

Q3 2022 QUARTERLY UPDATE

Blackstone Private Credit Fund (“BCRED”)



3Q'22 BCRED Highlights

7.9%

ITD return
(Class I)⁽¹⁾

9.3%

annualized
distribution yield
(Class I)⁽²⁾

94%

senior secured

~100%

floating rate on
debt investments

43%

loan-to-value

Portfolio Update

Blackstone Private Credit Fund ("BCRED" or the "Fund") once again delivered positive net results in the third quarter of 2022. This performance rests first and foremost on underwriting a portfolio of high quality companies in good sectors with conservative levels of leverage, and reflects the benefit of rising interest rates on our nearly 100% floating rate debt portion of our portfolio. These favorable income trends allowed us to raise our monthly dividend, commencing in October, and pay a special dividend in the third quarter.⁽³⁾

Since its inception in January 2021, BCRED has returned 7.9% inception to date (annualized) with an annualized distribution rate of 9.3% for Class I shares based on September 30, 2022 net asset value ("NAV"), accounting for the increase in the regular monthly distribution to \$0.19 commencing in October.

BCRED benefits from lower operating and financing costs due to the scale of Blackstone Inc.'s ("Blackstone") platform. We believe this scale allows BCRED to provide compelling yield-oriented returns on a risk-adjusted basis to clients. Blackstone Credit has built one of the largest origination platforms in our industry, and today we see a favorable environment for deployment, as traditional public sources of financing have pulled back, causing spreads in private credit to widen.

We believe BCRED will continue to benefit from the secular shift towards private credit with asset level yields for new deals in private credit at 11%-12% compared to 7%-8% less than a year ago.⁽⁴⁾ The Fund's floating rate loans will reset to higher levels in the coming months, which we expect will support earnings in excess of our regular dividend. Additionally, in the third quarter of 2022, both the average of the revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") of the Fund's portfolio companies grew quarter over quarter, reflecting the Fund's thematic sector selection and bias toward quality and growth.

Defensive Positioning

In the third quarter of 2022, BCRED returned 1.6% for Class I shares as compared to investment-grade (-4.8%), high-yield bonds (-0.6%) and leveraged loans (1.4%). We believe that BCRED's outperformance compared to public fixed income markets⁽⁵⁾ over the same period is a direct result of the defensive nature and quality of the portfolio.

- The Fund's loans have an average loan-to-value of 43% and are 94% senior secured. This puts the Fund's investments at the top of the capital structure with significant equity cushion and margin of safety
- We remain focused on large-cap companies (average issuer EBITDA is ~\$189 million, up 13% from \$167 million as of June 30, 2022)⁽⁶⁾ in sectors with strong cash flow profiles and high-growth trends. These are areas of the market that have experienced lower default rates through varying cycles compared with the broader market
- The Fund's loans benefit from negotiated covenants and structural protections, and Blackstone Credit's control position in our capital structures allows us to proactively drive outcomes rather than be passive participants
- Since BCRED's inception, there have been no payment defaults, and no assets today are on non-accrual. Blackstone Credit has robust and dedicated portfolio management processes and teams focused on mitigating risk in the Fund's portfolio, which has resulted in an annualized loss rate of 0.11% as of 2Q22 in US direct lending over a 15+ year track record versus the Leveraged Loan Index of 0.62% over the same period

Note: Reflects Blackstone Credit's views and beliefs. **Past performance is not necessarily indicative of future results. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses.**

Credit Fundamentals Remain Strong

- Despite this period of uncertainty marked by inflationary pressures and recessionary concerns, we believe fundamentals across BCRED portfolio companies continue to improve
- We believe our portfolio companies remain healthy with sufficient liquidity, earnings power, and interest coverage to withstand rising rates
- Private equity sponsors, our key transaction partners, still have record levels of dry powder⁽⁷⁾ and are actively seeking new deal opportunities and ways to support existing portfolio companies. As we start to see public credit avenues narrow, we believe private equity sponsors are relying even more on private credit now and generally contributing higher equity

