

Blackstone

Half Yearly Financial Report

for the six months ended 30 June 2023



Blackstone Loan
Financing Limited

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Quick Tip

This is an interactive document.
Navigate to any page by clicking
the number or title.

Refer to the glossary on pages 52 to inside back cover for the definitions of all the terms, jargon, abbreviations and acronyms used throughout this half-yearly financial report.

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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 Luxembourg subsidiary, Blackstone/GSO Loan Financing (Luxembourg) S.à r.l. which currently has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 30 June 2023, 100% of the Class A and Class B shares were held by the Company together with 224,651,555 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.

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for a managed wind-down of the Company and associated amendments to the Company's investment objective and policy and to its share capital.

On 15 September 2023, the Shareholders approved the resolution at the EGM. Refer to the Chair's Statement on page 9 and Strategic Overview on pages 21 to 23 for further details.

Investment Objective

Further to the resolution that was passed by the Shareholders on 15 September 2023, the new investment objective of the Company is to realise all existing assets in the Company's portfolio in an orderly manner.

Refer to page 22 for details on the Company's new investment policy.

Strategic Report

Key Performance Indicators

	IFRS NAV	Published NAV
NAV ⁽¹⁾	€0.6761 (31 Dec 2022: €0.6784)	€0.8808 (31 Dec 2022: €0.9081)
NAV total return ⁽¹⁾	5.01% (31 Dec 2022: (19.19)%)	2.20% (31 Dec 2022: 5.22%)
Premium/(Discount) ⁽¹⁾	0.58% (31 Dec 2022: (1.98)%)	(22.80)% (31 Dec 2022: (26.77)%)
Dividend	€0.0475 (30 Jun 2022: €0.0450)	€0.0475 (30 Jun 2022: €0.0450)

Further information on the reconciliation between the IFRS NAV and the Published NAV can be found on page 29 and in Note 13 in the 'Notes to the condensed interim financial statements'. Refer to 'Discount Management' in the Chair's Statement on page 9 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⁾	Premium/(Discount) IFRS NAV	Discount Published NAV	Dividend Yield ⁽³⁾
BGLF						
30 Jun 2023	€0.6761	€0.8808	€0.6800	0.58%	(22.80)%	12.50% ³
31 Dec 2022	€0.6784	€0.9081	€0.6650	(198)%	(26.77)%	12.03% ³
BGLP⁽⁴⁾						
30 Jun 2023	£0.5810	£0.7569	£0.5850	0.69%	(22.71)%	12.47% ³
31 Dec 2022	£0.6006	£0.8040	£0.5888	(1.96)%	(26.77)%	12.03% ³

	LTM ⁽¹⁾ Return	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF IFRS NAV	(0.82)%	6.92%	4.73%	51.17%
BGLF Published NAV	5.68%	11.91%	7.86%	96.78%
BGLF ordinary share price	(2.98)%	10.79%	5.44%	60.63%

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 11 to 12.

(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 12 in the 'notes to the condensed interim financial statements' and the calculation for the IFRS and Published NAV total return and premium/discount is found under 'Alternative Performance Measures' on page 29. These calculations remain consistent with prior years.

(2) Bloomberg closing price at period end.

(3) Annual dividend yield as at 30 June 2023 and 31 December 2022 is based on the four quarterly dividends announced and paid by the Company during the 12 months prior to the period end/year end as applicable.

(4) BGLP is the ticker for the Company's Sterling Quote and has been presented for information purposes only.

Reconciliation of IFRS NAV to Published NAV

At 30 June 2023, there was a difference between the NAV per ordinary share as disclosed in the Condensed Statement of Financial Position, €0.6761 per ordinary share ("IFRS NAV") and the published NAV, €0.8808 per ordinary share, which was released to the LSE on 21 July 2023 ("Published NAV"). The reconciliation is provided on page 29 and in Note 13 in the 'notes to the condensed interim financial statements'. The difference between the two valuations is entirely due to the different valuation bases used, as explained in detail on page 27.

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.

€0.6761

IFRS NAV per Ordinary Share

€0.8808

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 period end date, which we refer to as a "mark to market" approach. The Company also assesses and publishes the mark to market IFRS NAV on a quarterly basis. 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

On 23 January 2023, the Board announced that the Company will be 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 Period Ended 30 June 2023

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
1 Jan 2023 to 31 Mar 2023	25 Apr 2023	4 May 2023	2 Jun 2023	0.0200
1 Apr 2023 to 30 Jun 2023	21 Jul 2023	3 Aug 2023	1 Sep 2023	0.0200

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

Period Highs and Lows

Period ended 30 June 2023 and 30 June 2022

	2023 High	2023 Low	2022 High	2022 Low
Published NAV per Ordinary Share	€0.9220	€0.8808	€0.9657	€0.9127
BGLF Share Price (last price)	€0.7700	€0.6650	€0.8000	€0.7450
BGLP Share Price (last price)	£0.6650	£0.5750	£0.6695	£0.6302

Schedule of Investments

As at 30 June 2023

	Nominal Holdings	Market Value €	% of NAV
Investment held in the Lux Subsidiary:			
CSWs	224,651,555	285,901,763	95.51
Shares (2,000,000 Class A and 1 Class B)	2,000,001	7,623,498	2.55
Other Net Assets	n/a	5,797,186	1.94
Net Assets Attributable to Shareholders		299,322,447	100.00

As at 31 December 2022

	Nominal Holdings	Market Value €	% of NAV
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	n/a	3,893,808	1.29
Net Assets Attributable to Shareholders		301,614,977	100.00

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Quantity	Amount €
CSWs held by the Company – Ordinary Share class			
3 February 2023	Redemption	(8,180,401)	(13,605,180)
5 May 2023	Redemption	(6,718,826)	(11,442,059)

The proceeds of the redemptions were used to fund dividends and share buy backs and to cover other administrative costs. The Company made no subscriptions during the period ended 30 June 2023.

Chair's Statement

Dear Shareholders,

Company Returns and NAV⁽⁵⁾

The Company delivered an IFRS NAV total return per ordinary share of 5.01% over the first six months of 2023, ending the period with a NAV of €0.6761 per ordinary share. The return was composed of 5.23% dividend income and (0.22)% net portfolio movement.

On a Published NAV basis, the Company delivered a total return per ordinary share of 2.20% over the first six months of 2023, ending the period with a NAV of €0.8808 per ordinary share. The return was composed of 5.23% dividend income and (3.03)% net portfolio movement. Refer to page 29 for the calculation of the IFRS and Published NAV total return.

As highlighted on page 4, the Company uses different valuation policies to determine Published and IFRS NAV. As at 30 June 2023, the variance between Published and IFRS NAV was €0.2047 per ordinary share. This is primarily associated with the discount rates used under the two policies. The table on page 27 further explains the rationale regarding the differences in the assumptions that have contributed to the variance as at 30 June 2023.

During the first half of 2023, the Company's performance on a Published NAV and IFRS NAV basis was supported, through its investment in BCF, by uninterrupted distributions from the underlying CLO and loan portfolio. CLO distributions have continued to benefit from refinancing and reset activity during 2021 and early 2022.

The Company has declared two dividends to ordinary Shareholders in respect of the six-month period ended 30 June 2023, totalling €0.04 per share. As a reminder, the 2023 BGLF dividend policy is composed of three flat payments before a final variable payment to be determined in the fourth quarter of 2023. The BGLF 2023 dividend policy targets a total annual dividend of €0.08 – €0.09⁽⁶⁾. Details of all dividend payments can be found within the 'Dividends and Other Key Data' section at the front of this Half Yearly Financial Report.

To remind investors, the Company's dividends are funded from the cash flows generated by the Company's underlying CLO portfolio. During the period, the Board considered 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.

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

5.01%

IFRS NAV total return
per Ordinary Share

2.20%

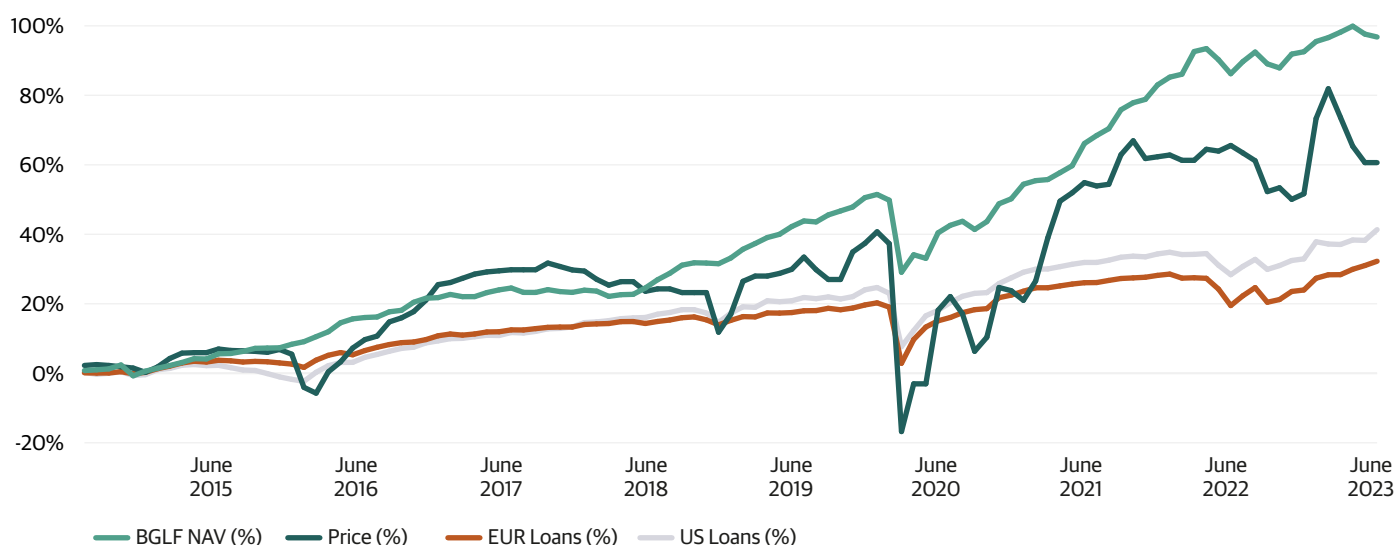
Published NAV total return
per Ordinary Share

(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 objectives, or be able to implement its investment strategy.

(6) The target dividend is a target only and not a profit forecast. It should not be taken as an indication of expected future performance or results.

