held by BCF, the value of its investments which can be liquidated may differ, sometimes significantly, from their valuations. Third-party pricing information may not be available for certain positions held by BCF. Investments held by BCF may trade with significant bid-ask spreads. BCF is entitled to rely, without independent investigation, upon pricing information and valuations furnished to BCF by third parties, including pricing services and valuation sources.

Absent bad faith or manifest error, valuation determinations in accordance with BCF's valuation policy are conclusive and binding. In light of the foregoing, there is a risk that the Company, in redeeming all or part of its investment while BCF holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of BCF's investment was higher than the value designated for that investment by BCF. Similarly, there is a risk that a redeeming BCF interest holder might, in effect, be over-paid at the time of the applicable redemption if the actual value of BCF's investment was lower than the value designated for that investment by BCF, in which case the value of BCF interests to the remaining BCF interest holders would be reduced. Refer to Note 12 for further details.

The Board monitors and reviews the Company's NAV production process on an ongoing basis.

10B Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board has in place monitoring procedures in respect of credit risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its cash and cash equivalents, other receivables and financial assets at fair value through profit or loss. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

BIL monitors for the Company, the Lux Subsidiary, BCF and its subsidiaries the creditworthiness of financial institutions with whom cash is held, or with whom investment or derivative transactions are entered into, on a regular basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2022	As at 31 December 2021
	€	€
Cash and cash equivalents	6,259,400	5,671,436
Financial assets at fair value through profit or loss	297,721,169	417,969,559
Total assets	**303,980,569**	**423,640,995**

Notes to the Financial Statements continued

The Company is exposed to a potential material singular credit risk in the event that it requests a repayment of the CSWs from the Lux Subsidiary and receives an acceptance of that repayment request. Under the CSW agreement between the Company and the Lux Subsidiary, any payment obligation by the Lux Subsidiary to the Company is conditional upon the receipt of an equivalent amount by the Lux Subsidiary which is derived from the PPNs issued by BCF. The Board is aware of this risk and the concentration risk to the Lux Subsidiary and indirectly to BCF.

Additionally, under the Profit Participating Note Issuing and Purchase Agreement ("PPNIPA") between the Lux Subsidiary and BCF, if the net proceeds from a liquidation of the collateral obligations as defined in the PPNIPA available to unsecured creditors of BCF (the "Liquidation Funds") are less than the aggregate amount payable by BCF in respect of its obligations to its unsecured creditors, including to the Lux Subsidiary and the other parties to the PPNIPA (such negative amount being referred to as a "shortfall"), the amount payable by BCF to the Lux Subsidiary and the other parties to the PPNIPA in respect of BCF's obligations under the PPNs will be reduced to such amount of the Liquidation Funds which is available in accordance with the regulatory requirements and the senior debt restrictive covenants to satisfy such payment obligation upon the distribution of the Liquidation Funds among all of BCF's unsecured creditors on a pari passu and pro rata basis, and shall be applied for the benefit of the Lux Subsidiary and the other parties to the PPNIPA. In such circumstances the other assets of BCF will not be available for the payment of such shortfall, and the rights of the Lux Subsidiary and the other parties to the PPNIPA to receive any further amounts in respect of such obligations shall be extinguished and the Noteholders and the other parties to the PPNIPA may not take any further action to recover such amounts.

During the years ended 31 December 2022 and 31 December 2021 all cash was placed with BNP Paribas S.A., as Custodian. The ultimate parent of BNP Paribas S.A. is BNP Paribas which is publicly traded with a credit rating of A+ (Standard & Poor's).

The credit risk associated with debtors is limited to other receivables. Credit risk is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Board continues to monitor the Company's exposure to credit risk and holds no collateral over any of those balances. Refer to Note 12 which details BCF's exposure to credit risk.

10C Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments.

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Company's shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. This significantly reduces the liquidity risk of the Company.

Under the terms of the unsecured PPNs issued to its investors, BCF is contractually obliged to ensure that its portfolio is managed in accordance with the Company's investment objective and policy. In the event that BCF fails to comply with these contractual obligations, the Company, through the Lux Subsidiary, could elect for the unsecured PPNs to become immediately due and repayable to it from BCF, subject to any applicable legal, contractual and regulatory restrictions. Given the nature of the investments held by BCF there is no guarantee and indeed, it is highly unlikely that the applicable legal, contractual and regulatory restrictions would permit BCF to immediately repay the unsecured PPNs on the Company making such an election.

If the Company were to elect for the unsecured PPNs to be repaid, BCF's failure to fully comply with its contractual obligations to do so or BCF being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's business, financial condition, results of operations and/or the market price of the shares.

The PPNs are unsecured obligations of BCF and amounts payable on the PPNs will be made solely from amounts received in respect of the assets of BCF available for distribution to its unsecured creditors. BCF is permitted to incur leverage in the form of secured debt by way of one or more revolving credit facilities. Such secured debt will rank ahead of the PPNs in respect of any distributions or payments by BCF. In an enforcement scenario under any revolving credit facility, the provider(s) of such facilities will have the ability to enforce their security over the assets of BCF and to dispose of or liquidate, on their own behalf or through a security trustee or receiver, the assets of BCF in a manner which is beyond the control of the Company. In such an enforcement scenario, there is no guarantee that there will be sufficient proceeds from the disposal or liquidation of BCF's assets to repay any amounts due and payable on the PPNs and this may adversely affect the performance of the Company's business, financial condition and results of operations.

Consequently, in the event of a materially adverse event occurring in relation to BCF or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment via the Lux Subsidiary in BCF. This delay could materially affect the value of the PPNs and the timing of when BCF is able to realise its investments, which may adversely affect the Company's business, financial condition, results of operations and/or the market price of the shares.

The liquidity profile of BCF as at 31 December 2022 is in Note 12.

To meet the Company's target dividend, the Company will require sufficient payments from the CSWs held and in the event these are not received, the Board has the discretion to determine the amount of dividends paid to Shareholders.

11 Interests in other entities

Interests in unconsolidated structured entities

IFRS 12 "Disclosure of Interests in Other Entities" defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

Involvement with unconsolidated structured entities

The Directors have concluded that the CSWs and voting shares of the Lux Subsidiary in which the Company invests, but that it does not consolidate, meet the definition of a structured entity.

The Directors have also concluded that BCF also meets the definition of a structured entity.

The Directors have concluded that CLOs, that are not subsidiaries for financial reporting purposes, meet the definition of structured entities because:

- the voting rights in the CLOs are not dominant rights in deciding who controls them, as they relate to administrative tasks only;
- each CLO's activities are restricted by its Prospectus; and
- the CLOs have narrow and well-defined objectives to provide investment opportunities to investors.

Interests in subsidiary

As at 31 December 2022, the Company owns 100% of the Class A and Class B shares in the Lux Subsidiary comprising 2,000,000 Class A shares and one Class B share (31 December 2021: 2,000,000 Class A shares and one Class B share).

The Lux Subsidiary's principal place of business is Luxembourg.

Other than the investments noted above, the Company did not provide any financial support for the years ended 31 December 2022 and 31 December 2021, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 31 December 2022. Refer to Note 7 for further details.

12 Financial and other information on BCF

The Board has provided the following information on BCF, which has been extracted from its audited financial statements for the year ended 31 December 2022, as it believes this will provide further insight to the Company's Shareholders into the operations of BCF, the asset mix in its portfolio and the risks to which BCF is exposed.