Geared for Offensive Opportunities

- As banks and traditional public investors have pulled back, today's private credit market has amassed unprecedented scale, which we believe can fill the gap caused by dislocated syndicated markets. Blackstone Credit has been a leader in high-quality \$1 billion+ private transactions completed since 2021⁽⁸⁾
- We believe that BCRED's pipeline remains healthy, with deal flow from large, high-quality sponsors, companies and capital structures set up with significant equity subordination, widening spreads, and more favorable lender terms in credit agreements. This dynamic is likely to lead to attractive opportunities for new investments and with existing portfolio companies, many of which are actively seeking M&A opportunities as valuations are depressed
- Blackstone Credit's bar for new investments continues to be set very high. We have strict underwriting standards focused on companies with the highest quality management teams and owners, leading market positions in sectors where we see secular tailwinds, a demonstrated ability to handle rising financing costs, and less cyclical characteristics. We believe these companies are set up to outperform in the current environment and see lower default rates as rates rise
- With over 3,000 companies across our portfolios, Blackstone Credit's scale is a competitive advantage in the current market environment. We believe that our scale provides for better access to data and resources, which in turn provides insights into trends early to make informed decisions and drive processes for positive outcomes across our portfolios

As the largest alternative asset manager with a nearly 40-year history,⁽⁹⁾ Blackstone has a long track record of managing through and taking advantage of varying economic cycles. With the combination of increasing market share, favorable yield expectations, continued healthy fundamentals in our sectors, and Blackstone's breadth of resources, we believe BCRED remains well positioned to navigate the current environment and take advantage of compelling opportunities to drive returns for our investors.

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Endnotes

- (1) Represents Class I shares. Performance varies by share class. ITD net returns for the other share classes are as follows: Class S shares (without upfront placement fee) 6.9%; Class S shares (with upfront placement fee) 4.8%; Class D shares (without upfront placement fee) 6.0%; Class D shares (with upfront placement fee) 4.8%. Quarterly net returns for the other share classes are as follows: Class S shares (without upfront placement fee) 1.4%; Class S shares (with upfront placement fee) -2.1%; Class D shares (without upfront placement fee) 1.6%; Class D shares (with upfront placement fee) -1.8%. Returns shown reflect the percent change in the NAV per share from the beginning of the applicable period, plus the amount of any distribution per share declared in the period. All returns shown assume reinvestment of distributions pursuant to the Fund's distribution reinvestment plan, are derived from unaudited financial information, and are net of all Fund expenses, including general and administrative expenses, transaction-related expenses, management fees, performance participation allocation, 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. The inception dates for the Class S, D and I shares are January 7, 2021, May 1, 2021 and January 7, 2021, respectively. The returns have been prepared using unaudited data and valuations of the underlying investments in the Fund's portfolio, which are estimates of fair value and form the basis for the Fund's NAV. Valuations based upon unaudited or estimated reports from the underlying investments may be subject to later adjustments or revisions, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated. As return information is calculated based on NAV, return information presented will be impacted should the assumptions on which NAV was determined prove to be incorrect. **Past performance is not necessarily indicative of future results.**
- (2) Annualized Distributed Yield reflects the current month's distribution annualized and divided by the prior month's last reported NAV. 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 the Shareholders page for notices regarding distributions subject to Section 19(a) of the Investment Company Act of 1940. 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. A return of capital (1) is a return of the original amount invested, (2) does not constitute earnings or profits and (3) will have the effect of reducing the basis such that when a shareholder sells its shares the sale may be subject to taxes even if the shares are sold for less than the original purchase price. Distributions may also be funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by 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. Annualized distribution yield for Class S; 8.4% and Class D; 9.0%.
- (3) Opinions expressed herein 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.
- (4) Deal fees and call premium are amortized over an average hold of 3 years.
- (5) "High Yield Bonds" is represented by the Bloomberg US Corporate High Yield Index. "Investment Grade Bonds" is represented by the Bloomberg US Aggregate Bond Index. Leveraged Loans is represented by the Morningstar LSTA Leveraged Loan Index.
- (6) As of September 30, 2022, our portfolio companies had a weighted average annual EBITDA of \$189 million. These calculations include all private debt investments for which fair value is determined by the Board in conjunction with a third-party valuation firm and excludes quoted assets. Amounts are weighted based on fair market value of each respective investment. Amounts were derived from the most recently available portfolio company financial statements, have not been independently by us, and may reflect a normalized or adjusted amount. Accordingly, we make no representation or warranty in respect of this information.
- (7) Dry powder is a term for uncalled capital commitments.
- (8) Reflects Blackstone Credit's views and beliefs.
- (9) Assets under management ("AUM") are estimated and unaudited as of June 30, 2022. Past performance is not necessarily indicative of future results. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. AUM and investor capital are used interchangeably, except Real Estate AUM which, as used herein, includes coinvestments and Blackstone's GP and side-by-side commitments, as applicable. Credit & Insurance AUM is a combined figure that includes Blackstone Credit ("BXC"), Harvest Fund Advisors ("Harvest"), Asset Based Finance, and Blackstone Insurance Solutions ("BIS") businesses.

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