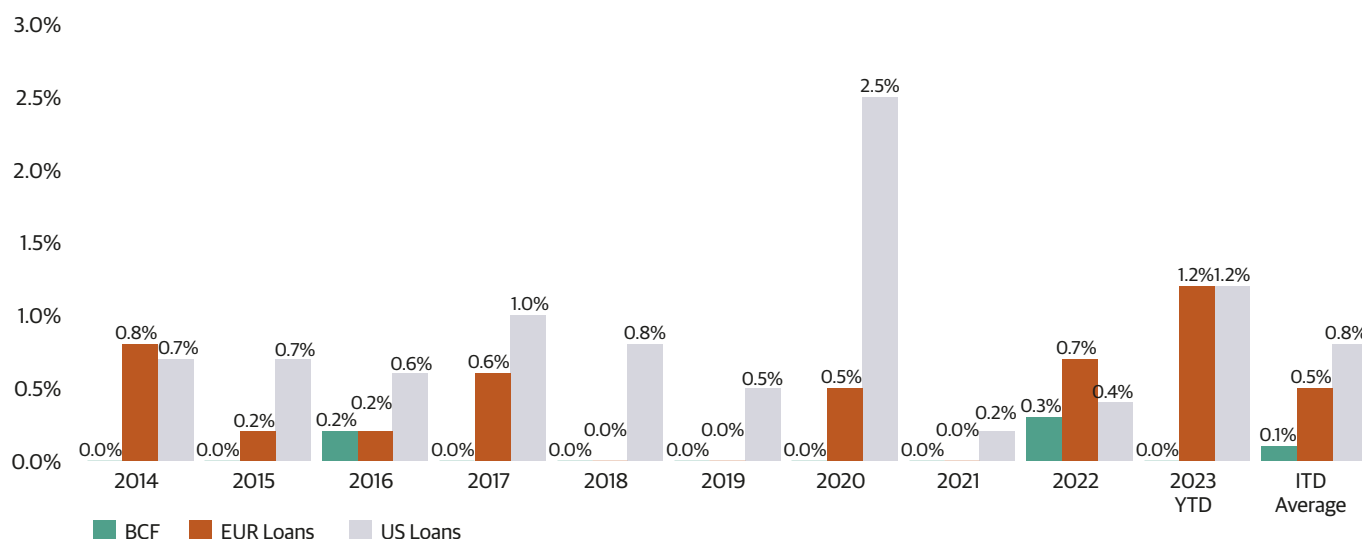
Historical BGLF NAV and Share Price

The graph below shows cumulative Published NAV and ordinary share price total returns and cumulative returns on European and US loans⁽⁷⁾.



Historical BCF Default Loss Rate

The graph below shows the default loss rate, which incorporates asset recovery, within the BCF portfolio and the default loss rate of European and US loans⁽⁸⁾.



(7) Credit Suisse: Leveraged Loan Index for US Loans, Western European Leveraged Loan Index (hedged to EUR) for EUR Loans as of 30 June 2023. 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.

(8) Credit Suisse: As of 30 June 2023. BX Credit's 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 does not predict future returns and there can be no assurance that a fund will continue to achieve comparable results or that a fund will be able to implement its investment strategy or achieve its investment objectives or avoid substantial losses.**

Market Conditions

Rate volatility returned at the start of 2023 to spark a crisis of confidence in the banking sector in March, culminating in the collapse of Silicon Valley Bank and UBS's takeover of Credit Suisse. Shortly after the turmoil in the banking sector subsided, the prospect of a US sovereign debt default spooked markets in May, before rebounding in June as risk appetite returned once an agreement was reached. At the same time, central banks around the world pressed on with further rate hikes, led by the Fed's ten straight rate hikes in 15 months which left the policy rate at 5-5.25%. Markets have largely accepted the prospect of rates being higher-for-longer and with it, hopes for a near term Fed pivot have diminished.

Amidst this context, the loan market exhibited a strong start to the year, surpassing high yield and investment grade markets, despite challenges from retail outflows and limited CLO creation.

Credit metrics indicated that despite an uptick in defaults, the majority of below investment grade companies maintained robust fundamentals during the initial half of 2023. Moving forward, we anticipate floating rate credit, including leveraged loans and CLOs, to serve as a natural interest rate and inflation hedge and remain a promising asset class for investors in the current environment.

Discount Management

The share price discount to Published NAV decreased from 26.77% on 31 December 2022 to 22.80% on 30 June 2023. The share price discount to IFRS NAV transitioned from a discount of 1.98% on 31 December 2022 to a premium of 0.58% on 30 June 2023. During the first half of 2023, the Company repurchased 1,839,619 shares for €1,228,191 at an average discount of 24.20% using available cash with the goal of reducing the volatility and quantum of discount. As of 31 August 2023, the share price discount to Published NAV was 35.06%. 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 intrinsic value⁽⁹⁾.

Summary of Results of the EGM

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for a managed wind-down of the Company and associated amendments to the Company's investment objective and policy and to its share capital.

In formulating the Managed Wind-Down proposal, the Board took into account a number of factors, including the prevailing discount to the Published NAV at which the shares have been trading, the market capitalisation of the Company, the liquidity of the shares, the Company's structure and the fact that re-investment into the BCF portfolio at NAV is not accretive to Shareholders. The Board therefore believed that an orderly return of the net proceeds of the realisation of the Company's investments will be in the best interest of its Shareholders as a whole.

On 15 September 2023, the Shareholders approved all of the following by way of an ordinary resolution:

- the adoption a new investment objective and policy to facilitate the Managed Wind-Down. The new investment objective of the Company is now to realise all existing assets in the Company's portfolio in an orderly manner. Refer to page 22 for details on the Company's new investment policy.
- the conversion of the shares of the Company into redeemable shares to allow for the proceeds of realising assets in accordance with the Managed Wind-Down to be returned to Shareholders by way of pro-rata compulsory redemptions of the redeemable shares. Refer to pages 22 to 23 for more details on the mechanics to return cash to Shareholders.
- the issuance of a share in a new non-redeemable share class in the Company with appropriately deferred rights (the "Deferred Share") to ensure compliance with the mandatory requirement of the Companies (Jersey) Law 1991 which dictates that a Jersey company shall not issue redeemable shares at a time when there are no issued shares of the Company that are not redeemable. The Deferred Share will carry certain rights as detailed in section 3.5 of the Circular.

The Board intends to continue to pay dividends to Shareholders in respect of the financial year ending 31 December 2023, in accordance with its dividend policy set out on page 5. Refer to section 3.4 of the Circular for further details.

(9) Represents BGLF's NAV.

Transition away from LIBOR

The transition away from LIBOR to SOFR primarily impacts BCF's US CLO portfolio, which accounts for 41.37% of BCF's NAV as of 30 June 2023. A portion of BCF's US CLO equity holdings include language that will likely trigger a LIBOR to SOFR liability switch sometime later in 2023. 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.

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.

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 to obtaining meaningful information for 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.

Further information regarding the Company's approach towards TCFD-aligned disclosures will be detailed in the Company's 2023 Annual Report and Audited Financial Statements⁽¹⁰⁾. Refer to the Portfolio Adviser's Review on pages 19 to 20 for further details on the Portfolio Adviser's ESG policy.

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 11 Board meetings and 13 Committee meetings (including 6 NAV Review Committee meetings).

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 optimum returns 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.

Shareholder Communications

During the first half of 2023, using our Portfolio Adviser and Brokers, we continued our programme of engagement with current and prospective Shareholders. The Board sincerely hopes that you found the shareholder consultation, 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.

Outlook

With the Managed Wind-Down approved by Shareholders, as noted above, the Board's focus is on working, together with the Portfolio Adviser, on an orderly wind down of the portfolio and return of cash to the Shareholders of the Company, on a timely basis, as described in the Circular dated 25 August 2023.

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

Steven Wilderspin
Chair
25 September 2023

(10) The web link to the 31 December 2022 Annual Report and Audited Financial Statements is: <https://www.blackstone.com/wpcontent/uploads/sites/2/blackstone-secure/Blackstone-Loan-Financing-AR-2022.pdf>

Portfolio Adviser's Review

Bank Loan Market Overview

Over the first half of the year, leveraged loans demonstrated remarkable resilience, surpassing other credit markets amidst market volatility. This outperformance was driven by investors' pursuit of floating-rate assets as a safeguard against increasing interest rates, with the Fed and ECB latest hikes taking rates to their highest levels in more than 22 years. Despite these headwinds, loan prices recovered from the year-end dip and remained relatively stable in the €/93-95⁽¹¹⁾ range.

Corporate balance sheets remained broadly robust in the first half of 2023, with leverage at decade lows and interest coverage, while weakening, remaining close to a four-year high⁽¹²⁾. Inflation has proven stickier on the cost side than on the revenue side for the majority of issuers, leading to a slightly weaker outlook. One positive offset to the slowing growth and higher rate backdrop is that companies have responded conservatively by not adding to their debt burden (which remained flat year on year) and reducing capital expenditure, down 7.9% in the first quarter of 2023. There has been an ongoing bifurcation between the credit health of issuers and while the majority of corporates remain fundamentally sound, a handful of outliers have struggled and defaulted. The last twelve-month par weighted default rates increased to 2.2% for both European and US loans, by 30 June 2023. Although these are a lagging indicator, both are still well below historic averages of 3.5% in Europe and 3.1% in the US⁽¹¹⁾.

Loan issuance further slowed in the first half of 2023, driven by lower volumes of buyout and acquisition activity, with volumes only reaching €20.2 billion and \$145.6 billion in Europe and the US, down 35% and 51% from the same period last year, respectively⁽¹³⁾. To put the shortage of loan issuance in perspective, year to date volumes are 76% lower in Europe and 66% lower in the US, when comparing against the first six months of 2022. Investors also withdrew capital from loan funds amid generally declining secondary market valuations. In May, assets under management for US loan funds dipped below \$100 billion for the first time since March 2021⁽¹⁴⁾. While a strong secondary rally lifted this back above the watermark figure in June, year to date losses in asset values still exceed \$14 billion.

Overall, European and US leveraged loans performed strongly, returning 6.68% and 6.33% by 30 June 2023, respectively. The average price for European and US leveraged loans grew to €94.71 and \$93.55 from €91.56 and \$91.89 at the end of 2022 and similarly, European and US loan spreads (represented by 3-year discount margin) contracted by 104 bp and 71 bp over the same period to 557 bp and 581 bp, respectively⁽¹¹⁾.

Following 30 June 2023, the market continued to firm. A rally across risk assets has pushed loan prices higher, contributing to an improvement in sentiment which may be a catalyst for more balanced loan markets. We expect market technicals to be supportive barring an unexpected macro or geopolitical shock. On the whole, the loan markets appear more sanguine compared to this time last year, boosted by prospects of a soft landing, visibility towards peak rates and resilient credit fundamentals.

(11) Credit Suisse Default Report, as of 30 June 2023.

(12) JP Morgan Research – IQ23 High Yield Credit Fundamentals, as of 12 June 2023.

(13) LCD Global Interactive Volume Report, as of 30 June 2023.

(14) LCD, July 2023.