As at 31 December 2022, the Lux Subsidiary held a 33.8% (31 December 2021: 33.8%) interest in the PPNs issued by BCF. The disclosures have not been apportioned according to the Lux Subsidiary's PPN holding, as the Board believes to do so would be misleading and not an accurate representation of the Company's investment in BCF.

Notes to the Financial Statements continued

Principal activities

BCF was established as an originator vehicle under European risk retention rules for CLO securitisations. It may also invest in senior secured loans, either directly or indirectly through CLO warehouses and risk retention companies. BCF is funded by proceeds from the issuance of PPNs together with other financial resources available to it, such as the BCF Facility.

Investment policy

BCF's investment policy is to invest (directly, or indirectly through one or more Underlying Companies) in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Underlying Companies directly or through investments in Loan Warehouses) bonds and CLO Securities and generate attractive risk-adjusted returns from such portfolios. BCF intends to pursue its investment policy by using the proceeds from the issue of PPNs (together with proceeds from other financial resources available to it) to invest in such assets.

BCF may invest (directly or through other Underlying Companies) predominantly in European or US senior secured loans, CLO Income Note securities (the most subordinated tranche of debt issued by a CLO issuer), loan warehouses and other assets. Investments in loan warehouses will typically be in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum European or US exposure. BCF is not expected to invest (directly or through other Underlying Companies) in senior secured loans domiciled outside North America or Western Europe.

A CLO is a pooled investment vehicle which may invest in a diversified group of debt securities, in this case predominantly senior secured loans. To finance its investments, the CLO vehicle issues debt in the form of Senior Notes and Subordinated Equity Notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying portfolio of assets. The portfolio of assets underlying the CLO Income Note securities consist mainly of senior secured loans, mezzanine loans, second lien loans, high yield bonds and repurchase agreements. The portfolio of assets within BCF consists mainly of CLO Income Note securities. Distributions on the CLO Income Note securities, by way of interest payments, are payable on a quarterly basis on dates established in the formation documents of the CLOs.

As at 31 December 2022, BCF had exposure to two CLOs held as vertical strips (as defined in the Company's Investment Strategy), each being 0.2% of BCF NAV. As at 31 December 2021, BCF had exposure to one CLO held as a vertical strip (as defined in the Company's Investment Strategy), being 0.1% of BCF NAV.

Subsidiaries

As at 31 December 2022, BCF holds the majority, or all, of the subordinated notes issued by a number of European CLO issuers (the "Direct CLO Subsidiaries") as follows and preference shares in Killiney Hill Park warehouse:

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2022
Phoenix Park CLO DAC	EUR	€417	51.4%
Dartry Park CLO DAC	EUR	€425	51.1%
Tymon Park CLO DAC	EUR	€415	51.0%
Elm Park CLO DAC	EUR	€520	56.1%
Griffith Park CLO DAC	EUR	€456	53.4%
Clarinda Park CLO DAC	EUR	€417	51.2%
Palmerston Park CLO DAC	EUR	€365	53.3%
Clontarf Park CLO DAC	EUR	€317	66.9%
Willow Park CLO DAC	EUR	€412	60.9%
Marlay Park CLO DAC	EUR	€413	60.0%
Milltown Park CLO DAC	EUR	€409	65.0%
Richmond Park CLO DAC	EUR	€430	68.3%
Sutton Park CLO DAC	EUR	€408	66.7%
Crosthwaite Park CLO DAC	EUR	€516	64.7%

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2022
Dunedin Park CLO DAC	EUR	€422	52.9%
Seapoint Park CLO DAC	EUR	€403	70.5%
Holland Park CLO DAC	EUR	€426	72.1%
Vesey Park CLO DAC	EUR	€403	80.3%
Avondale Park CLO DAC	EUR	€409	63.0%
Deer Park CLO DAC	EUR	€355	71.9%
Marino Park CLO DAC	EUR	€323	71.4%
Carysfort Park CLO DAC	EUR	€405	80.7%
Rockfield Park CLO DAC	EUR	€403	80.0%
Dillon's Park CLO DAC	EUR	€406	84.0%
Cabinteely Park CLO DAC	EUR	€404	75.6%
Otranto Park(45)	EUR	€443	100.0%
Clonmore Park(45)	EUR	€341	100.0%
Edmondstown Park(45)	EUR	€379	100.0%

(45) New subsidiaries for the year ended 31 December 2022.

BCF holds 100% of the PPNs issued by BGCM DAC, which was established on 1 August 2019. BGCM DAC holds 100% of the Series 2 and Series 3 interests of BCM LLC, a US manager-originator vehicle established on 14 May 2019. The establishment of BCM LLC created a structure capable of meeting potential demand for US CLOs from European institutional investors requiring compliance with European risk retention rules. As at 31 December 2022, BCM LLC holds subordinated notes in the following US CLOs (the "Indirect CLO Subsidiaries"):

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2022
Southwich Park CLO Limited	USD	$503	59.9%
Point Au Roche Park CLO Limited	USD	$457	61.2%
Whetstone Park CLO Limited	USD	$506	62.5%
Peace Park CLO Limited	USD	$661	71.5%
Tallman Park CLO Limited	USD	$410	5.0%

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2022
Beechwood Park CLO Limited	USD	$816	61.1%
Harriman Park CLO Limited	USD	$501	70.0%
Cayuga Park CLO Limited	USD	$399	72.0%
Allegany Park CLO Limited	USD	$506	66.2%

In accordance with IFRS 10 Consolidated Financial Statements, the Direct CLO Subsidiaries, the Indirect CLO Subsidiaries, BGCM DAC and BCM LLC, are all deemed to be subsidiaries of BCF and are consolidated under its financial reporting framework. As at 31 December 2022, BCM LLC held investments in the following non-consolidated US CLOs:

Name
Gilbert Park CLO Limited
Stewart Park CLO Limited
Catskill Park CLO Limited
Dewolf Park CLO Limited

Name
Long Point Park CLO Limited
Grippen Park CLO Limited
Thayer Park CLO Limited
Cook Park CLO Limited

BCF also directly holds subordinated notes in US CLOs which it was not responsible for originating. As at 31 December 2022, BCF had direct holdings in the following US CLOs (together with the non-consolidated US CLOs held through BCM LLC, the "Non-Consolidated US CLOs"):

Name
Filmore Park CLO Limited
Harbor Park CLO Limited

The directors of BCF have determined that BCF did not control the Non-Consolidated US CLOs or US CLO warehouses held directly by BCF or through BCM LLC, as defined in IFRS 10. Therefore, these entities have not been consolidated for the purposes of presenting BCF's consolidated financial statements. These investments have been classified as financial assets held at fair value through profit or loss.

The directors of BCF do not anticipate any change in its structure or investment objectives.

Valuation of financial instruments

As at 31 December 2022 and 2021, the loans held were broker priced through Markit and the bond investments were valued by prices provided by IDC. The majority of these assets were classified as Level 2 since the input into the Markit price consisted of at least two quotes, however, a small number of holdings priced through Markit consisted of only one quote. Such assets were classified as Level 3. Both loans and bonds are priced at current mid prices.

