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Blackstone / GSO Loan Financing Limited
Q4 2017 Report

Dear Investor,

We are pleased to provide you with the quarterly update letter for the Blackstone / GSO Loan Financing Limited (the "**Fund**"), for the quarter ended 31 December 2017.

Capitalised terms used herein and not otherwise defined have the meaning assigned to such term in the Offering Document of the Fund.

I. Market Review[1]

The fourth quarter of 2017 ended the year on a strong economic note with year-over-year Eurozone GDP forecast for 2017 coming in at 2.3% (versus 3Q's 2.1% forecast) and 4Q U.S. GDP forecasts tracking to a growth rate of 3.1% (in line with the 3Q's growth rate of 3.2%). Macroeconomic data in December was broadly positive and labour trends continued to improve globally. Despite increased trade and geopolitical tensions, and significant policy uncertainty with respect to U.S. tax reform and the federal budget, markets continued their streak of low volatility during Q4. An element of particular uncertainty accompanies U.S. tax reform and we believe the complicated bill is likely not fully priced into the current market.

Political headlines returned to the fore during 4Q 2017 in Germany, Spain, and the UK. Despite a sluggish economy, the Bank of England raised interest rates in the fourth quarter – the first time in a decade. A November budget announced by the British government did not dispel fears of the impact of Brexit on the British economy as the Office for Budget Responsibility downgraded its GDP growth forecasts.

We expect growth to continue in the first half of 2018 given a combination of strong government, corporate and consumer spending further supported by the tailwinds generated from U.S. tax reform. As a result, we continue to anticipate a benign carry-friendly environment for the credit markets absent any policy missteps or major geopolitical events. However, we remain cautious of more rapid than anticipated changes in monetary policy as central banks raise interest rates and / or begin to tighten their balance sheets for the first time since the Great Recession.

European Bank Loan Market

The European bank loan market returned 0.40% over the last three months of the year, marking eight consecutive quarters of positive returns and bringing the total 2017 return to 3.30% compared to 6.52% in 2016. In a shift from recent quarters, lower quality loans (rated CCC, Split CCC and Default) underperformed the higher quality (rated Split BBB and BB) segment of the market, returning -0.78% versus 0.25%, respectively.

[1] Source: S&P/LCD.

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Spread compression continued to hinder returns in the European loan market. Combined with heavy refinancing and repricing activity due to strong demand, the market experienced pressured loan spreads, capped price performance, and ultimately, muted total returns. We believe that expected M&A activity will provide much needed paper to the market, helping to alleviate some of the spread compression and providing some stability in 2018.

European institutional loan volume in 2017 totalled €153.7 billion; however, net new issuance totalled only €80 billion due to heaving repricing and reset activity of €73.7 billion. This represented an increase in repricing of 161% over the 2016 total. New money issuance totalled €56.5 billion in 2017, up 55% on 2016, as supressed interest rates, low defaults, and a hunt for yield attracted investors to loans during 2017. This demand for the asset class drove full secondary market valuations and spread compression across new issues with the average term loan B primary spread falling from 372bp in January to 347bp in December. 4Q delivered the strongest issuance of 2017 with new issuance including refinancing totalling €23.6bn, and €16.6 billion of additional repricing activity.

Quarterly repayments rose significantly from €7.0 billion in 3Q to €21.7 billion in 4Q of 2017. The bid in the secondary market continued to be well supported by investors looking to deploy capital as the majority of new issuance came to the market early in the quarter, with later issuers preferring to wait until January as the December holidays approached. The Credit Suisse Western European Leveraged Loan Index ended the quarter with an average price of €98.88 and a 3-year discount margin that had tightened 6bp to 392bp, and down from 522bp at the same period last year. The Credit Suisse Western European High Yield Index dropped to an average price of €101.54 at the end of 4Q, down from €102.69 at the end of 3Q.