CLO Market Overview

Compared to the historically wide levels seen at the end of last year, AAA liability spreads have compressed. European CLO new issue spreads on AAA-rated tranches tightened by 33 bp (to 187 bp), whilst the overall weighted cost of capital contracted by 25 bp (to 299 bp). For US CLOs, AAA spreads and the weighted average cost of capital decreased by 83 bp (to 181 bp) and by 99 bp (to 251 bp), respectively. However, the CLO new issuance arbitrage remained challenged due to the offsetting pressure resulting from the combined effect of a lack of new issue loan supply and resulting rally in loan prices. In Europe, new issuance volume in the first half of the year trailed the same period in 2022 by 16% at €11.7 billion⁽¹⁵⁾.

In the US, a relatively active first quarter of 2023 gave way to a slower pace in the second quarter, finishing at \$55.6 billion YTD; down 24% from the first half of last year⁽¹⁶⁾. Absent of any material catalyst for CLO new issuance in the second half of 2023, including an increase in loan new issue, we expect this muted volume to continue. Opportunities to engage in reset and refinancing activity have been broadly limited year to date due to unattractive economics, especially since many managers took advantage of the constructive market in 2021 and early 2022 to lock in a lower cost of debt.

Since 30 June 2023, CLO activity has maintained pace in the US and accelerated in Europe, in tandem with the recent improvement in overall market sentiment. CLO new issue spreads have remained at relatively tight levels, with further improvement expected globally⁽¹⁷⁾. Looking forward, reset transactions are expected to make a comeback in the US, with a handful of managers already resetting CLOs that were originally issued during the second half of 2022, when liability spreads were at their widest. Resetting allows managers to reduce the costs at which they borrow CLO debt, while also extending the maturity of the deal, potentially translating greater residual cashflows for holders of the equity tranche. In Europe, resets are expected to transpire later as deals issued in 2022 had longer periods until which the debt can be called.

Portfolio Update – BCF

BCF's CLOs have remained resilient to disruptions caused by increasing inflation and interest rates. At Blackstone, we anticipated the potential impact of inflation in 2021 by closely monitoring labour and input costs in our portfolio companies. Our belief that inflation would have a more lasting effect than expected influenced our trading strategies within the portfolios over the past year. We harnessed our extensive network of portfolio company CFOs to gain valuable insights into corporate fundamentals and expectations. Simultaneously, we conducted stress tests on the issuers in our portfolios, considering higher forward-looking base rates and sticky inflation. Each quarter, our credit research team diligently re-evaluate each loan and offer guidance on the timing and likelihood of defaults or downgrades on a loan-by-loan basis. While our perspective on the credit environment has become more cautious and we have raised our expectations for downgrades and defaults over the past year, these increases have been moderate and well within CLO limits. So far, these higher assumptions would not have resulted in disrupted cashflows for any of BCF's CLOs and our analysis indicates that even in stressed scenarios, cashflows will likely remain stable.

The management of BCF's loan portfolio for the first half of the year was centred on divesting from riskier assets due to the increasing market volatility. This was achieved by moving up in credit quality to safeguard against potential rating risk, credit risk and price fluctuations. Often this means focusing on issuers from defensive sectors that belong to what we refer to as 'good neighbourhoods', characterised by a demonstrable ability to generate cash through the cycle.

During the first six months of 2023, BCF invested in the equity of two new issue European CLOs, Bushy Park CLO and Glenbrook Park CLO, where debt was once again placed at very competitive levels versus peers in both transactions. BCF's portfolio now consists of 51 CLOs⁽¹⁸⁾ spanning 10 vintage years, re-emphasising the diversified and wholesale exposure that investors receive through this vehicle. To date, BCF has invested in a total of 60 CLOs since its inception.

Given the ongoing base rate movement throughout the year so far, the expected return from spread arbitrage (the net interest from each CLO's collateral portfolio less its financing costs) were temporarily squeezed 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

(15) LCD Quarterly Wrap, as of 30 June 2023.

(16) S&P LCD CLO Global Databank, as of 30 June 2023.

(17) Bloomberg CLO Quarterly, as of 31 July 2023.

(18) As of 30 June 2023.

from each CLO since inception. As of 30 June 2023, the average annualised cash on cash distribution rate for BCF's CLOs was 15.6% in Europe and 16.8% in the US⁽¹⁹⁾. Moreover, BCF's weighted average remaining reinvestment period was 1.6 years at 30 June 2023, which has generally been maintained since the start of the year, providing ample runway to actively reinvest in loans.

At 30 June 2023, BCF remains a defensively positioned portfolio of over 650 loan issuers diversified across 29 sectors and 27 countries. The portfolio remained concentrated around B2 rated issuers and holds 4.7% 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 increased to around €/95 and 100 from €/90 and 95 at the end of last year. Assets priced below €/80 decreased by 1.0% over the six months to 5.4% at 30 June 2023. We see minimum refinancing risk in the portfolio as loan maturities are generally wrapped around 2028.

Looking forward, BCF will continue to lever Blackstone's vast research platform with the aim of avoiding credit deterioration, whilst rotating the portfolio to prioritise capital preservation. As new opportunities arise from market volatility and price dislocations, we will look to capitalise by purchasing discounted assets that offer attractive relative value, supporting returns to equity investors through principal appreciation on the underlying assets.

On 15 September 2023, the Shareholders approved the resolution to facilitate the Managed Wind-Down of the Company. Refer to the Circular for further details on the expected management of the BCF portfolio.

Past performance does not predict future returns and there can be no assurance that BCF will continue to achieve comparable results or implement its investment strategy or achieve its investment objectives or avoid substantial losses.

(19) BX Credit's data, as of 30 June 2023.

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	Current Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date ⁽²¹⁾		% of Tranche
										Ann.	Cum.	
EUR CLO Income Note Investments		€	€									
Phoenix Park	Jul-14	417	22.2	1.0%	0.0	6.65%	4.93%	1.72%	1.81%	13.4%	117.7%	51.4%
Dartry Park	Mar-15	424	25.4	1.4%	1.8	6.68%	4.92%	1.76%	1.80%	12.8%	103.9%	51.1%
Tymon Park	Dec-15	415	21.6	1.6%	2.1	6.79%	4.92%	1.87%	2.00%	14.8%	108.7%	51.0%
Elm Park	May-16	520	30.5	2.1%	2.3	6.62%	4.81%	1.81%	2.03%	15.4%	105.7%	54.0%
Griffith Park	Sep-16	456	24.8	1.5%	0.0	6.61%	4.79%	1.81%	1.83%	11.4%	76.1%	53.4%
Clarinda Park	Nov-16	417	22.0	1.5%	1.6	6.61%	5.03%	1.58%	1.58%	11.7%	76.0%	51.2%
Palmerston Park	Apr-17	333	22.9	1.0%	0.0	6.52%	4.91%	1.61%	1.84%	12.9%	77.9%	53.3%
Clontarf Park	Jul-17	273	27.6	1.1%	0.0	6.49%	5.18%	1.31%	1.38%	13.1%	76.4%	66.9%
Willow Park	Nov-17	382	22.3	1.0%	0.0	6.38%	4.71%	1.67%	1.90%	16.6%	89.0%	60.9%
Marlay Park	Mar-18	396	23.5	1.2%	0.0	6.41%	4.27%	2.15%	2.22%	18.8%	94.7%	60.0%
Milltown Park	Jun-18	393	23.0	1.4%	0.0	6.49%	4.53%	1.96%	2.14%	18.0%	87.2%	65.0%
Richmond Park	Jul-18	383	44.0	1.2%	0.0	6.59%	4.92%	1.67%	1.86%	16.1%	76.2%	68.3%
Sutton Park	Oct-18	408	22.9	1.5%	0.0	6.51%	4.87%	1.64%	1.64%	16.9%	73.0%	66.7%
Crosthwaite Park	Feb-19	516	31.5	2.2%	2.2	6.46%	5.13%	1.34%	1.19%	14.7%	63.2%	64.7%
Dunedin Park	Sep-19	422	24.1	1.4%	2.9	6.58%	5.13%	1.45%	1.42%	20.0%	73.3%	52.9%
Seapoint Park	Nov-19	403	20.6	2.0%	0.9	6.69%	5.13%	1.55%	1.56%	13.8%	44.7%	70.5%
Holland Park	Nov-19	425	37.3	2.1%	0.9	6.64%	5.11%	1.53%	1.53%	11.0%	38.3%	72.1%
Vesey Park	Apr-20	403	23.4	2.6%	1.4	6.68%	5.18%	1.50%	1.42%	17.2%	52.4%	80.3%
Avondale Park	Jun-20	409	21.6	1.5%	2.7	6.52%	5.33%	1.19%	1.18%	31.9%	96.3%	63.0%
Deer Park	Sep-20	355	19.5	1.6%	2.8	6.75%	4.94%	1.81%	1.97%	31.1%	80.1%	71.9%
Marino Park	Dec-20	322	16.2	1.9%	0.5	6.76%	4.78%	1.98%	2.23%	17.8%	41.1%	71.4%
Carysfort Park	Apr-21	404	23.9	2.4%	2.1	6.74%	4.92%	1.82%	1.87%	16.4%	33.7%	80.7%
Rockfield Park	Jul-21	403	22.9	2.3%	2.0	6.65%	4.81%	1.84%	1.99%	15.2%	26.2%	80.0%
Dillon's Park	Sep-21	405	25.0	2.4%	2.8	6.70%	4.84%	1.85%	2.00%	15.2%	23.5%	84.0%
Cabinteely Park	Dec-21	404	22.5	2.1%	3.1	6.66%	5.13%	1.53%	1.46%	13.5%	18.8%	75.6%
Otranto Park	Mar-22	443	34.2	3.0%	3.4	6.65%	5.36%	1.29%	1.26%	14.1%	15.8%	96.3%
Clonmore Park	Aug-22	341	22.8	1.8%	3.6	6.78%	6.36%	0.42%	0.45%	4.0%	3.0%	100.0%
Edmondstown Park	Dec-22	379	30.8	3.2%	4.1	6.94%	5.58%	1.36%	0.72%	n/a	n/a	100.0%
Bushy Park	Mar-23	405	23.4	2.2%	4.3	6.82%	5.46%	1.37%	n/a	n/a	n/a	61.3%
Glenbrook Park	Jul-23	351	30.7	3.0%	4.6	n/a	n/a	n/a	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 30 June 2023.

