

Dear Shareholder,

We're pleased with the strong performance and consistently high income that Blackstone Private Credit Fund ("BCRED" or the "Fund") has delivered for investors in its first year. With Blackstone's scale and experienced platform and BCRED's high-quality portfolio and floating-rate focus, we think BCRED is well-positioned to help investors adapt to today's challenging inflationary and interest-rate environment.

## BCRED's 2021 Accomplishments

**Strong performance and high income.** BCRED has generated a 11.5% ITD net return for Class S shares (no upfront placement fee)<sup>1</sup> with a 7.6% distribution yield for 2021<sup>2</sup> including two special distributions in addition to consistent regular monthly dividends. In a challenging environment where traditional fixed income experienced negative returns,<sup>3</sup> we are extremely proud of BCRED's performance.

**Defensive, thematic portfolio focused on positions senior in the capital structure.** We've built a high-quality portfolio with 95% invested in senior secured loans. This means that the Fund's assets sit at the top of the capital structure, where we are first to be repaid if anything were to happen to the borrower. Additionally, the average loan-to-value of BCRED's loans is 43%.<sup>4</sup> Therefore, over half of the average portfolio company's capital is below ours and would be impacted first, creating what we believe is significant cushion to protect our downside.

The Fund invests thematically in what we believe are "good neighborhoods," sectors such as software, technology, healthcare, and logistics. We believe the strong cash-flow growth and relatively low capital expenditure requirements in these sectors can help mitigate inflationary pressures.

**Access to diversified capital sources at lower costs.** We believe the Fund is well-capitalized with a strong corporate balance sheet. This, along with BCRED's strong performance and high-quality portfolio supported by Blackstone's reputable platform, has helped BCRED earn three investment grade (IG) ratings.<sup>5</sup> Receiving IG ratings this early on is historically rare, and we believe this can help BCRED to optimize and diversify its financing sources by issuing unsecured debt at lower, fixed rates.

**Prepared for rising rates.** Rising rates have become more of a question of when, rather than if. We believe BCRED is well-positioned as rates move upward. BCRED's debt portfolio is 99% floating rate,<sup>6</sup> where yields generally are expected to increase with an increase in rates.

### Performance Highlights

**11.5%**

annualized ITD net returns

Class S (no upfront placement fee)<sup>1</sup>

**7.6%**

2021 distribution yield

Class S<sup>2</sup>

### Portfolio Highlights

**99%**

floating rate<sup>6</sup>

**95%**

senior secured

**89%**

first lien senior secured

**43%**

average loan-to-value<sup>4</sup>

---

**Redefining private credit.** In 2021, there were 26 private financings over a billion dollars each.<sup>7</sup> Blackstone led a majority of these record-setting multibillion-dollar private debt financings. These larger companies are, in our view, typically stronger businesses with industry-leading positions and experienced management teams, presenting an attractive risk profile. Some notable multibillion-dollar Blackstone transactions in 2021 include:

- Auctane (formerly known as "Stamps.com"): Blackstone Credit led the Auctane senior secured debt financing, which ranked as the largest new private direct loan at the time of commitment.<sup>8</sup>
- Cambium: Blackstone Credit led the \$2.2 billion senior secured financing package for Cambium, a leading provider of digital education products, serving over 75% of school districts in the US.

We expect the trend of large-scale transactions to continue, as borrowers increasingly value the efficiency and flexibility of private credit.

We are excited about the opportunity ahead of us given how well BCRED and our platform are positioned for a rising rate and inflationary environment. Thank you for choosing us to be your partner and for your trust and support.



**Brad Marshall**

Chairman of the Board &  
Chief Executive Officer



**Steve Kuppenheimer**

Chief Financial Officer



**Carlos Whitaker**

President



**Kate Rubenstein**

Chief Operating Officer



# Blackstone Private Credit Fund (BCRED) First Year In Review

## JANUARY

**Begins operations with \$950M in investments at fair value.** We believe BCRED's cost structure is efficient compared to other non-traded BDCs, with low management fees, expenses, and financing costs.

## JANUARY

**Declares first distribution earlier than expected.** We expected distributions to commence following the first full calendar quarter after escrow break.

## MAY

**Receives first IG rating.** BCRED receives an IG rating of BBB after less than five months of operations, a rare achievement in this short amount of time.

## JUNE

**Declares first special distribution.** BCRED declares a special distribution of \$0.12 per share, the first of two special dividends in 2021.