European loan default rates remained low in the fourth quarter, as measured by the Credit Suisse Western European Loans 12-month par default rate which ended 2017 at 2.6%. This remains below the long term average annual default rate of 5.7% and the fifth consecutive year where the default rate has remained below 3.5%.

In 2018, we believe that the supply and demand imbalance will continue to drive technical performance factors in the European loan market. Additionally, with the ECB tapering its quantitative easing programme in 2018, an uptick in rates in Europe looks increasingly likely and the strong fundamental macroeconomic environment is expected to continue. We believe that floating rate assets, including higher quality European loans and floating rate notes, are attractive relative to other longer-duration fixed income assets given the potential rising rate environment and subdued default forecasts.

U.S. Bank Loan Market

Returns for U.S. loans during 4Q were bolstered by strong results in October and December, despite a more muted return in November. The Credit Suisse Leveraged Loan Index posted a 1.17% quarterly gain to bring the cumulative year-to-date return to 4.25%. Lower quality loans (rated CCC/Split CCC and default) outperformed the higher quality (rated split BBB/BB) segment of the market during 4Q and 2017, with full year returns totalling 7.45% and 3.25%, respectively.

The relatively muted full year performance of loans for 2017 was primarily driven by spread compression. Despite the benefit of rising LIBOR, strong demand for loans resulted in heavy refinancing and repricing activity which pressured loan spreads, capped price performance and held back total returns. Q4 returns for loans tracked to a predominantly coupon clipping year for 2017, but we believe that spread compression should stabilize in 2018 and that fresh new issue supply from increased M&A and LBO activity, along with potential market volatility, could provide periodic attractive buying opportunities.

Institutional loan issuance totalled $241 billion in Q4 with only $60 billion of net new loan supply (or net loan issuance, net of repricings and paydowns). Despite a headline gross issuance number of $974 billion, net new loan supply in 2017 totalled only $230 billion. Along with heavy refinancing and repricing activity, high yield M&A deal volume lagged in 4Q and 2017 (-36% year-over-year), as equity valuations remained elevated and companies were cautious to engage in significant deals amid high U.S. policy uncertainty. This further contributed to the year's supply-demand imbalance and to underperformance of the loan asset class.

This strong technical environment resulted in significant spread compression across new issues in Q4 and in 2017 despite the steady increase in 3-Month LIBOR. Average loan spreads have compressed over the course of 2017 and almost a quarter of the J.P. Morgan Leveraged Loan Index ended the year with a spread of 250 bps or less.

Default activity in the credit markets was subdued in 2017 and registered its lowest annual total since 2013 with $34.1 billion in combined default volume across loans and high yield bonds ($17.5 billion in loans and $16.7bn in high yield bonds, respectively). The par-weighted U.S. loan LTM default rate for 2017 was 1.84%, a 35bp increase above the default rate at the end of 2016 but over 112bp below the 10-year historical average default rate of 2.96%. In 2017, the energy sector accounted for the largest number of defaults, including distressed exchanges, as well as the largest total default volume while the retail sector accounted for the second largest number of defaults and the third largest total default volume.

In 2018, we believe that a great deal of value will be predicated on inflation trends, term premiums and the continuation of a low default environment. We remain encouraged by the benefits of recent U.S. tax reform as it is expected that for 75% of high yield issuers the lower corporate tax rate and the ability to depreciate additional capex will outweigh companies' inability to fully deduct interest expense. Accordingly, analysts expect that the fundamentals of the majority of double-B and single-B rated U.S. issuers could improve, while highly levered CCC-rated issuers may face headwinds given the reduction in interest deductibility. The confluence of these events is likely to create greater performance and pricing dispersion resulting in opportunities to outperform through careful credit selection.

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Global CLO Market

Global new issue CLO volume accelerated in 4Q with €7.7 billion across 18 CLOs in Europe, versus €4.0 billion / 10 CLOs last quarter, and $35.6 billion across 64 CLOs in the U.S., versus $29.7 billion / 55 CLOs last quarter. European CLO new issuance, which totalled €20.9 billion through 51 CLOs, reached a post-crisis high in 2017 and significantly surpassed 2016's issuance of €16.8 billion through 41 CLOs. In the U.S., CLO new issuance recorded the second highest level in 2017 at $118.1 billion through 212 CLOs, well ahead of the 2016 issuance of $72.3 billion through 156 CLOs.