Current Portfolio	Closing/ [Expected Close] Date	Deal Size (M)	Position Owned (M)	% of BCF NAV	Reinvest. Period Left (Yrs)	Current Asset Coupon	Current Liability Cost	Current Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date		% of Tranche
										Ann.	Cum.	
USD CLO Income Note Investments		\$	\$									
Grippen Park	Mar-17	508	28.4	0.8%	0.0	8.63%	7.09%	1.54%	1.50%	14.2%	86.7%	50.1%
Thayer Park	May-17	523	26.1	1.6%	2.8	8.70%	6.75%	1.95%	1.82%	14.6%	86.3%	50.1%
Catskill Park	May-17	857	53.4	1.2%	0.0	8.66%	6.97%	1.69%	1.71%	14.6%	86.6%	50.1%
Dewolf Park	Aug-17	613	30.3	1.3%	0.0	8.68%	6.71%	1.97%	1.94%	15.9%	89.2%	50.1%
Gilbert Park	Oct-17	1,022	49.4	2.0%	0.0	8.61%	6.94%	1.66%	1.66%	15.1%	82.8%	50.1%
Long Point Park	Dec-17	611	28.1	1.2%	0.0	8.60%	6.68%	1.91%	1.91%	19.4%	102.8%	50.1%
Stewart Park	Jan-18	874	87.9	1.3%	0.0	8.60%	6.73%	1.88%	1.86%	13.9%	72.6%	50.1%
Cook Park	Apr-18	1,025	51.1	2.3%	0.0	8.64%	6.60%	2.03%	2.02%	17.0%	85.4%	50.1%
Fillmore Park	Jul-18	561	28.8	2.0%	0.0	8.67%	6.65%	2.02%	1.95%	17.0%	80.1%	52.3%
Harbor Park	Dec-18	715	37.9	2.7%	0.6	8.66%	6.67%	1.99%	1.89%	14.7%	63.8%	50.1%
Southwick Park	Aug-19	503	24.8	2.1%	1.1	8.72%	6.60%	2.12%	1.99%	16.6%	60.9%	59.9%
Beechwood Park	Dec-19	816	46.6	3.7%	3.6	8.53%	6.74%	1.80%	1.54%	15.9%	53.0%	61.1%
Allegany Park	Jan-20	506	28.8	2.4%	3.6	8.53%	6.80%	1.73%	1.58%	14.7%	48.0%	66.2%
Harriman Park	Apr-20	500	27.8	2.5%	2.8	8.55%	6.73%	1.82%	1.69%	23.3%	70.0%	70.0%
Cayuga Park	Aug-20	398	21.8	2.0%	3.0	8.51%	6.63%	1.88%	1.80%	27.7%	74.3%	72.0%
Point Au Roche Park	Jun-21	457	25.3	2.1%	3.1	8.54%	6.74%	1.80%	1.75%	18.2%	32.8%	61.2%
Peace Park	Sep-21	661	37.2	3.2%	3.3	8.52%	6.69%	1.83%	1.75%	18.5%	28.8%	60.8%
Whetstone Park	Dec-21	506	27.3	2.4%	3.6	8.63%	6.67%	1.96%	1.85%	19.8%	27.0%	62.5%
Boyce Park	Mar-22	762	42.6	3.8%	3.8	8.66%	6.65%	2.01%	1.92%	19.0%	21.1%	61.8%
Vertical Retention Investments		\$	\$									
Tallman Park	May-21	410	2.0	0.2%	2.8	8.57%	6.78%	1.79%	1.69%	20.1%	38.0%	5.0%
Wehle Park	Apr-22	547	2.4	0.3%	3.8	8.54%	6.87%	1.67%	1.59%	22.3%	23.5%	5.0%

As of 30 June 2023, the Company was invested in accordance with its and BCF's investment policy and was diversified across over 650 issuers through directly held loans and the CLO portfolio, across 27 countries and 29 different industries⁽²²⁾. No individual borrower represented more than 2% of the overall portfolio at 30 June 2023.

Key Portfolio Statistics

	% of NAV ⁽²³⁾	Current WA Asset Coupon ⁽²⁴⁾	Current WA Liability ⁽²³⁾	WA Remaining RPs (CLOs)
EUR CLOs	50.76%	6.63%	5.04%	1.8 Years
US CLOs	41.37%	8.61%	6.75%	1.4 Years
Directly Held Loans (less leverage)	14.96%	7.21%	4.74%	n/a
CLO Warehouses	n/a	n/a	n/a	n/a
Net Cash & Expenses	-710%	-	-	n/a

Top 10 Industries⁽²⁵⁾

Industry	% of Portfolio 30 June 2023	% of Portfolio 31 December 2022
Healthcare and Pharmaceuticals	16.5%	16.7%
Services Business	10.6%	10.2%
High Tech Industries	9.3%	8.8%
Banking, Finance, Insurance and Real Estate (FIRE)	8.0%	8.0%
Media Broadcasting and Subscription	7.8%	7.1%
Construction and Building	5.9%	5.8%
Hotels, Gaming and Leisure	5.1%	5.5%
Chemicals, Plastics and Rubber	4.7%	5.1%
Telecommunications	4.4%	4.6%
Services Consumer	4.4%	4.6%

Top 5 Countries⁽²⁶⁾

Country	% of Portfolio 30 June 2023	% of Portfolio 31 December 2022
United States	51.3%	52.6%
France	10.0%	9.0%
United Kingdom	8.1%	8.6%
Netherlands	6.0%	6.3%
Luxembourg	6.0%	-
Germany	-	5.5%

(22) 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 Income Note investments are excluded from all figures. Data as of 30 June 2023, calculated by BX Credit as of 10 July 2023.

(23) Calculated on BCF's net assets as of 30 June 2023.

(24) Data for EUR and US CLOs calculated based on data available on Kanerai as of 10 July 2023 for non-redeemed CLOs. Data for Directly Held Loans calculated by BX Credit.

(25) 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.

(26) 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 investments are excluded from all figures. Data calculated by BX Credit, as of 30 June 2023.

Top 20 Issuers⁽²⁷⁾

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
VodafoneZiggo	4	273	6,862	Media Broadcasting and Subscription	Netherlands	90.9	3.09%	5.94%	5.8
<i>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.</i>									
Numericable	12	273	14,350	Media Broadcasting and Subscription	France	83.3	4.58%	6.94%	4.8
<i>Numericable is one of the largest telecommunications operators in France by revenues and number of subscribers, with major positions in residential fixed, residential mobile, B2B, wholesale and media.</i>									
Virgin Media	7	216	8,924	Media Broadcasting and Subscription	United States	96.1	2.91%	6.49%	5.6
<i>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.</i>									
Masmovil	4	208	6,050	Telecommunications	United Kingdom	96.2	4.06%	7.25%	4.4
<i>Masmovil is the fourth largest telecommunications operator in Spain and offers fixed line, mobile and Internet services to customers in Spain. In Jul-22 Masmovil and Orange (#2 player in the Spanish market) signed a binding agreement to combine the two businesses in a 50:50 JV with an enterprise value of c. €19bn. The transaction will need regulatory approval and is expected to close in 4Q-23.</i>									
Siemens/ WS Audiology	2	202	3,147	Healthcare and Pharmaceuticals	Denmark	94.8	3.93%	8.15%	2.7
<i>Siemens/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.</i>									
ION Trading Technologies S.A.R.L.	3	192	3,863	Banking, Finance, Insurance and Real Estate (FIRE)	Ireland	96.1	4.49%	8.29%	4.8
<i>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.</i>									
Ineos Quattro	6	186	5,222	Chemicals, Plastics and Rubber	United States	94.5	2.68%	5.48%	3.1
<i>Ineos Quattro, through its subsidiaries, manufactures chemicals such as PVC, caustic soda, styrene plus derivatives, aromatics and acetyls. Ineos Quattro serves customers worldwide.</i>									
EG Group Ltd/ Intervias Finco Ltd	13	181	9,384	Retail	United Kingdom	97.1	5.10%	8.52%	3.5
<i>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.</i>									
Thyssenkrupp Elevators	3	168	4,389	Capital Equipment	Luxembourg	98.6	3.74%	7.31%	4.1
<i>Thyssenkrupp Elevators is one of the largest global market leaders for elevator and escalator technology. The company designs, manufactures, installs, services and modernizes elevators, escalators and platform lifts.</i>									
UPC	5	167	4,454	Media Broadcasting and Subscription	Switzerland	96.2	2.81%	6.69%	5.7
<i>UPC is a cable operator in Switzerland, Poland & Slovakia. It offers broadband, tv and mobile services.</i>									

(27) 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 investments are excluded from all figures. Data calculated by BX Credit, as of 30 June 2023. The top 20 issuers aggregated to 15.0% (31 December 2022: 14.4%) 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)
Froneri	2	162	4,554	Beverage, Food and Tobacco	United Kingdom	98.4	2.17%	5.98%	3.6
<i>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 JV between Nestle and PAI Partners to combine their ice cream activities.</i>									
Paysafe	4	162	2,307	Banking, Finance, Insurance and Real Estate (FIRE)	United States	90.8	3.00%	5.93%	5.2
<i>Paysafe is a leading specialized 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.</i>									
McAfee Corp	2	157	6,266	High Tech Industries	United States	95.7	3.91%	7.89%	5.7
<i>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.</i>									
Telenet International	3	149	3,754	Media Broadcasting and Subscription	Belgium	97	2.20%	6.14%	5.4
<i>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.</i>									
Allied Universal	5	148	6,782	Services Business	United States	92.7	3.76%	7.33%	4.9
<i>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.</i>									
Independent Vetcare	3	134	2,114	Healthcare and Pharmaceuticals	United Kingdom	98.2	4.08%	7.76%	2.6
<i>Independent Vetcare is the largest veterinary practice group in Europe. The company generates the majority of its revenue in the UK, where it is a market leader and is also present in Sweden, the Netherlands, Finland, Germany, Norway, Denmark, Switzerland and North America.</i>									
Medline	3	133	11,140	Healthcare and Pharmaceuticals	United States	98.3	3.36%	7.68%	5.3
<i>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 20+ manufacturing facilities and 50+ distribution across North America.</i>									
Grifols	4	131	5,779	Healthcare and Pharmaceuticals	Spain	94	2.72%	5.58%	4.7
<i>Grifols is a global healthcare company producing plasma-derived medicines and transfusion medicine. The company is organised into four divisions: Bioscience, Diagnostic, Hospital and Bio Supplies & Other.</i>									
Ineos Finance	7	131	5,948	Chemicals, Plastics and Rubber	Luxembourg	97.9	2.97%	6.82%	4.7
<i>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.</i>									
Altice	9	131	7,089	Media Broadcasting and Subscription	Luxembourg	81.9	3.96%	4.97%	4.9
<i>Altice is a telecom and media company with main operations in Portugal, Israel and the Dominican Republic. It sells mobile and fixed telecom services to residential and business clients, also offering services including media and advertising.</i>									

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 on an ongoing basis.

BX Credit continues to monitor the regulatory environment for any developments with regard to the EU Securitisation rules.

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's Firmwide Approach to ESG

Blackstone aims to develop resilient companies and competitive assets that deliver long-term value for our investors. ESG principles have long informed the way we run our firm, approach investing and partner with the assets in our portfolio. In recent years we have formalized our approach by building dedicated ESG teams that look to develop ESG policies and support integration within the business units and regularly report progress to stakeholders.

