

Markets

Blackstone Private-Credit BDC Raised \$32 Billion of Cash in 2021

- Lender participated in 19 loans above \$1 billion last year
- BCRED fund delivered 12.4% total net return to investors

by [David Brooke](#)
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Blackstone Inc. raised \$32.6 billion of cash last year for a new private-credit fund amid red-hot demand for the growing asset class that offers higher yields and interest payments that rise as inflation jumps.

The firm's Blackstone Private Credit Fund, an unlisted business development company that launched in January 2021 and mainly invests in first-lien loans, delivered a 12.4% total net return last year, according to its website. That far exceeds the market return for leveraged loans of 5.2% in the same period, though the BCRED fund generated additional returns in part by investing borrowed money alongside investors' equity.

Blackstone is among several large lenders in the roughly \$1 trillion private-credit market who've been offering products like BCRED for individuals to invest in loans to mid-sized companies which banks have been reluctant to do.

Higher returns, of course, typically mean higher risks. Among them for investors choosing an unlisted BDC instead of a leveraged loan mutual fund is the lower liquidity -- investors can't always get their money returned to them when they want to.

Still as private lenders have gotten bigger, and the cash they've attracted has also grown, the firms have also been writing bigger checks, competing with Wall Street banks to fund leveraged buyouts.

Blackstone's private credit arm led the financing for Warburg Pincus LLC's 1.7 billion pound (\$2.3 billion) takeover of Informa Plc's Pharma Intelligence division, according to people familiar with the matter.

The financing, also provided by Goldman Sachs Asset Management and Golub Capital, came in the form of a unitranche -- a blend of senior and junior debt into a



Outside the Blackstone headquarters in New York. *Photographer: Angus Mordant/Bloomberg*

single facility -- worth 665 million pounds, they said. The rest of the deal will be funded with equity.

Bigger Deals

BCRED was a lender in 19 loans of \$1 billion or more in 2021, according to a Thursday statement. Those deals included a \$2.65 billion loan to Guidehouse Inc., a provider of public sector consulting services, and a \$2.6 billion loan to Inovalon Holdings Inc., a cloud-based services firm to the healthcare industry, according to the firm's website.

"We believe we are well positioned for what could be an inflationary, rising rate environment," said Brad Marshall, chief executive officer of the BDC, in the statement.

Other direct lenders seeking more individual investors for their funds include Apollo Global Management Inc., which set up a new company earlier this year, and HPS Investment Partners, which has \$1.2 billion to invest from a new private BDC called HPS Corporate Lending Fund.

Of the \$32.6 billion of cash raised by BCRED in 2021, \$15.8 billion was equity commitments from investors, and the rest was borrowed money. That surpassed the \$15.4 billion raised by HPS in September, of which \$11.7 billion was secured through equity commitments.

— *With assistance by Claire Ruckin, and Silas Brown*

Important Disclosure Information and Risk Factors

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Summary of Risk Factors

Blackstone Private Credit Fund ("BCRED") is a non-exchange traded business development company ("BDC") that expects to invest at least 80% of its total assets (net assets plus borrowings for investment purposes) in private credit investments (loans, bonds and other credit instruments that are issued in private offerings or issued by private companies). This investment involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should read the prospectus carefully for a description of the risks associated with an investment in BCRED. These risks include, but are not limited to, the following:

- We have limited prior operating history and there is no assurance that we will achieve our investment objectives.
- This is a "blind pool" offering and thus you will not have the opportunity to evaluate our investments before we make them. You should not expect to be able to sell your shares regardless of how we perform.
- You should consider that you may not have access to the money you invest for an extended period of time.
- We do not intend to list our shares on any securities exchange, and we do not expect a secondary market in our shares to develop prior to any listing.
- Because you may be unable to sell your shares, you will be unable to reduce your exposure in any market downturn.
- We have implemented a share repurchase program, but only a limited number of shares will be eligible for repurchase and repurchases will be subject to available liquidity and other significant restrictions.
- An investment in our Common Shares is not in the best interest of or suitable for you if you need access to the money you invest. See "Suitability Standards" and "Share Repurchase Program" in the prospectus.
- You will bear substantial fees and expenses in connection with your investment. See "Fees and Expenses" in the prospectus.
- We cannot guarantee that we will make distributions, and if we do we may fund such distributions from sources other than cash flow from operations, including the sale of assets, borrowings, return of capital or offering proceeds, and although we generally expect to fund distributions from cash flow from operations, we have not established limits on the amounts we may pay from such sources.
- Distributions may also be funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by Blackstone Credit BDC Advisors LLC (the "Adviser") or its affiliates, that may be subject to reimbursement to the Adviser or its affiliates. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled. We use and continue to expect to use leverage, which will magnify the potential for loss on amounts invested in us.
- We intend to invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.
- We do not own the Blackstone name, but we are permitted to use it as part of our corporate name pursuant to the investment advisory agreement between BCRED and an affiliate of Blackstone Inc. (together with its affiliates, "Blackstone"). Use of the name by other parties or the termination of the use of the Blackstone name under the investment advisory agreement may harm our business.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if the BCRED prospectus is truthful or complete. Any representation to the contrary is unlawful.

This sales material must be read in conjunction with the BCRED prospectus in order to fully understand all the implications and risks of an investment in BCRED. This sales material is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the prospectus, which must be made available to you prior to making a purchase of shares and is available at www.BCRED.com. An investor should consider the investment objectives, risks, and charges and expenses of BCRED carefully before investing. Prior to making an investment, investors should read the prospectus, including the "Risk Factors" section therein, which contains a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition.

The words "we", "us", and "our" refer to BCRED, unless the context otherwise requires.

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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. 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.

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