In addition to new issuance, 2017 saw record volume of CLO refinancing and reset activity. €24.8 billion of European CLOs and $167.0 billion of U.S. CLOs were refinanced or reset throughout 2017, allowing CLO managers to offset the asset spread compression by lowering the CLO's liability cost. For comparison, total refinancing and reset volume in 2016 was €1.1 billion in Europe and $39.5 billion in the U.S.

Demand for CLO issuance was fuelled by the improved CLO arbitrage despite loan spread compression, and broader institutional demand for both U.S. and European CLOs was further bolstered by strong returns across all tranches driven by healthy underlying portfolios. CLOs continue to represent over half of the loan primary market institutional investor base. Projections for 2018 CLO issuance consensus is €15-20 billion in Europe and $100 billion in the U.S., further projecting heightened demand for loans.

Credit fundamentals of the CLO portfolios remain strong with asset spread tightening the main focus. As of year-end 2017, Weighted Average Spread ("WAS") tests in both European and U.S. CLOs fell by 50bp and 30bp, respectively, since the end of 2016. Exposure to CCC-rated and distressed assets remain low due to the continued low default environment in the loan market. Weighted Average Rating Factor ("WARF") test results remain generally flat, providing CLO investors additional comfort on collateral quality.

II. Fund Performance and Commentary

Fund Returns

The total net return for Q417 was 0.01%, including total net portfolio income of 3.41% and net portfolio movements of -3.40%. As of 29 December 2017, BGLF has returned 1.38% net year-to-date and 6.28% net annualised since inception, including total net portfolio income of 12.18% and net portfolio movements of -10.79%. BGLF's share price return for Q417 was -0.04%, resulting in a full year return of 7.20%.

	Cumulative		Annualised		
	1 Year	Since Inception	2 Year	3 Year	Since Inception
BGLF € NAV	1.38%	23.27%	6.96%	7.47%	6.28%
BGLF € Share Price	7.20%	30.42%	11.70%	8.71%	8.02%
European Loans	3.30%	13.31 %	5.29%	4.30%	3.69%
U.S. Loans	4.25%	13.36%	7.75%	4.49%	3.71%

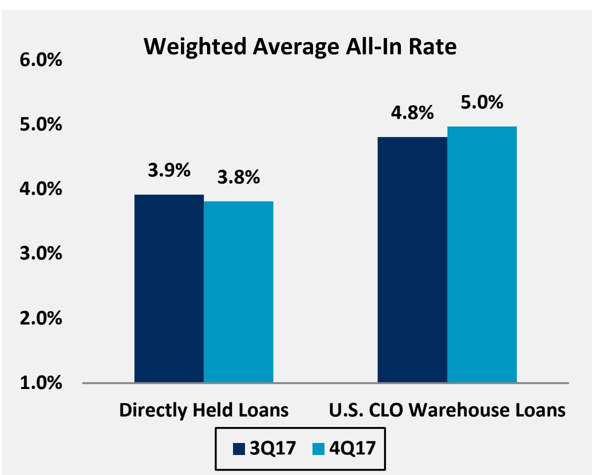
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
BGLF € NAV	0.14%	0.76%	-0.53%	0.01%	0.95%	0.63%	0.44%	-1.01%	-0.02%	0.65%	-0.46%	-0.18%	**1.38%**
European Loans	1.00%	0.46%	-0.29%	0.29%	0.52%	0.03%	0.48%	-0.02%	0.34%	0.33%	0.07%	0.00%	**3.30%**
U.S. Loans	0.53%	0.59%	0.08%	0.44%	0.38%	-0.06%	0.78%	-0.14%	0.41%	0.66%	0.12%	0.39%	**4.25%**
2016	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.95%	0.67%	1.32%	1.28%	2.31%	0.98%	0.34%	0.13%	1.28%	0.37%	1.96%	0.97%	**13.28%**
European Loans	-0.32%	-0.93%	2.06%	1.35%	0.74%	-0.60%	1.16%	0.88%	0.74%	0.50%	0.18%	0.63%	**6.52%**
U.S. Loans	-0.73%	-0.56%	2.64%	1.90%	0.91%	0.03%	1.41%	0.79%	0.87%	0.77%	0.32%	1.15%	**9.88%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	1.36%	0.82%	0.76%	0.86%	1.05%	-0.07%	1.42%	0.09%	0.57%	0.83%	0.07%	0.07%	**8.11%**
European Loans	0.42%	1.06%	0.73%	0.88%	0.50%	-0.23%	0.50%	-0.17%	-0.33%	0.18%	-0.11%	-0.32%	**3.14%**
U.S. Loans	0.26%	1.41%	0.39%	0.90%	0.20%	-0.31%	0.09%	-0.65%	-0.67%	-0.14%	-0.89%	-0.95%	**-0.38%**
2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV								0.78%	0.21%	0.26%	1.12%	-3.05%	**-0.73%**
European Loans								0.13%	-0.07%	0.03%	0.37%	-0.61%	**-0.16%**
U.S. Loans								0.23%	-0.52%	0.29%	0.46%	-1.10%	**-0.65%**