Blackstone's approach to sustainability is rooted in operational improvements to drive value for our investors. Material and applicable ESG considerations are incorporated into investment decisions to help mitigate risk and create value for investors. Blackstone's portfolio of companies and assets across sectors and geographies enables us to think about sustainability from multiple vantage points. As investors, we consider material ESG factors both during the due diligence of potential investments and throughout the investment period to drive value. In order to help mitigate risk and create value for our investors, Blackstone has adopted an ESG policy that outlines our firmwide approach to integrating relevant ESG factors in our business and investment activities, as applicable.

Blackstone has a well-staffed effort focused on using ESG tools to enhance the value of our investments, consistent with our fiduciary responsibilities to our clients. Our corporate ESG team is responsible for firmwide coordination and integration as well as ensuring that the firm delivers upon its initiatives and provides transparency for stakeholders. Business unit ESG teams are responsible for implementing signature ESG programs, evaluating ESG matters during due diligence, implementing ESG policies and programs during our ownership period and reporting fund level progress to investors.

We have experienced ESG leaders across our major businesses, including Rita Mangalick, Head of ESG for BX Credit. Our ESG efforts are also supplemented by our Legal and Compliance team, which, along with our Heads of ESG, is responsible for supporting and ensuring compliance with additional ESG policies and related standards and overseeing their annual review.

BX Credit's Approach to ESG

At BX Credit, we believe that a key aspect of being a responsible investor is an active evaluation of certain environmental, social and governance components of our investments and recognize the value such evaluation can provide as we seek to grow and protect investors' assets while managing risk. To that end, during the due diligence phase of an investment, investment teams within BX Credit aim to consider material ESG factors that may impact investment performance to drive value⁽²⁸⁾. As appropriate, ESG due diligence varies by investment strategy and based on factors that may include (i) the nature of BX Credit'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 portfolio company's business model.

Rita Mangalick is the Head of ESG for BX Credit and oversees the ESG policy integration, reporting, engagement and value creation initiatives within BX Credit. Ms Mangalick is supported by three other dedicated members of the BX Credit ESG team. Additionally, BX Credit has an ESG Working Group that includes senior representatives from BX Credit's Investment, Institutional Client Solutions, 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 to drive value, including, as applicable: review of investments; investor requests; market trends and newly adopted or pending legislation, rules and regulation.

BX Credit's ESG Due Diligence Approach

BX Credit's focus on ESG stems from our commitment to prudent investing and our culture that prioritizes 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 it is consistent with the investment strategy and where we have the ability to do so. We incorporate ESG principles into our investment process with approaches tailored to our various strategies.

1 Comprehensive Due Diligence

To integrate ESG due diligence into our investment process, it is important for our team to understand the material ESG factors to review in due diligence, as applicable. We have learned that these factors can vary significantly across industries and therefore we 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 relevant ESG due diligence. This tool is available to our investment

teams to help them evaluate material ESG risks and opportunities that may impact a company's performance, enabling us to assess and mitigate these risks in a more targeted fashion to drive value. 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.

2 Investment Committee Engagement and Documentation

Documented ESG analysis may be presented for review by the Investment Committee, which in each case provides feedback on its views of material ESG risk factors and poses questions and considerations regarding the due diligence that has been performed. If material ESG concerns are identified, BX Credit may seek to address the situation, as appropriate, via additional due diligence, the hiring of specialist advisors, attempt to facilitate further discussions with company management.

3 Active Post-Investment Monitoring

During the holding period of an investment, the investment team actively monitors the investment and provides updates to the Investment Committee as needed, including with respect to ESG-related risks and opportunities for certain investment strategies, as appropriate. As part of this process, members of the investment team may facilitate direct dialogue with company management as well as track material ESG factors that may have an impact on the company during the anticipated holding period of our investment.

Blackstone Ireland Limited 25 September 2023

ESG Disclaimer

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. 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. The ESG practices and initiatives mentioned in these disclosures may not apply to some or all of the Company's investments and none are binding aspects of the management of the Company. The Company does not promote environmental or social characteristics, nor does it have sustainable investments as its objective.

(28) The word "material" as used herein should not necessarily be equated to or taken as a representation about the "materiality" of such ESG factors under the US federal securities laws or any similar legal or regulatory regime globally.

Strategic Overview

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. Refer to page 26 of the 31 December 2022 Annual Report and Audited Financial Statements for more details.

The Company has a wholly-owned Luxembourg subsidiary, Blackstone/GSO Loan Financing (Luxembourg) S.à r.l. which currently has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 30 June 2023, 100% of the Class A and Class B shares were held by the Company together with 224,651,555 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.

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company (the "Managed Wind-Down") with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular ("the Circular") to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital, in order to facilitate the Managed Wind-Down.

On 15 September 2023, the Shareholders approved all of the following by way of an ordinary resolution:

- the adoption of a new investment objective and policy, as detailed further below;
- the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular; and
- the issuance of the Deferred Share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles.

Investment Objective and Investment Policy

On 15 September 2023, Shareholders approved a new investment objective and a new investment policy as set out below:

New Investment Objective

The Company's investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.

New Investment Policy

The Company will pursue its investment objective by effecting an orderly realisation of its assets by redeeming and/or by disposing for cash the profit participating instruments issued by BCF and held by the Company (indirectly through a subsidiary) (the "LuxCo PPNs"). The Company will thereafter make timely returns of capital to Shareholders principally by redeeming multiple portions of its issued ordinary shares during the course of the Managed Wind-down (or in such other manner as the Directors consider appropriate).

The Company does not hold any assets other than the LuxCo PPNs. Upon redemption of the LuxCo PPNs, the Company will cease to make any new investments or to undertake capital expenditure except as deemed necessary or desirable by the Board in connection with the Managed Wind-Down.

Any amounts received by the Company during the Managed Wind-Down will be held by the Company as cash on deposit and/or as cash equivalents, prior to returns being made in cash to Shareholders (net of provisions for the Company's costs and expenses).

Borrowings and Derivatives

The Company will not undertake borrowing other than for short-term working capital purposes. The Company may use derivatives for hedging as well as for efficient portfolio management.

Changes to the Company's Investment Policy

Any material change to the Company's new investment policy will be made only with the approval of the Shareholders.

Former Investment Objective and Former Investment Policy

The former investment objective and former investment policy as detailed below, which were in place during the six month period ended 30 June 2023, have been discontinued and replaced with the new investment objective and the new investment policy as set out above.

The Company's former investment objective was 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 sought 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.

The Company's former investment policy was 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 intended 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 would 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 could 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 were 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 was no limit on the maximum US or European exposure. The Underlying Companies did not invest substantially directly in senior secured loans or bonds domiciled outside North America or Western Europe.

For information on the Company's former investment objective and policy, refer to pages 27 to 29 of the 31 December 2022 Annual Report and Audited Financial Statements.

Mechanics for Returning Cash to Shareholders

Following the approval of the new investment objective, the Board proposes to implement the Managed Wind-Down by returning to Shareholders the net proceeds from the realisation of the Company's investment in BCF in an orderly manner by way of the compulsory redemption of redeemable shares (in respect of proceeds received from BCF attributable to the early redemption, maturity or sale of underlying investments or pursuant to a disposal of the LuxCo PPNs for cash).

As part of the Managed Wind-Down, the Company, through the Lux Subsidiary, has delivered a redemption request in accordance with the terms of the LuxCo PPNs. A pro-rata portion of the assets and investments of BCF (including indirect investments held through BCM LLC) will be placed into a redemption pool (the 'Redemption Pool'). As the assets in the Redemption Pool redeem and are realised, the proceeds thereof, net of any actual or reasonably anticipated liabilities, costs, expenses, debt service of BCF, BCM LLC and the Lux Subsidiary and any actual or reasonably anticipated costs, liabilities, margin or collateral requirements related to hedging transactions entered by BCF, will be utilised to redeem the LuxCo PPNs.

Having consulted with the Portfolio Adviser, the Board currently anticipates that the redemption of the CLO investments held in BCF and BCM LLC will require a period of approximately 7 years. However, this is indicative only and it should not be considered a guarantee of the Company's actual liquidity profile.

Refer to sections 3.1 and 3.2 of the Circular for further details.

The Board also intends to continue to pay dividends to Shareholders in respect of the financial year ending 31 December 2023, in accordance with its dividend policy set out on page 5. In respect of the financial year commencing 1 January 2024 and thereafter, the Board intends (following such consultation with its advisers as it may consider appropriate) to continue to distribute as dividends the interest payments (and any other amounts other than redemption proceeds) deemed to be received from BCF during the Managed Wind-down on a quarterly basis, having regard to any amounts which the Board deem prudent to retain. Refer to section 3.4 of the Circular for further details.

Directors' Interests

The Directors held the following number of ordinary shares in the Company as at the period end and the date these condensed interim financial statements were approved:

Directors	Type of shares	As at 30 June 2023	As at 31 December 2022
Charlotte Valeur (retired on 26 July 2023) ⁽²⁹⁾	Ordinary	11,500	11,500
Gary Clark (retired on 26 July 2023) ⁽²⁹⁾	Ordinary	168,200	168,200
Heather MacCallum	Ordinary	–	–
Mark Moffat	Ordinary	771,593	771,593
Steven Wilderspin	Ordinary	20,000	20,000
Giles Adu (appointed on 26 July 2023) ⁽²⁹⁾	Ordinary	–	–
Belinda Crosby (appointed on 24 August 2023) ⁽²⁹⁾	Ordinary	–	–

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.

(29) Refer to page 30 for more details on Board changes.

Corporate Activity

Share Buybacks

The Company undertakes share buybacks from time to time either selectively or as part of a share repurchase programme.

On 21 October 2022, the Company announced that a Share Repurchase Programme had been renewed from 21 October 2022 until 20 January 2023.

Subsequently, on 23 January 2023, the Company announced that the Share Purchase Programme had been renewed from 23 January until 3 May 2023.

During the six months to 30 June 2023, the Company repurchased a total of 1,839,619 shares at a weighted average price of €0.6676 per ordinary share, for a total cost of €1,230,662 (including transaction costs of €2,471). The repurchased shares were held in treasury during the six months ended 30 June 2023 and remain in treasury as at date of approval of these condensed interim financial statements.

The Board has authority to buy back ordinary shares, however there is currently no buyback programme in progress. The Board continues to keep this under review.

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

Given the Shareholders' vote to wind-down the Company in an orderly manner and the consequent notice to be given by LuxCo on the underlying PPNs issued by BCF, the Board's strategic risk appetite is now to balance the amount distributed by the Company by way of dividend, redemption of shares or buy backs with the need to retain sufficient funds as working capital for the Company's operations and for contingencies. The Board considers that the retention of approximately two years' worth of operating expenses as cash is the appropriate policy to maintain this balance.

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.

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 and measures risk and reports on risks. 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 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 other less significant existing or emerging risks (Category B risks) which are monitored on a watch list.

During the period, the macro-economic environment remained challenging with rising inflation and interest rates and the Portfolio Adviser has focused on positioning the underlying portfolio appropriately. The commentary below describes the factors affecting each of the principal risks during the period.

