

BLACKSTONE PRIVATE CREDIT FUND ("BCRED" OR THE "FUND")

Portfolio Commentary

BCRED remains well-positioned as a defensive allocation for investors in 2022 amidst the market backdrop of continued volatility which may offer compelling opportunities

Portfolio Update

(All data as of June 30, 2022, unless otherwise noted)

Despite volatility in the public markets through the first half of 2022, the Fund returned -0.81% YTD and 7.14% ITD (annualized) as of June 30, 2022 for Class S (without upfront placement fees). On July 20th, the Fund announced that its previously declared third special distribution of excess undistributed net investment income will be issued at \$0.07 per share as of the record date of August 21, 2022 and will be paid on or about September 1, 2022. This special dividend is driven by the Fund's strong earnings, the quality of its private portfolio and the positive impact from rising rates. The special distribution is in addition to regular monthly dividend of \$0.16 per share or 7.4% annualized dividend yield in June for Class S.

The Adviser believes the Fund is well-positioned to navigate the current environment with its defensive and diversified portfolio.

Rising Rates: The Fund is positioned positively against rising rates with approximately 100% of its debt investments in floating rate loans, meaning as rates rise, investors benefit because the yield on the portfolio increases, as well. Since the beginning of 2022, 3-month SOFR has increased from 0.09% to 2.12% as of June 30, 2022, and currently it is expected to increase further. The positive impact thus far has been reflected through the Fund's consistent dividend distributions and the announcement of the special dividend. The Adviser expects to continue to see a positive impact as the 3-month SOFR contracts of the Fund's underlying portfolio companies reset over the coming months.

Recessionary Concerns: The Fund is primarily focused on privately originated senior secured loans to large, quality and performing companies in growth sectors that the Adviser believes are well-positioned to weather various cycles and may be less vulnerable to defaults than smaller issuers in a rising rate environment. The Fund's portfolio is 96% senior secured with an average loan-to-value (LTV) of 43% and an average issuer EBITDA of \$167 million⁽³⁾. The Adviser believes that the Fund's focus on large issuers may prove to be more defensive as an industry report published by the law firm Proskauer Rose showed that during Q1 2022, the average default rate by smaller companies (i.e., those with less than \$25 million EBITDA) rose to 1.9%, whereas larger issuers (i.e., those with greater than \$50 million EBITDA) had a default rate of only 0.4%. During that quarter, the Fund had zero defaults. Additionally, the Fund's portfolio companies are well-covered in terms of interest coverage ratios to service their debt and can withstand the expected increase in rates.

Scale Advantage: The Fund continues to leverage its scale which allows the Fund to enhance returns by seeking lower fund expenses, better leverage terms, distribution stability, and to lead or commit to larger deals that the Adviser believes may carry less risk. We believe private lenders' ability to commit to large scale transactions is more valuable than ever as the uncertainty in the public markets leads to increased opportunities in the private markets.

BLACKSTONE PRIVATE CREDIT FUND ("BCRED")

Performance

7.14%

ITD return (Class S)⁽¹⁾

7.41%

annualized distribution yield (Class S)⁽²⁾

Portfolio Highlights

\$46.2B

total assets

96%

senior secured

~100%

floating rate on debt investments

BBB-/Baa3/BBB

investment grade ratings from S&P, Moody's and DBRS

Private Debt Investor

AWARDS 2021

BDC Manager of the Year, Americas

Market Trends & Opportunities

Over the past six months, there have been considerable macroeconomic headwinds marked by higher inflation, rising interest rates, and recessionary concerns. The first half of 2022 was the worst start to a year for the high yield bond market and the second worst for the loan market in history, while the S&P 500 had its worst first half since 1962⁽⁴⁾. YTD returns were negative across leveraged loans (-4.55%), high yield bonds (-14.19%), investment grade bonds (-14.39%), and equities (-19.97%)⁽⁴⁾. Amidst this macro market backdrop, the Fund's return profile was primarily driven by spreads widening and the volatility in broadly syndicated loans, which make up a minority portion of the Fund's overall portfolio and are not reflective of any issues with the broader, defensive portfolio. As volatility in the public markets is expected to continue through the second half of the year, the Adviser believes this may create an attractive entry point for the Fund to be opportunistic in the liquid loan market. Historically, the next twelve-month return for leveraged loans after prices entered 92 is 10%⁽⁵⁾. The Fund continues to outperform the broader market YTD, which is attributable to the Fund's high-quality portfolio and strong income generation. As more companies and sponsors turn to private debt financings during this period of uncertainty in the public markets, it may present compelling opportunities with attractive terms and pricing for the Fund, and the pipeline remains healthy and robust.

Recent Transaction Highlights⁶

Blackstone Credit is leading the market in large private financings. Its ability to commit in scale provides certainty in financing to sponsor partners.