The CLO Income Notes issued by the Direct CLO Subsidiaries are listed on Euronext Dublin and are valued by a third party. The approach to valuing these CLO Income Notes incorporates CLO specific information and modelling techniques. Factors include (i) granular loan level data, such as the concentration and quality of various loan level buckets, for example, second liens, covenant lites and other structured product assets, as well as several other factors including: discount rate, default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread (these factors are highly sensitive and variations may materially affect the fair value of the asset), and (ii) structural analysis on a deal by deal basis. Pricing includes checks on all structural features of each CLO, such as the credit enhancement of each bond and various performance triggers (including over-collateralisation tests, interest coverage and diversion tests). Furthermore, reinvestment language specific to each CLO deal is assessed, as well as the collateral manager's performance and capabilities.

Notes to the Financial Statements continued

Investments in CLO Income Notes of US CLO Issuers, held directly or indirectly, are valued using an equivalent methodology. Similar to the above, valuation of such CLO Income Notes uses significant unobservable inputs and accordingly are classified as Level 3. Investments in the CLO Income Notes of the CLO Subsidiaries and the Non-Consolidated US CLOs, and in the preference shares of the CLO warehouses are valued on the above basis using significant unobservable inputs and accordingly, are classified as Level 3.

Forward purchase agreements are over-the-counter ("OTC") contracts for delayed delivery of investments in which the buyer agrees to buy and the seller agrees to deliver specified investments at specified prices on a specified future date. Because the terms are not standardised, they are not traded on organised exchanges and generally can be terminated or closed out only by agreement of both parties to the contract. They are valued in accordance with the terms of the forward purchase agreement and are categorised as Level 2.

A currency swap is an interest rate swap in which the cash flows are in different currencies. Upon initiation of a currency swap, the counterparties make an initial exchange of notional principals in the two currencies. During the life of the swap, each party pays interest (in the currency of the principal received) to the other. At the maturity of the swap, the parties make a final exchange of the initial principal amounts, reversing the initial exchange at the same spot rate. Contracts are marked-to-market daily based upon calculations using a valuation model and are categorised as Level 2.

The PPNs and debt issued by the CLO Subsidiaries are categorised as Level 3, as they are valued using a model which is based on the fair value of the underlying assets and liabilities of the relevant entity.

The amortised cost of the BCF Facility equates to its fair value due to the floating interest rates and the proximity of the maturity dates and has been categorised as Level 2.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to BCF. Payable for investments sold and other payables represent the contractual amounts and obligations due by BCF for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The following tables analyse within the fair value hierarchy BCF's financial instruments carried at fair value as at 31 December 2022 and 31 December 2021:

31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	–	319,801,298	12,605,793	332,407,091
- Investments in CLO Income Notes	–	–	372,888,404	372,888,404
- Investment in BGCM DAC	–	–	286,471,835	286,471,835
Total financial assets	**–**	**319,801,298**	**671,966,032**	**991,767,330**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	–	–	(863,646,976)	(863,646,976)
- Derivative financial liabilities	–	(80,505,196)	–	(80,505,196)
Total financial liabilities	**–**	**(80,505,196)**	**(863,646,976)**	**(944,152,172)**

31 December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	–	521,321,556	7,924,650	529,246,206
- Investments in CLO Income Notes	–	–	508,931,719	508,931,719
- Investment in BGCM DAC	–	–	391,200,403	391,200,403
Total financial assets	**–**	**521,321,556**	**908,056,772**	**1,429,378,328**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	–	–	(1,233,581,335)	(1,233,581,335)
- Derivative financial liabilities	–	(33,536,518)	–	(33,536,518)
Total financial liabilities	**–**	**(33,536,518)**	**(1,233,581,335)**	**(1,267,117,853)**

The following tables show the movement in Level 3 of BCF's fair value hierarchy for the years ended 31 December 2022 and 31 December 2021:

31 December 2022	Financial assets measured at FVTPL	Financial liabilities measured at FVTPL
	€	€
Opening balance	908,056,772	(1,233,581,335)
Net (loss)/gain on financial assets and liabilities measured at fair value through profit or loss	(322,002,133)	374,808,561
Purchases/Issuances	308,514,876	(7,608,819)
Sales/Redemptions	(222,603,483)	2,734,617
Closing Balance	**671,966,032**	**(863,646,976)**

31 December 2021	Financial assets measured at FVTPL	Financial liabilities measured at FVTPL
	€	€
Opening balance	872,834,880	(1,092,553,639)
Net gain/(loss) on financial assets and liabilities measured at fair value through profit or loss	2,051,407	(32,418,962)
Purchases/Issuances	366,313,313	(108,608,734)
Sales/Redemptions	(326,134,078)	–
Movement out of Level 3	(7,008,750)	–
Closing Balance	**908,056,772**	**(1,233,581,335)**

BCF's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2022 or 31 December 2021.

Notes to the Financial Statements continued

Sensitivity of BCF Level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2022 and 31 December 2021 were priced through Markit where the input into the Markit price was only one price, so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices.

The CLO Income Notes were valued by a third party using a CLO intrinsic calculation methodology and were classified as Level 3 because the valuation technique incorporates significant unobservable inputs. The CLO prices are determined by consideration of several factors including the following: default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread. These factors are highly sensitive, and variations may materially affect the fair value of the asset. These metrics are accumulated from various market sources independent of BIL. Additionally, valuation incorporates a review of each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral, the collateral manager capabilities and general macroeconomic conditions. The sensitivity of the fair values of the CLO Notes, in particular CLO Income Notes to the traditional risk variables measured separately including market risk and interest rate risk may not be the most appropriate analysis for this asset class. The sensitivity to valuation assumptions including interest rates has an interdependent impact with other significant market variables as noted in the assumptions used for valuing CLO Income Notes. Given the values are based on third party prices, the sensitivity to the key assumptions is not required to be provided.

The assets classified as Level 3 represented 67.8% (2021: 63.5%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR 33,598,302 (3.39% of the total financial assets) (2021: EUR 45,402,839 (3.18% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (3.39%) (2021: (3.18%)).

The financial liabilities at fair value through profit or loss consist of the PPNs. The PPNs are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the BCF Facility, cash and cash equivalents, receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short-term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs. The BCM LLC repurchase agreement is also valued in the same manner as the BCF Facility.

Financial instruments and associated risks

The Lux Subsidiary holds one investment in BCF in the form of PPNs. The PPNs are the main driver of the Lux Subsidiary's performance and consequently that of the Company. The performance of the PPNs is driven solely by the underlying portfolio of BCF and therefore consideration of the risks to which BCF is exposed to have also been made.

Market risk

Market risk is the current or prospective risk to earnings or capital of BCF arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices. Market risk embodies the potential for both losses and gains.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss BCF might suffer through holding market positions in the face of price movements caused by factors specific to the individual investment or factors affecting all instruments traded in the market. In addition, local, regional or global events may have a significant impact on BCF and the price of its investments. As all of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPNs.

(i) Currency risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies may fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk. BCF's financial statements are denominated in Euro, though investments in the US CLO warehouses, US CLOs, and senior secured loans and bonds are made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of BCF.

BIL monitors foreign currency risk on a periodic basis. Typically, derivative contracts serve as components of BCF's asset hedging program and are utilised primarily to reduce foreign currency risk to BCF's investments. Foreign currency risk on non-base currency loans and bonds is minimised by the leveraged structure of BCF and by the use of the multi-currency BCF Facility to draw down funds. Non-base GBP and USD investments are funded by use of the corresponding currency leverage of the BCF Facility which creates a matching of asset and liability currency risk and minimising the impact of fluctuations in exchange rates. Rolling currency forwards are used to manage the foreign currency exposure of the preference shares of the US CLO warehouses, the CLO Income Notes of the Indirect CLO Subsidiaries, Dorchester Park CLO DAC and the Non-Consolidated US CLOs denominated in foreign currencies. The market value of these USD positions is hedged by offsetting USD forward notional amounts to ensure BCF is fully hedged.