Principal Risk	Description
Investment performance	Unsatisfactory investment performance in absolute terms or relative to peers. Remained heightened in the period given the macro-economic environment.
Share price discount to NAV per ordinary share	The existence of a share price discount, particularly one that is wider than that of peers. Remained heightened in the period with the discount in the range 14.4% to 23.5%.
Investment valuation	Error or misjudgment in valuation of the Company's underlying CLO investments. Stable in the period.
Income distribution model	Over distribution of cash flows resulting in an erosion of the Company's capital base. Stable in the period.
Operational	Reliance on service providers to conduct the Company's operations and deliver its investment strategy. Increased in the period with some staff turnover and strategic pressures on key service providers.

Subsequent to the period end and the vote to wind-down the Company in an orderly manner, the Board has determined that the risk relating to the income distribution model is no longer a principal risk. The risk relating to potential conflicts of interest has increased and is now considered a principal risk. This is due to the potential conflicts between the Company, the Portfolio Adviser, BCF and the other BCF investors as the Company is wound down.

For further information concerning the Company's principal risks and uncertainties and how the Company mitigates both principal and emerging risks during the period and in relation to Managed Wind-Down, refer to pages 38 to 39 of the 31 December 2022 Annual Report and Audited Financial Statements and to section 3.9 of the Circular dated 25 August 2023.

Going Concern

Given the developments post the period end and the approval of Shareholders to place the Company into Managed Wind-Down, the Directors consider that the use of the going concern basis in preparing the condensed interim financial statements of the Company is no longer appropriate. As such, the condensed interim financial statements have been prepared on a basis other than going concern. Refer to Note 2.2 in the 'notes to the condensed interim financial statements' for further details

Other Information

Valuation Methodology

As noted on page 4, 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 30 June 2023 and 31 December 2022 are detailed below:

Asset	Valuation Methodology	Input	IFRS NAV	Published NAV	IFRS NAV	Published NAV
			30 June 2023		31 December 2022	
CLO Securities	Discounted Cash Flows	Constant default rate ⁽³⁰⁾	2.0%	2.0%	2.0%	2.0%
		Conditional prepayment rate	20%	25%	20%	25%
		Reinvestment spread (bps over LIBOR/SOFR)	402.42	361.61	363.99	360.36
		Recovery rate loans	65.00%	65.00%	65.00%	65.00%
		Recovery lag (months)	–	–	–	–
		Discount rate	27.75%	15.00%	25.30%	15.00%

All of the assumptions above are based on weighted averages.

The below table further explains the rationale regarding the differences in the assumptions that significantly contributed to the valuation divergence as at 30 June 2023:

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.	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.
Reinvestment Spread	Largely weighted by a CLO's current portfolio weighted average spread, which assumes that the CLO investment manager will continue to reinvest in collateral with a similar spread and rating composition to the existing collateral pool. In addition, weighting may be given to primary loan spreads to the extent current primary market opportunities suggest different spreads than the existing portfolio.	Represents a normalised, long-term view of loan spreads to be achieved over the life of the CLO's remaining reinvestment period. Initially informed by the underwriting model at issuance, the assumption is periodically reviewed and updated to the extent of secular changes in loan spreads.

(30) 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 have been no material changes (other than those reflected in these condensed interim 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 Half Yearly Financial Report 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 condensed interim financial statements, which are unaudited and outside the scope of IFRS, are detailed in the table below:

	Published NAV total return per Ordinary Share ⁽³¹⁾	Published NAV per Ordinary Share ⁽³¹⁾	(Discount)/Premium to Published NAV 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 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.	The Company's closing share price on the LSE less the Published NAV per share as at the period end, divided by the Published NAV per 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 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			
2023	2.20%	0.8808	(22.80)% ⁽³²⁾
2022	5.22%	0.9081	(26.77)%
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)%

(31) Published NAV is an APM from which these metrics are derived.

(32) Refer to details on discount management in the Chair's Statement.

A reconciliation of the APMs to the most directly reconcilable line items presented in the condensed interim financial statements for the six months ended 30 June 2023 and the year ended 31 December 2022 is presented below:

Published NAV total return per Ordinary Share

	Six months ended 30 June 2023	Year ended 31 December 2022
Opening Published NAV per Ordinary Share (A)	€0.9081	€0.9407
Adjustments per Ordinary Share (B)	€(0.2297)	€(0.0253)
Opening IFRS NAV per Ordinary Share (C=A+B)	€0.6784	€0.9154
Closing Published NAV per Ordinary Share (D)	€0.8808	€0.9081
Adjustments per Ordinary Share (E)	€(0.2047)	€(0.2297)
Closing IFRS NAV per Ordinary Share (F=D+E)	€0.6761	€0.6784
Dividends paid during the period/year (G)	€0.0475	€0.0800
Published NAV total return per Ordinary Share (H=(D-A+G)/A)	2.23%	5.04%
Impact of dividend re-investment (I)	(0.03)%	0.18%
Published NAV total return per Ordinary Share with dividends re-invested (J=H+I)	2.20%	5.22%
IFRS NAV total return per Ordinary Share (K=(F-C+G)/C)	6.65%	(17.15)%
Impact of dividend re-investment (L)	(1.64)%	(2.04)%
IFRS NAV total return per Ordinary Share with dividends re-invested (M=K+L)	5.01%	(19.19)%

Refer to Note 13 for further details on the adjustments per Ordinary Share.

Published NAV per Ordinary Share

	30 June 2023	31 December 2022
Published NAV per Ordinary Share (A)	€0.8808	€0.9081
Adjustments per Ordinary Share (B)	€(0.2047)	€(0.2297)
IFRS NAV per Ordinary Share (C=A+B)	€0.6761	€0.6784

Refer to Note 13 for further details on the adjustments per Ordinary Share.

Premium/(Discount) per Ordinary Share

	30 June 2023	31 December 2022
Published NAV per Ordinary Share (A)	€0.8808	€0.9081
Adjustments per Ordinary Share (B)	€(0.2047)	€(0.2297)
IFRS NAV per Ordinary Share (C=A+B)	€0.6761	€0.6784
Closing share price as at the period end per the LSE (D)	€0.6800	€0.6650
Discount to Published NAV per Ordinary Share (E=(D-A)/A)	(22.80)%	(26.77)%
Premium/(Discount) to IFRS NAV per Ordinary Share (F=(D-C)/C)	0.58%	(1.98)%

Refer to Note 13 for further details on the adjustments per Ordinary Share.

Significant Events after the Reporting Period

Dividends

On 21 July 2023, the Company declared a dividend of €0.0200 per ordinary share in respect of the period from 1 April 2023 to 30 June 2023. A total payment of €8,854,778 was made on 15 August 2023.

Board Changes

Ms Charlotte Valeur and Mr Gary Clark did not stand for re-election at the last AGM of the Company held on 26 July 2023 and so have retired from the Board of Company. On the same day, Mr Giles Adu has been appointed as a Director at a Board meeting held after the AGM. The Board thanks Ms Charlotte Valeur and Mr Gary Clark for their nine years of service.

Following Ms Charlotte Valeur's retirement from the Board, Mr Steven Wilderspin has been appointed Chair of the Board and also Chair of the Management Engagement Committee. Mr Giles Adu has replaced Mr Steven Wilderspin as Chair of the Risk Committee and Mr Gary Clark as Chair of the Remuneration and Nomination Committee. Mr Mark Moffat has replaced Mr Gary Clark as Chair of the NAV Review Committee and as Senior Independent Director.

Ms Heather MacCallum remains as Chair of the Audit Committee but has indicated that she wishes to step down from the Board on 30 September 2023 after the release of the Company's Half Yearly Financial Report. Consequently, the Board has conducted a recruitment exercise and has appointed Ms Belinda Crosby as a non-executive director, effective 24 August 2023. Ms Belinda Crosby will succeed Ms Heather MacCallum as Chair of the Audit Committee when she steps down.

Managed Wind-Down

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board published a circular to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for a managed wind-down of the Company and associated amendments to the Company's investment objective and policy and to its share capital.

On 15 September 2023, the Shareholders approved the resolution at the EGM. Refer to the Chair's Statement on page 9 and Strategic Overview on pages 21 to 23 for further details.

Outlook

It is the Board's intention that the Company will pursue its new investment objective and investment policy as detailed on page 22, through an orderly wind-down of the Company and return of cash to the Shareholders of the Company. Further comments on the outlook for the Company for the 2023 financial year and the main trends and factors likely to affect its future development, performance and position are contained within the Chair's Statement and the Portfolio Adviser's Review.

Related Parties

There have been no material changes to the nature of related party transactions as described in the Annual Report and Audited Financial Statements for the year ended 31 December 2022. Refer to Note 14 for information on related party transactions.



Condensed Interim Financial Statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Half Yearly Financial Report and condensed interim financial statements in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge that:

- the condensed interim financial statements within the Half Yearly Financial Report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 30 June 2023, as required by the UK's FCA's DTR 4.2.4R;
- the Strategic Report and the notes to the condensed interim financial statements include a fair review of the information required by:
 - i. DTR 4.2.7R, being an indication of important events that have occurred during the first six months ended 30 June 2023 and their impact on the condensed interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - ii. DTR 4.2.8R, being related party transactions that have taken place in the first six months ended 30 June 2023 and that have materially affected the financial position or performance of the Company during the period.

By order of the Board

Steven Wilderspin
Director
25 September 2023

Heather MacCallum
Director
25 September 2023

Independent Review Report to Blackstone Loan Financing Limited

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed statement of comprehensive income, condensed statement of financial position, condensed statement of changes in equity, condensed statement of cash flows and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with EU adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with EU adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with EU adopted International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of Matter – Financial Statements Prepared Other than on a Going Concern Basis

We draw attention to note 2 in the condensed set of financial statements, which indicates that the condensed set of financial statements have been prepared on a basis other than that of a going concern following the decision for the managed wind-down of the Company. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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.