Unified Women's Health - In June 2022, Blackstone Credit served as a lead lender and provided \$1.24 billion of a \$1.36 billion first lien senior secured financing package, which consists of a \$1.165 billion first lien term loan, \$75 million delayed draw term loan and a \$120 million revolver, to support the recapitalization of Unified Women's Health ("Unified"), a portfolio company of Altas and Ares. Unified is the largest women's health managed service organization in the country, supporting over 2,500 providers across 18 states, Washington D.C., and Toronto.

Zendesk - In June 2022, Blackstone Credit served as the lead lender of the financing package to support the take-private acquisition of Zendesk by Hellman & Friedman and Permira for approximately \$10.2 billion. Blackstone Credit is also providing a small common equity co-investment. Zendesk is a leading provider of cloud-based digital customer support software focused on serving small-to-mid sized businesses globally.

BCRED Historical Performance

NAV/share⁷

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2022	\$25.93	\$25.80	\$25.82	\$25.76	\$25.28	\$24.80	--	--	--	--	--	--
2021	\$25.25	\$25.36	\$25.49	\$25.59	\$25.80	\$25.81	\$25.80	\$25.84	\$25.90	\$25.93	\$25.91	\$25.93

Total Returns¹

Share Class	1-Month	3-Month	YTD	1-Year	ITD
Class I	-1.21%	-1.95%	-0.38%	4.46%	8.05%
Class S	-1.28%	-2.16%	-0.81%	3.58%	7.14%
Class D	-1.23%	-2.01%	-0.51%	4.20%	5.87%

Distributions⁷

Share Class		Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	YTD 2022	2021
Class I	Monthly	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17							\$1.04	\$1.92
	Special	--	--	--	--	--	--	--	\$0.07					\$0.07	\$0.19
Class S	Monthly	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16							\$0.93	\$1.71
	Special	--	--	--	--	--	--	--	\$0.07					\$0.07	\$0.19
Class D ⁷	Monthly	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17							\$1.01	\$1.32
	Special	--	--	--	--	--	--	--	\$0.07					\$0.07	\$0.19

- (1) Inception-to-date annualized return is 8.05% for Class I and 7.14% for Class S and 5.87% for Class D. Inception date of Class I and Class S is January 7, 2021 and for Class D is May 1, 2021. Total return is calculated as the change in NAV per share during the period, plus distributions per share (assuming dividends and distributions are reinvested in accordance with the Fund's dividend reinvestment plan) divided by the beginning NAV per share, each as disclosed in the Fund's reports on Form 8-K and website, as applicable, for each period. Past performance is not necessarily indicative of future results, and there can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.
- (2) BCRED declared regular monthly dividends of approximately \$0.17 for Class I, \$0.16 for Class S and \$0.17 for Class D resulting in an annualized dividend yield of 8.26% for Class I and 7.41% for Class S and 8.01% for Class D based on beginning NAV.
- (3) Both LTV and EBITDA were derived from the most recently available portfolio company financial statements as of June 30, 2022. These amounts have not been independently verified by BCRED, and may reflect a normalized or adjusted amount. Includes all private debt investments as of June 30, 2022 for which fair value is determined by the Board of Trustees in conjunction with a third-party valuation firm and excludes quoted assets. Amounts are weighted on fair market value of each respective investment. 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 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. EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization.
- (4) As of June 30, 2022. "Leveraged Loans" is represented by the S&P/LSTA Leveraged Loan Index. "High Yield Bonds" is represented by the Bloomberg Barclays High Yield Index. "Investment Grade Bonds" is represented by the Bloomberg Barclays US Investment Grade Corporate Bond Index. Equities is represented by the S&P 500 Index.
- (5) Source: JPMorgan. Based on JPM Leveraged Loan Index Performance Twelve Months After Reaching Various Price Levels Since 2011.
- (6) The information provided, including dollar amounts, represents the aggregated investment of all participating Blackstone Credit vehicles, including the Fund, as well as certain third party investments. The final dollar amount of the Fund's portion of the investment will be determined and disclosed in the Fund's future periodic reports.
- (7) No Class D Common Shares were outstanding as of April 30, 2021. Class D Common Shares were issued on May 1, 2021 at \$25.59 per share.
- (8) Distributions are not guaranteed. Past performance is not necessarily indicative of future results. Distributions may be funded through sources other than cash flow. See BCRED's prospectus. Please visit BCRED's website for notices regarding distributions subject to Section 19(a). Amounts may not sum due to rounding.

Monthly portfolio updates are available on www.BCRED.com.

Certain information contained in this communication constitutes "forward-looking statements" within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology, such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "can," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "confident," "conviction," "identified" or the negative versions of these words or other comparable words thereof. These may include financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements regarding future performance, statements regarding economic and market trends and statements regarding identified but not yet closed investments. 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 also 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 are 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 this document (or BCRED's prospectus and other filings). Except as otherwise required by federal securities laws, BCRED undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. The words "we", "us", and "our" refer to BCRED, unless the context requires otherwise. Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. These views are not guarantees of future performance. These views are subject to change at any and BCRED disclaims any responsibility to update such views. References to specific investments should not be construed as a recommendation or investment advice. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.