## JULY

**Commits to majority of \$2.6B financing package to Auctane (formerly known as Stamps.com).** The financing of the \$6.6B acquisition is the largest new direct loan ever done in private markets at the time.

## AUGUST

**Leads \$1.6B Medallia Deal.** Blackstone Credit leads the debt financing package for the \$6.4B take private of Medallia by Thoma Bravo.

## JULY

**Leads \$2.2B Cambium Financing.** The third-largest direct loan on record at the time,<sup>9</sup> the Cambium deal led by Blackstone Credit provides another example of large financings moving to private markets.

## AUGUST

**Leads \$3B debt package for one of the largest private credit transactions in history.** BCRED provides financing for the acquisition of Inovalon by an equity consortium.

## SEPTEMBER

**Leads \$2.8B first lien senior secured financing solution for InsightGlobal.** The solution allows InsightGlobal to refinance its debt and provide a dividend for shareholders.

## DECEMBER

**Declares second special distribution.** BCRED declares its second special distribution of \$0.07 per share.

## Notes

All figures are approximate and as of January 31, 2022, unless otherwise indicated. The words "we", "us", and "our" refer to BCRED, unless the context requires otherwise. In all other instances, including with respect to current and forward-looking views and opinions of the market and BCRED's portfolio and performance positioning, these terms refer to BCRED's adviser, Blackstone Credit BDC Advisors LLC.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words, or the negatives thereof. These may include our financial estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. BCRED believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its prospectus and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the "SEC"), which will be accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in BCRED's prospectus and other filings. Except as otherwise required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

1. Total Net Return is calculated as the change in NAV per share during the period, plus distributions per share (assuming dividends and distributions are reinvested) divided by the beginning NAV per share. Returns greater than one year are annualized. As Class D Common Shares were initially issued on May 1, 2021, Class D returns are not yet annualized. **All returns are derived from unaudited financial information and are net of all BCRED expenses, including general and administrative expenses, transaction related expenses, management fees, incentive fees, and share class specific fees, but exclude the impact of early repurchase deductions on the repurchase of shares that have been outstanding for less than one year. Past performance is historical and not a guarantee of future results.** ITD total return for Class I is 12.4%. ITD total return for Class S (with upfront placement fee): 8.4%. ITD total return for Class D (without/with upfront placement fee): 8.1%/6.5%. Class D and Class S shares listed as (with upfront placement fee or brokerage commissions) reflect the returns after the maximum upfront placement fee or brokerage commissions. Class D and Class S shares listed as (no upfront placement fee

or brokerage commissions) exclude upfront placement fee or brokerage commissions. **The returns have been prepared using unaudited data and valuations of the underlying investments in BCRED's portfolio, which are estimates of fair value and form the basis for BCRED's NAV. Valuations based upon unaudited reports from the underlying investments may be subject to later adjustments, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated.**

2. The 2021 distribution yield is calculated as total distributions declared in 2021, including amounts paid from short-term capital gains and other sources, divided by NAV at the beginning of the period. Although no amount of the Fund's distributions during the year ended December 31, 2021 represented a return of capital, the Fund's distributions may be characterized as such in the future. There is no assurance that distributions will continue to be paid at these levels or at all. 2021 distribution yields for the other share classes are as follows. Class I shares: 8.5%; Class D shares: 5.9%.
3. Represents the 2021 return for the Bloomberg U.S. Aggregate Bond Index, which represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
4. As of December 31, 2021. Includes all private debt investments for which fair value is determined by BCRED's Board of Directors in conjunction with a third-party valuation firm and excludes quoted assets. Average loan-to-value represents the net ratio of loan-to-value for each portfolio company, weighted based on the fair value of total applicable BCRED private debt investments. Loan-to-value is calculated as the current total net debt through each respective loan tranche divided by the estimated enterprise value of the portfolio company as of the most recent quarter end. See BCRED's annual and quarterly reports.
5. BCRED has an investment grade credit rating of BBB/stable from DBRS Morningstar, an investment grade credit rating of Baa3/stable from Moody's, and an investment grade credit rating of BBB- from S&P. The underlying loans in BCRED are not rated.
6. As a percentage of debt investments in BCRED's portfolio.
7. Source: Direct Lending Deals, "Key lenders prep more records for jumbo unitranche loans amid volatility," January 26, 2022.
8. Source: S&P Global Market Intelligence, "Stamps.com obtains \$2.6B cov-lite unitranche loan, setting new record," October 6, 2021.
9. Source: Bloomberg, "Blackstone Gives \$2.2 Billion Loan as Private Debt Sets Records," July 28, 2021.