The following tables set out BCF's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2022 and 31 December 2021:

31 December 2022	British Pound	United States Dollars
	€	€
Investments in senior secured loans and bonds	–	348,748
Investments in CLO Income Notes	–	33,784,155
Investment in BGCM DAC	–	286,471,835
BCF Facility	(4,811,108)	(6,135,502)
Cash and cash equivalents	322,070	147,350
Other assets and liabilities	1,826,029	18,798,561
Net position	**(2,663,009)**	**333,415,147**
Notional amount of currency forwards	–	(496,440,149)
Net exposure	**(2,663,009)**	**(163,025,002)**
Sensitivity 10%	**(266,301)**	**(16,302,500)**

31 December 2021	British Pound	United States Dollars
	€	€
Investments in senior secured loans and bonds	29,171,010	1,357,999
Investments in CLO Income Notes	–	65,384,263
Investment in BGCM DAC	–	391,200,403
BCF Facility	(26,315,478)	(6,418,513)
Cash and cash equivalents	927,334	256,635
Other assets and liabilities	(4,472,153)	18,726,134
Net position	**(689,287)**	**470,506,921**
Notional amount of currency forwards	–	(465,769,847)
Net exposure	**(689,287)**	**4,737,074**
Sensitivity 10%	**(68,929)**	**473,707**

Sensitivity analysis - BCF
At 31 December 2022 and 2021, had the Euro strengthened by 10% in relation to all currencies, with all other variables held constant, the net asset liability exposure would have increased by the amounts shown above for BCF. There would be no impact on the total comprehensive income of BCF because the fair value movement on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement.

A 10% weakening of the base currency, against GBP and US Dollar, would have resulted in an equal but opposite effect than that on the tables above, on the basis that all other variables remain constant. These calculations are based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

Notes to the Financial Statements continued

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The PPNs issued by BCF are limited recourse obligations and are valued based on the fair value of the underlying assets and liabilities. As the interest attached to the PPNs is based on the income earned by BCF, any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will result in an offsetting decrease in the fair value of the PPNs.

The interest rate risk associated with cash and cash equivalents is deemed to be insignificant due to negligible interest rates and no expected movement.

The following tables detail BCF's exposure to interest rate risk as at 31 December 2022 and 31 December 2021. It includes the carrying value of BCF's assets and liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating rate, fixed or non-interest bearing:

31 December 2022	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	290,269,985	42,137,106	–	332,407,091
- Investments in CLO Income Notes	372,888,404	–	–	372,888,404
- Investment in BGCM DAC	286,471,835	–	–	286,471,835
Receivable for investments sold	–	–	227,275,216	227,275,216
Other receivables	–	–	37,133,162	37,133,162
Cash and cash equivalents	125,321,711	–	–	125,321,711
Total assets	**1,074,951,935**	**42,137,106**	**264,408,378**	**1,381,497,419**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(863,646,976)	–	–	(863,646,976)
- Derivative financial liabilities			(80,505,196)	(80,505,196)
BCF Facility	(272,926,363)	–	–	(272,926,363)
Payable for investments purchased	–	–	(159,427,500)	(159,427,500)
Other payables and accrued expenses	–	–	(4,983,324)	(4,983,324)
Total liabilities	**(1,136,573,339)**	**–**	**(244,916,020)**	**(1,381,489,359)**
Total interest sensitivity gap	**(61,621,404)**	**42,137,106**		

31 December 2021	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	460,964,746	68,281,460	–	529,246,206
- Investments in CLO Income Notes	508,931,719	–	–	508,931,719
- Investment in BGCM DAC	391,200,403	–	–	391,200,403
Receivable for investments sold	–	–	1,002,083,571	1,002,083,571
Other receivables	–	–	34,873,626	34,873,626
Cash and cash equivalents	144,288,470	–	–	144,288,470
Total assets	**1,505,385,338**	**68,281,460**	**1,036,957,197**	**2,610,623,995**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(1,233,581,335)	–	–	(1,233,581,335)
- Derivative financial liabilities			(33,536,518)	(33,536,518)
BCF Facility	(449,213,745)	–	–	(449,213,745)
Payable for investments purchased	–	–	(889,975,427)	(889,975,427)
Other payables and accrued expenses	–	–	(4,309,810)	(4,309,810)
Total liabilities	**(1,682,795,080)**	**-**	**(927,821,755)**	**(2,610,616,835)**
Total interest sensitivity gap	**(177,409,742)**	**68,281,460**		

Sensitivity analysis
At 31 December 2022, had the base interest rates strengthened/weakened by 2% (2021: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR 389,686 (2021: EUR 2,182,566) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of BCF. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

(iii) Price risk
Price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from currency risk and interest rate risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market.

BCF attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting the collateral manager, subject to certain requirements, to sell collateral obligations and reinvest the proceeds. The CLO manager actively monitors the assets within each CLO to ensure that they do not breach the collateral quality tests and portfolio profile tests.

Where possible, prices are received from brokers on a monthly basis. Broker prices for loans are sourced from Markit, a composite price provider, and broker prices for bonds are sourced from IDC.

Credit risk
Credit risk is the current or prospective risk to earnings and capital arising from a counterparty's failure to meet the terms of any contract with BCF, or otherwise fail to perform as agreed. The receipt of monies owed will be subject to and dependent on the counterparty's ability to pay such monies.

BCF is therefore open to risks relating to the creditworthiness of the counterparty. If the counterparty fails to make any cash payments required to settle an investment, BCF may lose principal as well as any anticipated benefit from the transaction.

Notes to the Financial Statements continued

Credit risk in financial instruments arises from cash and cash equivalents and investments in debt securities, as well as credit exposures of transactions with brokers related to transactions awaiting settlement (i.e. receivable for investment sold and other receivables).

BIL, through its investment strategy, will endeavour to avoid losses relating to defaults on the underlying assets. In-house credit research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysts with relevant industry sector experience.

The credit analysis performed involves developing a full understanding of the business and associated risk of the loan or bond issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. BIL analyses credit concentration risk based on the counterparty, country and industry of the financial assets that BCF holds.

At the reporting date, BCF's financial assets exposed to credit risk are as follows:

	31 December 2022	31 December 2021
	€	€
Financial assets measured at fair value through profit or loss	991,767,330	1,429,378,328
Receivables for investments sold	227,275,216	1,002,083,571
Other receivables	37,133,162	34,873,626
Cash at bank	125,321,711	144,288,470
Total	**1,381,497,419**	**2,610,623,995**

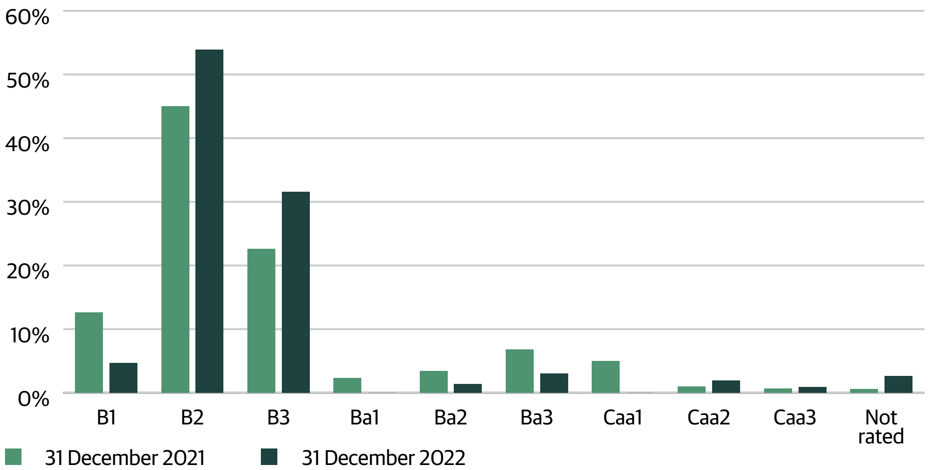
Amounts in the above tables are based on the carrying value of the financial assets as at the reporting date.