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our Report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Recognised Auditor
St. Helier Jersey
25 September 2023

Condensed Statement of Financial Position

As at 30 June 2023 (Unaudited)

		As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	Notes	€	€
Cash and cash equivalents		8,262,378	6,259,400
Prepayments		16,558	52,219
Financial assets at fair value through profit or loss	5	293,525,261	297,721,169
Total assets		301,804,197	304,032,788
Payables	7	(575,177)	(723,734)
Intercompany loan	6	(1,906,573)	(1,694,077)
Total liabilities		(2,481,750)	(2,417,811)
Net assets	12,13	299,322,447	301,614,977
Capital and reserves			
Stated capital	8	446,312,100	447,542,762
Retained earnings		(146,989,653)	(145,927,785)
Shareholders' Equity		299,322,447	301,614,977
NAV per Ordinary Share	12	0.6761	0.6784

These condensed interim financial statements were authorised and approved for issue by the Directors on 25 September 2023 and signed on their behalf by:

Steven Wilderspin
Director

Heather MacCallum
Director

The accompanying notes on pages 39 to 49 form an integral part of the condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 June 2023 (Unaudited)

		Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
	Notes	€	€
Income			
Realised gain/(loss) on foreign exchange		9	(7)
Net gain/(loss) on financial assets at fair value through profit or loss	5	20,692,908	(56,210,872)
Total income		20,692,917	(56,210,879)
Expenses			
Operating expenses	3	(785,093)	(681,956)
Loan interest expense	6	(14,396)	(10,676)
Bank interest income/(expense)		81,873	(27,653)
Total expenses		(717,616)	(720,285)
Profit/(loss) before taxation		19,975,301	(56,931,164)
Taxation		-	-
Profit/(loss) after taxation		19,975,301	(56,931,164)
Total comprehensive income/(loss) for the period attributable to Shareholders		19,975,301	(56,931,164)
Basic and diluted earnings/(loss) per ordinary share	11	0.0451	(0.1239)

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

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

The accompanying notes on pages 39 to 49 form an integral part of the condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 June 2023 (Unaudited)

	Notes	Stated Capital	Retained Loss	Total
		€	€	€
Shareholders' Equity at 1 January 2023	8	447,542,762	(145,927,785)	301,614,977
Total comprehensive income for the period attributable to Shareholders		–	19,975,301	19,975,301
Transactions with owners				
Dividends	15	–	(21,037,169)	(21,037,169)
Ordinary shares repurchased	8	(1,230,662)	–	(1,230,662)
		(1,230,662)	(21,037,169)	(22,267,831)
Shareholders' Equity at 30 June 2023	8	446,312,100	(146,989,653)	299,322,447

For the six months ended 30 June 2022 (Unaudited)

	Notes	Stated Capital	Retained Loss	Total
		€	€	€
Shareholders' Equity at 1 January 2022	8	459,044,783	(37,045,206)	421,999,577
Total comprehensive loss for the period attributable to Shareholders		–	(56,931,164)	(56,931,164)
Transactions with owners				
Dividends	15	–	(20,697,112)	(20,697,112)
Ordinary shares repurchased	8	(1,816,040)	–	(1,816,040)
		(1,816,040)	(20,697,112)	(22,513,152)
Shareholders' Equity at 30 June 2022	8	457,228,743	(114,673,482)	342,555,261

The accompanying notes on pages 39 to 49 form an integral part of the condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 June 2023 (Unaudited)

		Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
	Notes	€	€
Cash flow from operating activities			
Total comprehensive income/(loss) for the period attributable to Shareholders		19,975,301	(56,931,164)
Adjustments to reconcile total comprehensive income/(loss) for the period attributable to Shareholders to net cash flows:			
Unrealised (gain)/loss on financial assets at fair value through profit and loss	5	(10,909,291)	65,878,680
Realised gain on financial assets at fair value through profit and loss	5	(9,783,617)	(9,667,808)
Purchase of financial assets at fair value through profit or loss	5	–	(2,336,756)
Proceeds from sale of financial assets at fair value through profit or loss	5	24,888,816	25,605,538
Changes in working capital			
Decrease in other receivables		35,661	30,930
(Decrease)/increase in payables	7	(148,557)	342,076
Net cash generated from operating activities		24,058,313	22,921,496
Cash flow from financing activities			
Ordinary shares repurchased	8	(1,230,662)	(1,816,040)
Increase in intercompany loan	6	212,496	195,934
Dividends paid	15	(21,037,169)	(20,697,112)
Net cash used in financing activities		(22,055,335)	(22,317,218)
Net increase in cash and cash equivalents		2,002,978	604,278
Cash and cash equivalents at the start of the period		6,259,400	5,671,436
Cash and cash equivalents at the end of the period		8,262,378	6,275,714

The accompanying notes on pages 39 to 49 form an integral part of the condensed interim financial statements

Notes to the Condensed Interim 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.

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company (the "Managed Wind-Down") with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular ("the Circular") to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital, in order to facilitate the Managed Wind-Down.

On 15 September 2023, the Shareholders approved all of the following by way of an ordinary resolution:

- the adoption of a new investment objective and policy. The new investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.
- the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular.
- the issuance of the Deferred Share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles.

The Company has a wholly owned Luxembourg 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 entirely by the Company as at 30 June 2023 and 31 December 2022. The Company also holds 224,651,555 Class B CSWs (31 December 2022: 239,550,782) issued by the Lux Subsidiary.

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

2 Material accounting policy information

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been applied consistently throughout all the years presented, unless otherwise stated.

2.1 Statement of compliance

The Annual Report and Audited Financial Statements are prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Financial Reporting Standards as adopted by the EU. The condensed set of interim financial statements included in this Half Yearly Financial Report has been prepared in accordance with EU adopted International Accounting Standard 34 Interim Financial Reporting.

2.2 Going concern

As a consequence of the Company being put in the process of a Managed Wind-Down as detailed in Note 1 above, the Directors consider it appropriate to adopt a basis other than going concern in preparing this Half Yearly Financial Report given their intention to wind down the Company.

IFRS 9 requires financial assets to be measured at fair value through profit or loss with the change in measurement to be effective in the financial period following the wind down decision, which occurred post the period end. There will be no substantial change in this regard as the primary assets of the Company are financial assets which are shown at fair value. The Board is not aware of any additional impact on this Half Yearly Financial Report in regards to the Company going into Managed Wind-Down.

These condensed interim financial statements do not include provisions for the wind down of the Company that have not been contractually committed. The Board expects the wind-down of the Company to be over a 7 year period although this is not guaranteed.

After making enquiries and supported by the Directors' current assessment of the Company's ability to pay its debts as they fall due for the foreseeable future, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until the anticipated wind down of the Company. The Directors will ensure that sufficient liquidity is held back to ensure that liabilities are at all times adequately covered.

Notes to the Condensed Interim Financial Statements continued

2.3 Accounting standards**New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2023**

The following new standards, amendments or interpretations are effective for the financial year beginning 1 January 2023 and the Directors do not consider that these have a material impact on the Company's condensed interim financial statements:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 and not early adopted

The following standards become effective in future accounting periods and have not been adopted by the Company and the Directors do not believe that the application of these will have a material impact on the Company's condensed interim financial statements:

- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective for periods beginning on or after 1 January 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – effective for periods beginning on or after 1 January 2024
- Non-current Liabilities with Covenants (Amendments to IAS 1) – effective for periods beginning on or after 1 January 2024
- Sale or Contribution of Assets between an Investor and its Associate or JV (Amendments to IFRS 10 and IAS 28) – optional

2.4 Critical accounting judgements and estimates

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect items reported in the Condensed Statement of Financial Position and Condensed 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 27, Note 5 and Note 2.9 of the 31 December 2022 Annual Report and Audited Financial Statements for further details on the significant estimates applied in the valuation of the Company's financial instruments.

Judgements*(b) Non-consolidation of the Lux Subsidiary*

The Company meets the definition of an investment entity as defined by IFRS 10 Consolidated Financial Statements and is required to account for its investment in the Lux Subsidiary 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 9 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.

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 Consolidated Financial Statements and the Lux Subsidiary's investment in the PPNs issued by BCF are accounted for at fair value through profit or loss.

3 Operating expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
	€	€
Administration fees	152,439	175,807
Directors' fees (see Note 4)	140,311	143,273
Professional fees	116,755	83,489
Audit of the Company	92,557	46,407
Audit related services – review of interim financial report	85,604	89,070
Brokerage fees	68,900	66,858
Regulatory fees	28,536	21,495
Registrar fees	16,849	15,052
Sundry expenses	83,142	40,505
Total operating expenses	785,093	681,956

4 Directors' fees

The Company has no employees. The Company incurred €140,311 (30 June 2022: €143,273) in Directors' fees (consisting exclusively of short-term benefits) during the period, of which €70,793 (31 December 2022: € 68,470) was outstanding at the period end. No pension contributions were payable in respect of any of the Directors. Refer to page 23 for details on the Directors' interests.

5 Financial assets at fair value through profit or loss

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	€	€
Financial assets at fair value through profit or loss	293,525,261	297,721,169

Financial assets at fair value through profit or loss consist of 224,651,555 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2022: 239,550,782 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary). Refer to pages 78 to 79 in the Annual Report and Audited Financial Statements for the year ended 31 December 2022 for further details.

Fair value hierarchy

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

Notes to the Condensed Interim Financial Statements continued

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13 Fair Value Measurement 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.

30 June 2023 (unaudited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	–	–	293,525,261	293,525,261

31 December 2022 (audited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	–	–	297,721,169	297,721,169

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

The Company determines the fair value of the 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 six months ended 30 June 2023 and the year ended 31 December 2022, 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 categorised within Level 3 between the start and the end of the reporting period:

30 June 2023 (unaudited)	Total
	€
Balance as at 1 January 2023	297,721,169
Sale proceeds – CSWs	(24,888,816)
Realised gain – CSWs	9,783,617
Unrealised gain – CSWs	10,909,291
Balance as at 30 June 2023	293,525,261
Realised gain on financial assets at fair value through profit or loss	9,783,617
Total change in unrealised gain on financial assets for the period	10,909,291
Net gain on financial assets at fair value through profit or loss	20,692,908

31 December 2022 (audited)	Total
	€
Balance as at 1 January 2022	417,969,559
Purchases – CSWs	7,608,819
Sale proceeds – CSWs	(56,962,646)
Realised gain - CSWs	21,319,529
Unrealised loss - CSWs	(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	(70,894,563)

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 within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	285,901,763	Undiscounted NAV of BCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €57,180,353
Class A and Class B shares	7,623,498	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €1,524,700
Total as at 30 June 2023 (unaudited)	293,525,261				
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 (audited)	297,721,169				

6 Intercompany loan

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	€	€
Intercompany loan – payable to the Lux Subsidiary	1,906,573	1,694,077

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 period ended 30 June 2023, loan interest expense incurred by the Company was €14,396 (30 June 2022: €10,676).

Notes to the Condensed Interim Financial Statements continued

7 Payables

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	€	€
Audit fees	174,077	169,062
Professional fees	108,818	142,314
Administration fees	78,692	80,685
Intercompany loan interest payable	73,639	59,242
Directors' fees	70,793	68,470
Payable on share buyback	–	160,322
Other payables	69,158	43,639
Total payables	575,177	723,734

All payables are due within the next twelve months.

8 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

	Number of shares	Stated capital €
As at 1 January 2023	444,578,522	447,542,762
Shares repurchased during the period and held in treasury	(1,839,619)	(1,230,662)
Total ordinary shares as at 30 June 2023 (unaudited)	442,738,903	446,312,100

	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 (audited)	444,578,522	447,542,762

Ordinary shares

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 six month period ended 30 June 2023, the Company repurchased 1,839,619 (year ended 31 December 2022: 16,406,180) of its ordinary shares of no par value at a total cost of €1,230,662, including transaction costs of €2,471 (for the year ended 31 December 2022, a total cost of €11,502,021, including transaction costs of €23,095). These ordinary share are being held as treasury shares.