Financial assets measured at fair value through profit or loss

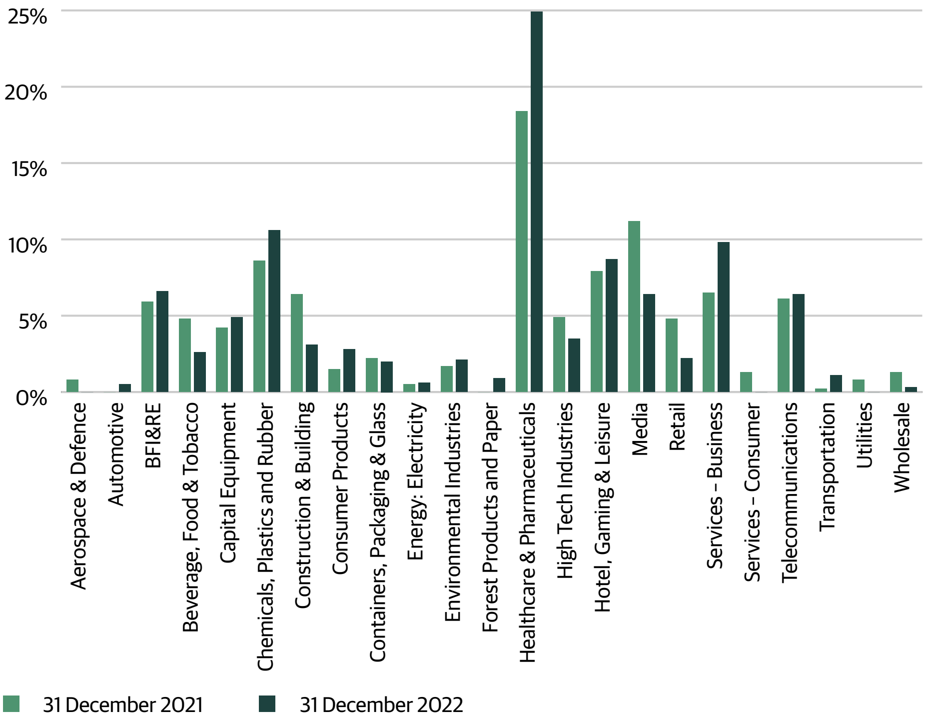
BCF's investment policy is to invest predominantly in:

- a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans);
- CLO Income Notes issued by the Issuer CLOs whose investments will be focused predominantly in European and US senior secured loans; and
- US CLO Income Notes (held directly or indirectly) whose investments are focused predominantly in US senior secured loans.

The investments in senior secured loans and bonds held directly by BCF had the following credit quality as rated by Moody's:



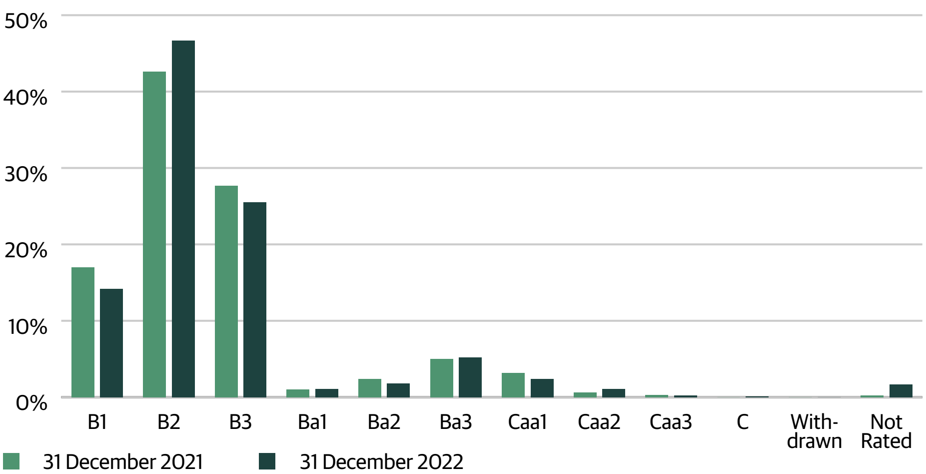
The senior secured loans and bonds held directly by BCF are concentrated in the following industries:



BFI&RE – Banking, Finance, Insurance and Real Estate

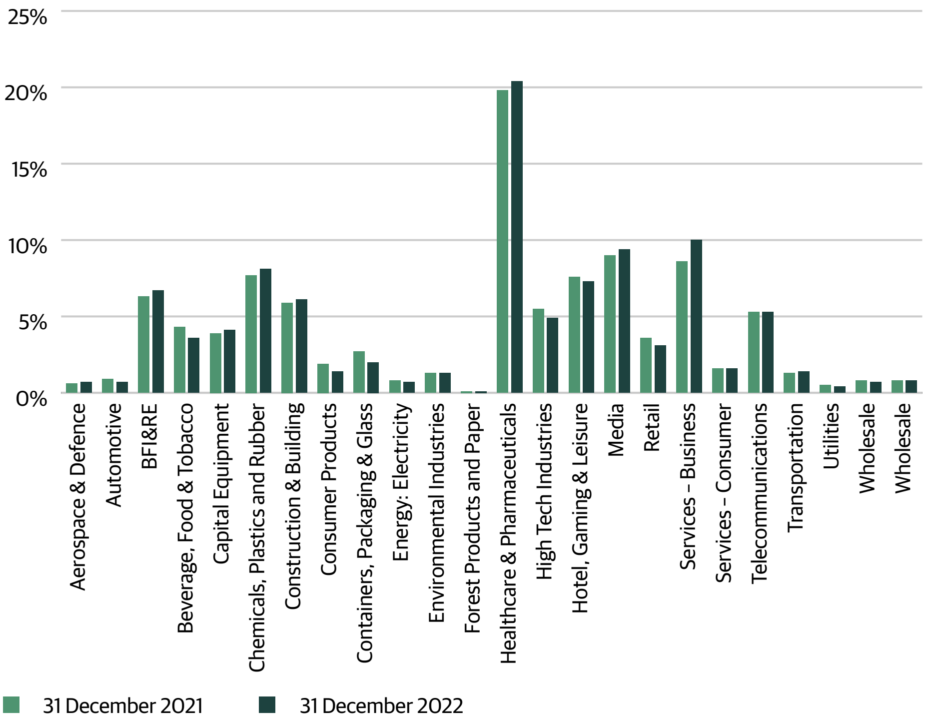
In addition to the senior secured loans and bonds held directly, BCF invests in CLO Income Notes issued by European and US CLO Issuers whose investments are focused predominantly in European and US senior secured loans. Each CLO's investment activities are restricted by its prospectus and the CLOs have narrow and well-defined objectives to provide investment opportunities to investors. In order to avoid excessive concentration of risk, the policies and procedures of each CLO include specific guidelines to focus on maintaining a diversified portfolio. As CLO Income Noteholder in the CLOs, BCF is exposed to the credit risk on the underlying senior secured loans and bonds held by the CLOs. In addition, the CLO Income Notes are limited recourse obligations of the CLOs which are payable solely out of amounts received by the CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of BCF's Direct CLO Subsidiaries had the following credit quality as rated by Moody's:



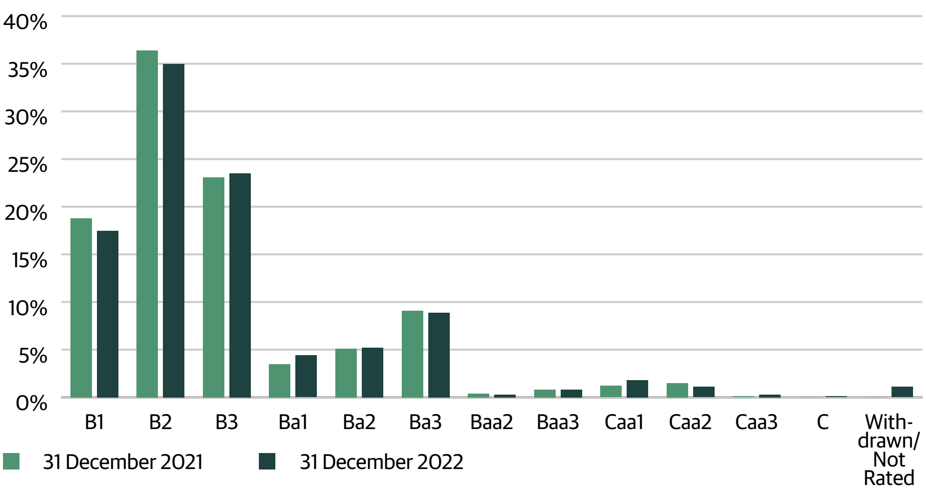
Notes to the Financial Statements continued

The senior secured loans and bonds held by the Direct CLO Subsidiaries of BCF are concentrated in the following industries

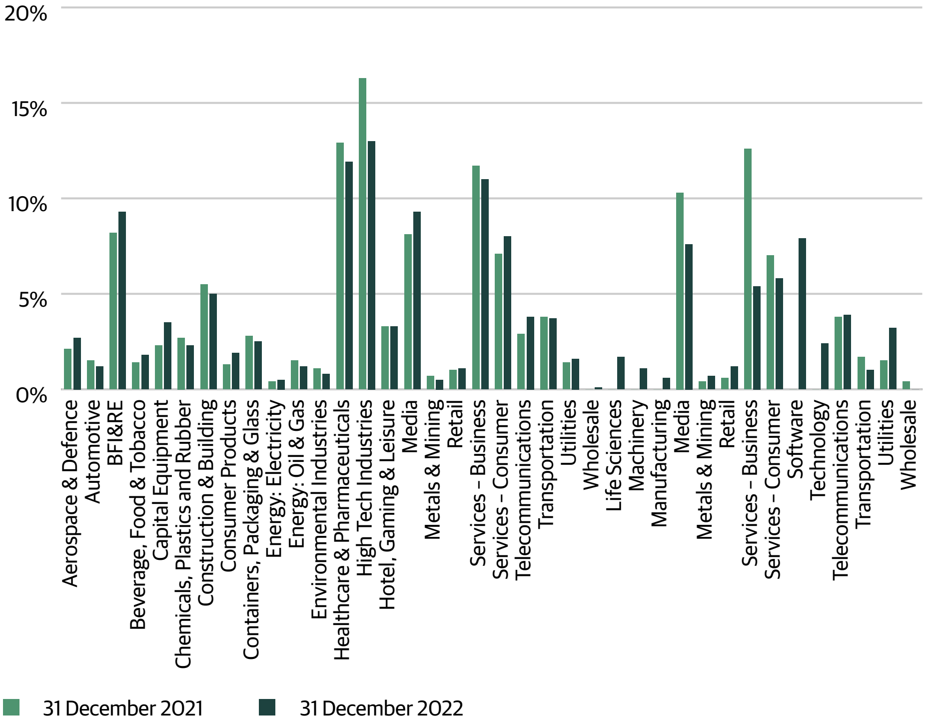


BFI&RE – Banking, Finance, Insurance and Real Estate

The underlying investments in senior secured loans and bonds recognised as financial assets of the Indirect CLO Subsidiaries of BCF had the following credit quality as rated by Moody's:



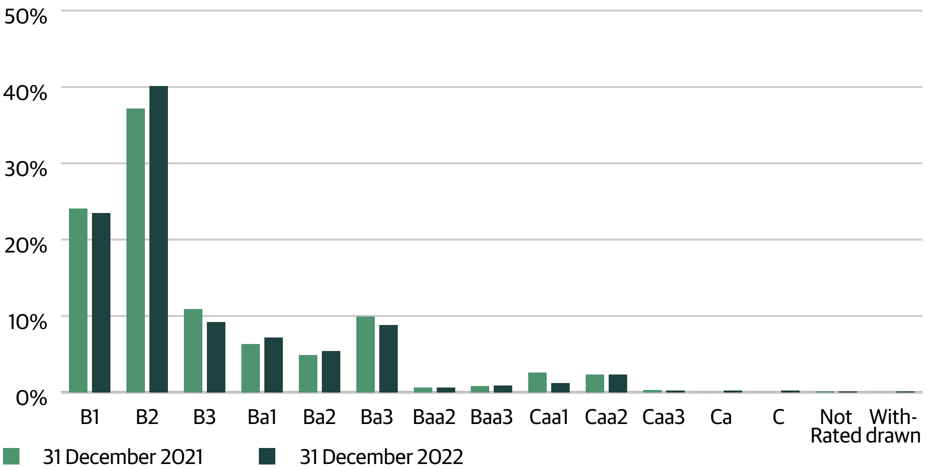
The senior secured loans and bonds held by the Indirect CLO Subsidiaries are concentrated in the following industries:



BFI&RE – Banking, Finance, Insurance and Real Estate

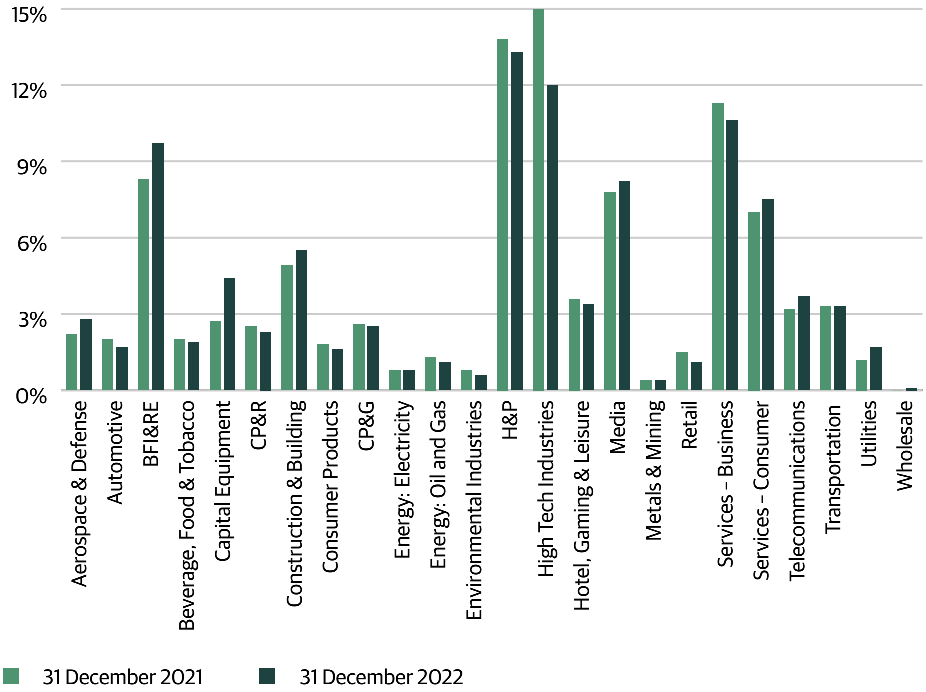
During the year, the Parent Company held (directly, and indirectly through BCM LLC) CLO Income Notes in US CLOs which are not consolidated as subsidiaries. Accordingly, the Parent Company is exposed to the credit risk on the underlying U.S. senior secured loans and bonds held by such U.S. CLOs. In addition, the CLO Income Notes are limited recourse obligations of the US CLOs which are payable solely out of amounts received by the U.S. CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of the US CLOs (whose Income Notes are held directly and indirectly by the Parent Company) had the following credit quality as rated by Moody's:



Notes to the Financial Statements continued

The underlying financial assets of the US CLOs (whose Income Notes are held directly and indirectly by BCF) exposed to credit risk were concentrated in the following industries:



BFI&RE – Banking, Finance, Insurance and Real Estate
CP&R – Chemicals, Plastic and Rubber
CP&G – Containers, Packaging and Glass
H&P – Healthcare and Pharmaceuticals

Liquidity risk

Liquidity is the risk that BCF may not be able to meet its financial obligations as they fall due. The ability of BCF to meet its obligations is dependent on the receipt of interest and principal from the underlying collateral portfolios. Obligations may arise from: financial liabilities at fair value, payable for investments purchased, BCF Facility, interest payable on CLO Income Notes, derivative financial liabilities, other payables and accrued expenses.

At the reporting date, the financial obligations exposed to liquidity risk are as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value comprise PPNs issued by BCF.

All PPNs issued are limited recourse. The recourse of the noteholders, which includes BGLF through the Lux Subsidiary, is limited to the proceeds available to unsecured creditors at such time from the debt obligations, CLO Income Notes and other obligations which comply with the investment policy. Therefore, from the perspective of BCF, the associated liquidity risk of the PPNs is reduced.

13 Segmental reporting

As required by IFRS 8 Operating Segments, the information provided to the Board, who are the chief operating decision-makers, can be classified into one segment for the years ended 31 December 2022 and 31 December 2021. The only share class in issue during the years ended 31 December 2022 and 31 December 2021 is the Euro Ordinary share class. For the years ended 31 December 2022 and 31 December 2021, the Company's primary exposure was to the Lux Subsidiary in Europe. The Lux Subsidiary's primary exposure is to BCF, an Irish entity. BCF's primary exposure is to the US and Europe.

14 Basic and diluted earnings per ordinary share

	As at 31 December 2022	As at 31 December 2021
	€	€
Total comprehensive (loss)/income for the year	(72,329,588)	62,810,748
Weighted average number of shares during the year(46)	455,759,703	470,866,902
Basic and diluted (loss)/earnings per ordinary share	**(0.1587)**	**0.1334**

15 Net asset value per ordinary share

	As at 31 December 2022	As at 31 December 2021
	€	€
IFRS Net asset value	301,614,977	421,999,577
Number of ordinary shares at year end	444,578,522	460,984,702
IFRS Net asset value per ordinary share	**0.6784**	**0.9154**

16 Reconciliation of Published NAV to IFRS NAV per the financial statements

	As at 31 December 2022		As at 31 December 2021	
	NAV	NAV per ordinary share	NAV	NAV per ordinary share
	€	€	€	€
Published NAV attributable to Shareholders	403,726,181	0.9081	433,632,455	0.9407
Adjustment – valuation	(102,111,204)	(0.2297)	(11,632,878)	(0.0253)
IFRS NAV	**301,614,977**	**0.6784**	**421,999,577**	**0.9154**

As noted on page 5, there can be a difference between the Published NAV and the IFRS NAV per the financial statements, mainly because of the different bases of valuation. The above table reconciles the Published NAV to the IFRS NAV per the financial statements.

17 Reconciliation of liabilities arising from financing activities

	As at 31 December 2022	As at 31 December 2021
	€	€
Opening balance	1,246,249	869,988
Increase in intercompany loan	447,828	376,261
Closing balance	**1,694,077**	**1,246,249**

(46) Average number of shares weighted against the effect of ordinary shares buybacks during the year (refer to note 9 for further details).

Notes to the Financial Statements continued

18 Dividends

The Company declared and paid the following dividends on ordinary shares during the year ended 31 December 2022:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per ordinary share	Amount paid
				€	€
1 Oct 2021 to 31 Dec 2021	24 Jan 2022	3 Feb 2022	4 Mar 2022	0.0275	12,658,930
1 Jan 2022 to 31 Mar 2022	25 Apr 2022	5 May 2022	9 Jun 2022	0.0175	8,038,182
1 Apr 2022 to 30 Jun 2022	21 Jul 2022	28 Jul 2022	26 Aug 2022	0.0175	7,983,136
1 Jul 2022 to 30 Sept 2022	21 Oct 2022	3 Nov 2022	2 Dec 2022	0.0175	7,872,743
Total					**36,552,991**

The Company declared and paid the following dividends on ordinary shares during the year ended 31 December 2021:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per ordinary share	Amount paid
				€	€
1 Oct 2020 to 31 Dec 2020	21 Jan 2021	4 Feb 2021	5 Mar 2021	0.0250	11,923,083
1 Jan 2021 to 31 Mar 2021	23 Apr 2021	6 May 2021	04 June 2021	0.0175	8,345,721
1 Apr 2021 to 30 Jun 2021	21 Jul 2021	05 Aug 2021	03 Sep 2021	0.0175	8,202,374
1 Jul 2021 to 30 Sept 2021	21 Oct 2021	28 Oct 2021	26 Nov 2021	0.0175	8,124,076
Total					**36,595,254**

19 Related party transactions

All transactions between related parties were conducted on terms equivalent to those prevailing in an arm's length transaction. In accordance with IAS 24 "Related Party Disclosures", the related parties and related party transactions during the year comprised:

Transactions with entities with significant influence
As at 31 December 2022, Blackstone Treasury Asia Pte held 43,000,000 ordinary shares in the Company (31 December 2021: 43,000,000).

Transactions with key management personnel
The Directors are the key management personnel as they are the persons who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Directors are entitled to remuneration for their services. Refer to Note 4 for further detail.

Transactions with other related parties
At 31 December 2022, current employees of the Portfolio Adviser and its affiliates, and accounts managed or advised by them, hold 39,875 ordinary shares (31 December 2021: 24,875) which represents 0.009% (31 December 2021: 0.005%) of the issued shares of the Company.

The Company has exposure to the CLOs originated by BCF, through its investment in the Lux Subsidiary. BIL is also appointed as a service support provider to BCF and as the collateral manager to the Direct CLO Subsidiaries. BLCS has been appointed as the collateral manager to BCM LLC, Dorchester Park CLO Designated Activity Company and the Indirect CLO Subsidiaries.

Transactions with Subsidiaries
The Company held 239,550,782 CSWs as at 31 December 2022 (31 December 2021: 267,088,098) following the issuance of 7,608,819 and redemption of 35,146,135 CSWs by the Lux Subsidiary. Refer to Note 6 for further details.

As at 31 December 2022, the Company held 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001 (31 December 2021: 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001).

As at 31 December 2022, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €1,694,077 (31 December 2021: €1,246,249).

20 Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

21 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 27 April 2023, the date the financial statements are available to be issued, and, other than those listed below, concluded that there are no material events that require disclosure or adjustment to the financial statements.

Dividends
On 23 January 2023, the Board declared a dividend of €0.0275 per ordinary share in respect of the period from 1 October 2022 to 31 December 2022 with an ex-dividend date of 2 February 2023. A total payment of €12,182,391 was processed on 3 March 2023.

On 25 April 2023, the Board declared a dividend of €0.02 per ordinary share in respect of the period from 1 January 2023 to 31 March 2023 with an ex-dividend date of 4 May 2023. The dividend will be paid on 2 June 2023.

Repurchase of ordinary shares
During the period from 1 January 2023 to 27 April 2023, the Company repurchased, under the 2022 AGM authority, 1,839,619 of its ordinary shares of no par value at a total cost of €1,228,191 (excluding fees and commissions).

Additional Information

4.0

Company Information

Directors

Ms Charlotte Valeur (Chair)
Mr Gary Clark
Ms Heather MacCallum
Mr Steven Wilderspin
Mr Mark Moffat
All c/o the Company's registered office

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Registrar

Link Asset Services (Jersey) Limited
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St Helier
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Administrator/Company Secretary/ Custodian/Depositary

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Joint Broker

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United Kingdom

Joint Broker

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United Kingdom

Glossary

AGM	Annual General Meeting
AIC	the Association of Investment Companies, of which the Company is a member
AIC Code	AIC Code of Corporate Governance 2019
AIFMD	Alternative Investment Fund Managers' Directive
AIF	Alternative Investment Funds
APMs	Alternative Performance Measures
ARRC	Alternative Reference Rates Committee
Articles	the Articles of Incorporation of the Company
BAAM	Blackstone Alternative Asset Management L.P
BCF	Blackstone Corporate Funding Designated Activity Company (formerly known as Blackstone/GSO Corporate Funding Designated Activity Company)
BCF Facility	BCF entered into a facility agreement dated 1 June 2017, as amended between (1) BCF (as borrower), (2) Citibank Europe plc, UK Branch (as administration agent), (3) Bank of America N.A. London Branch (as an initial lender), (4) BNP Paribas (as an initial lender), (5) Deutsche Bank AG, London Branch (as initial lender), (6) Citibank N.A. London Branch (as account bank, custodian and trustee) and (7) Virtus Group LP (as collateral administrator)
BCM LLC	Blackstone CLO Management LLC (formerly known as Blackstone/GSO CLO Management LLC)
BGCM DAC	BGCM Designated Activity Company
BGLC	Ticker for the Company's C Share Quote
BGLF or the Company	Blackstone Loan Financing Limited (formerly known as Blackstone/GSO Loan Financing Limited)
BGLP	Ticker for the Company's Sterling Quote
BIL or the Portfolio Adviser	Blackstone Ireland Limited (formerly known as Blackstone/GSO Debt Funds Management Europe Limited)
BLCS or the Portfolio Manager or the Rollover Portfolio Manager	Blackstone Liquid Credit Strategies LLC (formerly known as GSO/Blackstone Debt Funds Management LLC)
Board	the Board of Directors of the Company
BWIC	Bids Wanted In Competition
BX Credit	Blackstone Alternative Credit Advisors LP or Blackstone Credit (formerly known as GSO Capital Partners LP)
CFO	Chief Financial Officer
CSWs	Cash Settlement Warrants
CLO	Collateralised Loan Obligation
DTC	Depositary Trust Company
DTR	Disclosure Guidance and Transparency Rules
Discount/Premium	calculated as the NAV per share as at a particular date less BGLF's closing share price on the London Stock Exchange, divided by the NAV per share as at that date
Dividend yield	calculated as the last four quarterly dividends declared divided by the share price as at the relevant date
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECB	European Central Bank
ESG	Environmental, social and governance
ESMA	European Securities and Markets Authority
EU	European Union

FAFVTPL	Financial assets at fair value through profit or loss
FCA	Financial Conduct Authority (United Kingdom)
Fed	Federal Reserve
FRC	Financial Reporting Council (United Kingdom)
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
GDP	Gross Domestic Product
GFC	Global Financial Crisis
IDC	International Data Corporation
IDT	Interest Diversion Test
IFRS	International Financial Reporting Standards
IFRS 10	IFRS 10 Consolidated Financial Statements
IFRS 13	IFRS 13 Fair Value Measurement
IFRS NAV	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with IFRS as adopted by the EU
IMF	International Monetary Fund
IPO	Initial Public Offering
IRR	Internal Rate of Return
JFSC	Jersey Financial Services Commission
LCD	S&P Global Market Intelligence's Leveraged Commentary & Data provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary, and proprietary loan data
LDI	Liability-driven investment
LIBOR	London Inter-Bank Offered Rate
Loan Warehouse	A special purpose vehicle incorporated for the purposes of warehousing US and/or European floating rate senior secured loans and bonds
LSE	London Stock Exchange
LTM	Last twelve months
Lux Subsidiary	Blackstone/GSO Loan Financing (Luxembourg) S.à r.l.
MoM	Month-over-month
NAV	Net asset value
NAV total return per Ordinary share	Calculated as the increase/decrease in the NAV per Ordinary share plus the total dividends paid per Ordinary share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Ordinary share
NIM	Net interest margin
OC	Overcollateralisation
OCI	Other Comprehensive Income
PMIs	Purchasing Managers' Indices
PPNs	Profit Participating Notes
PRI	Principles for Responsible Investment
Published NAV	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus and published on a monthly basis

Return	Calculated as the increase /decrease in the NAV per Euro Ordinary share plus the total dividends paid per Euro Ordinary share, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Euro Ordinary share. LTM return is calculated over the period January 2022 to December 2022.
RNS	Regulatory News Service
Rollover Assets	The assets attributable to the Carador Income Fund plc Rollover Shares – a pool of CLO assets from Carador Income Fund plc
Rollover Offer	As announced by the Board on 28 August 2018, a rollover proposal to offer newly issued C Shares to electing shareholders of Carador Income Fund plc, in consideration for the transfer of a pool of CLO assets from Carador Income Fund plc to the Company
RP	Reinvestment period
SFS	Specialist Fund Segment
SOFR	Secured Overnight Financing Rate
TCFD	Task Force on Climate-related Financial Disclosures
UK	United Kingdom
UK Code	UK Corporate Governance Code 2018
US	United States
USD	United States Dollar
US MOA	United States Majority Owned Affiliate – Blackstone/GSO US Corporate Funding Limited
Underlying Company	A company or entity to which the Company has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase of CLO Securities
WA	Weighted Average
WACC	Weighted Average Cost of Capital
WAP	Weighted Average Asset Price
WARF	Weighted Average Rating Factor
WAS	Weighted Average Spread