At the Company's 2023 AGM held on 26 July 2023, the Company received shareholder approval to resell up to 44,273,890 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 NAV per ordinary share not greater than the discount at which such shares were repurchased by the Company.

As at 30 June 2023, the Company had 40,163,891 shares held as treasury shares (31 December 2022: 38,324,272 shares). During the period 1 January 2023 to the date of approval of these condensed interim financial statements, no treasury shares have been resold by the Company under this authority.

At the EGM held on 15 September 2023, the Shareholders approved the conversion of the ordinary shares into redeemable shares in order to allow for proceeds of realising assets in accordance with the Managed-Wind Down, to be returned to Shareholders by way of pro rata compulsory redemptions of the redeemable shares.

Voting rights

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

Refer to page 5 for details on the Company's dividend policy and dividends declared by the Board during the six month period ended 30 June 2023 and Note 17 for dividends declared after the period 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 ordinary 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.

Capital management

As explained in Note 1, at an EGM on 15 September 2023, a resolution was passed to approve changes to the investment objective and policy of the Company to facilitate the Managed Wind-Down of the Company and to convert the shares of the Company into redeemable shares and to issue a Deferred Share.

The Company is closed-ended and has no externally imposed capital requirements. The Company's capital as at 30 June 2023 comprises shareholders' equity at a total of €299,322,447 (31 December 2022: €301,614,977). The Company's objectives for managing capital during the six months period to 30 June 2023 were:

- 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 in the Annual Report and Audited Financial Statements for the year ended 31 December 2022 for further discussion on capital management, particularly on how the distribution policy was managed.

Notes to the Condensed Interim Financial Statements continued

9 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.

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 also concluded that CLOs in which the Company invests, 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 30 June 2023, the Company owns 100% of the Class A and Class B shares in the Lux Subsidiary comprising 2,000,000 Class A shares and 1 Class B share (31 December 2022: 2,000,000 Class A shares and 1 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 period ended 30 June 2023 and the year ended 31 December 2022, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 30 June 2023 and 31 December 2022. Refer to Note 6 for further details.

10 Segmental reporting

In accordance with IFRS 8 Operating Segments, the Board, who is the chief operating decision maker, views the operations of the Company as one operating segment, being the ordinary share class in issue during the period ended 30 June 2023 and the year ended 31 December 2022.

During the period ended 30 June 2023 and the year ended 31 December 2022, 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.

11 Basic and diluted earnings per Share

	As at 30 June 2023 (unaudited)	As at 30 June 2022 (unaudited)
	€	€
Total comprehensive income/(loss) for the period	€19,975,301	€(56,931,164)
Weighted average number of ordinary shares during the period ⁽³³⁾	442,889,811	459,613,813
Basic and diluted earnings/(loss) per ordinary share	0.0451	(0.1239)

(33) Average number of shares weighted against the effect of ordinary shares buybacks during the period (refer to Note 8 for further details on the ordinary shares buybacks).

12 IFRS NAV per ordinary share

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	€	€
IFRS NAV	€299,322,447	€301,614,977
Number of ordinary shares at period end	442,738,903	444,578,522
IFRS NAV per ordinary share	0.6761	0.6784

13 Reconciliation of Published NAV to IFRS NAV

	As at 30 June 2023 (unaudited)		As at 31 December 2022 (audited)	
	NAV	NAV per ordinary share	NAV	NAV per ordinary share
	€	€	€	€
Published NAV attributable to Shareholders	389,973,882	0.8808	403,726,181	0.9081
Adjustment - valuation	(90,651,435)	(0.2047)	(102,111,204)	(0.2297)
IFRS NAV	299,322,447	0.6761	301,614,977	0.6784

As noted on page 4, there can be a difference between the Published NAV and the IFRS NAV per the financial statements, because of the different bases of valuation used. The above table reconciles the Published NAV to the IFRS NAV per the condensed interim financial statements.

14 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 period comprised:

Transactions with entities with significant influence

As at 30 June 2023, Blackstone Asia Treasury Pte held 43,000,000 ordinary shares in the Company (31 December 2022: 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 details.

Transactions with other related parties

At 30 June 2023, current employees of the Portfolio Adviser and its affiliates and accounts managed or advised by them, hold 41,380 ordinary shares (31 December 2022: 39,875) which represents 0.009% (31 December 2022: 0.009%) of the issued ordinary 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 224,651,555 CSWs as at 30 June 2023 (31 December 2022: 239,550,782) following the redemption of 14,899,227 (31 December 2022: issuance of 7,608,819 and redemption of 35,146,135) CSWs by the Lux Subsidiary. Refer to Note 5 for further details.

As at 30 June 2023, 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 2022: 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 30 June 2023, the Company also held an intercompany loan payable to the Lux Subsidiary amounting to €1,906,573 (31 December 2022: €1,694,077).

Notes to the Condensed Interim Financial Statements continued**15 Dividends**

The Company declared and paid the following dividends on ordinary shares during the six months ended 30 June 2023:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary share	Amount paid
				€	€
1 Oct 2022 to 31 Dec 2022	23 Jan 2023	2 Feb 2023	3 Mar 2023	0.0275	12,182,391
1 Jan 2023 to 31 Mar 2023	25 Apr 2023	4 May 2023	2 Jun 2023	0.0200	8,854,778
Total					21,037,169

The Company declared and paid the following dividends on ordinary shares during the six months ended 30 June 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	4 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
Total					20,697,112

16 Controlling party

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

17 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 25 September 2023, the date the condensed interim 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 condensed interim financial statements.

Dividends

On 21 July 2023, the Company declared a dividend of €0.0200 per ordinary share in respect of the period from 1 April 2023 to 30 June 2023. A total payment of €8,854,778 was made on 15 August 2023.

Redemption of CSWs

On 4 August 2023, the Company redeemed 7,971,415 CSWs issued by the Lux Subsidiary, for total proceeds of €13,566,929.

Board changes

Ms Charlotte Valeur and Mr Gary Clark did not stand for re-election at the last AGM of the Company held on 26 July 2023 and so have retired from the Board of Company.

Mr Giles Adu and Ms Belinda Crosby have been appointed as additional non-executive directors, effective 26 July 2023 and 24 August 2023 respectively.

Ms Heather MacCallum has indicated that she wishes to step down from the Board on 30 September 2023 after the release of the Company's Half Yearly Financial Report.

Summary of results of EGM

On 25 August 2023, the Board announced that it had decided to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board published a circular to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital, to facilitate the Managed Wind-Down.

On 15 September 2023, the Shareholders approved all of the following by way of an ordinary resolution:

- the adoption of a new investment objective and policy. The new investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.
- the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular.
- the issuance of the Deferred Share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles.

On 17 September 2023, the Lux Subsidiary issued a notice requesting the redemption of the LuxCo PPNs in BCF in whole, with the redemption exercise date of 18 December 2023, being at least 90 days after the date of the notice. The allocation to the Redemption Pool will be effective on 2 January 2024.

Additional Information

Company Information

Directors

Mr Steven Wilderspin (Chair)

Ms Heather MacCallum

Mr Mark Moffat

Mr Giles Adu (appointed on 26 July 2023)

Ms Belinda Crosby (appointed on 24 August 2023)

Ms Charlotte Valeur (retired on 26 July 2023)

Mr Gary Clark (retired on 26 July 2023)

All c/o the Company's registered office

Registered Office

IFC 1
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Channel Islands

Portfolio Adviser

Blackstone Ireland Limited

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Ireland

Registrar

Link Asset Services (Jersey) Limited

12 Castle Street
St Helier
Jersey
JE2 3RT
Channel Islands

Administrator/Company Secretary/ Custodian/Depository/Banker

BNP Paribas S.A., Jersey Branch

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Auditor

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Legal Adviser to the Company (as to Jersey Law)

Carey Olsen

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Legal Adviser to the Company (as to English Law)

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Joint Broker

Singer Capital Markets

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EC2N 2AX
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Joint Broker

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25 Dowgate Hill
London
EC4R 2GA
United Kingdom

Glossary

TERM	DEFINITION
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
AIF	Alternative Investment Fund
AIFMD	Alternative Investment Fund Managers Directive
APM	Alternative Performance Measure
BCF	Blackstone Corporate Funding Designated Activity Company
BCM LLC	Blackstone CLO Management LLC (formerly known as Blackstone /GSO CLO Management LLC)
BGLF or the Company	Blackstone Loan Financing Limited
BGLP	Ticker for the Company's Sterling Quote
BIL or the Portfolio Adviser	Blackstone Ireland Limited
BLCS	Blackstone Liquid Credit Strategies LLC
Board	The Board of Directors of the Company
bp	Basis points
BWIC	Bids Wanted In Competition
BX Credit	Blackstone Alternative Credit Advisors LP or its affiliates in the credit-focused business of Blackstone Inc. (together with its affiliates, "Blackstone")
CFO	Chief Financial Officer
CLO	Collateralised Loan Obligation
CSW	Cash Settlement Warrant
Dividend yield	Calculated as the last four quarterly dividends declared divided by the share price as at the relevant date
DTR	Disclosure Guidance and Transparency Rules
ECB	European Central Bank
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
EU	European Union
EUR	Euro
FCA	Financial Conduct Authority (UK)
Fed	The Federal Reserve
FRC	Financial Reporting Council (UK)
GDP	Global Domestic Product
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IFRS NAV	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with IFRS as adopted by the EU

TERM	DEFINITION
ISA	Individual Savings Account
ITD	Inception-to-date
JV	Joint venture
KPI	Key Performance Indicator
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
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
LTM	Last twelve months. LTM return is calculated over the period July 2022 to June 2023.
Lux Subsidiary	Blackstone/GSO Loan Financing (Luxembourg) S.à r.l.
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
PPN	Profit Participating Note
Premium/Discount	Calculated as the NAV per share as at a particular date less BGLF's closing share price on the LSE, divided by the NAV per share as at that date
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 ordinary share plus the total dividends paid per ordinary share, with such dividends paid being re-invested at NAV, as a percentage of the NAV per ordinary share. LTM return is calculated over the period July 2022 to June 2023.
RP	Recognition period
RTS	Regulatory technical standards
S&P	Standard & Poor's
SFDR	Sustainable Finance Disclosure Regulation
SFS	Specialist Fund Segment
SOFR	Secured Overnight Financing Rate
TCFD	Task Force on Climate-related Financial Disclosures
UBS	Union Bank of Switzerland
UK	United Kingdom
UK Code	UK Corporate Governance Code 2018
US	United States
USD	United States Dollar
WA	Weighted Average
YTD	Year to date