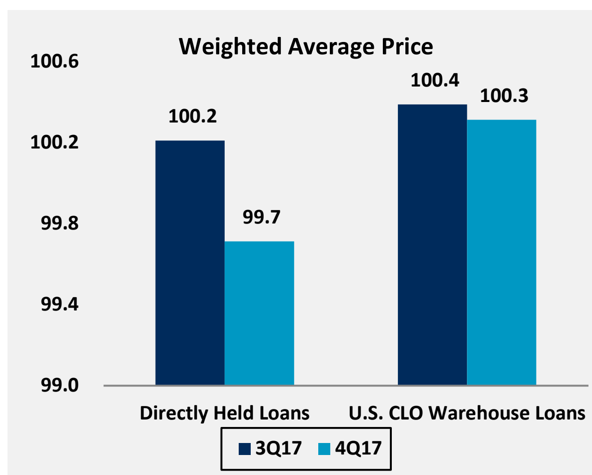
Performance Commentary

The Fund continues to generate strong cash flows from its retained CLO Income Note investments ("**CLO Income Notes**") and from a core portfolio of directly held loans. During 4Q, CLO Income Notes produced a relatively stable average annualised distribution rate of 14.0%, which represents distributions from 14 of BGCF's CLO positions versus the 3Q17 annualised average distribution rate of 13.9%.[2] Five CLOs recently priced have not yet made their first distributions. Each of the five CLOs which have expired their non-call periods were refinanced during the year.

Asset spread compression continued to reduce income received from directly owned loans, warehouse first loss positions (levered 4x), and CLO equity (levered ~10x). The valuations of the CLO equity positions of refinanced CLOs have been positively impacted by the reduction of the CLO's liability cost which has at least temporarily offset the spread compression experienced by the underlying assets.

Consistent with, and in support of CLO issuance activity, BGCF's loan portfolio balance grew in 4Q. As at 29 December, BGCF's par exposure was €466 million of directly held loans and $484 million of loans held in two external warehousing facilities. In line with the broader European loan market, the weighted average all-in rate of the Fund's directly held loans declined over the quarter – from 3.92% in September 2017 to 3.78% in December 2017. The weighted average all-in rate of USD loans held with external warehouses, however, increased from 4.81% to 4.97% over the quarter indicating that the increase in LIBOR helped offset spread compression in the portfolio during 4Q.





Over the course of the quarter, the Fund held investments in three U.S. CLO warehouses. As at 29 December, BGCF had first loss investments in the Greenwood Park CLO warehouse, which supported $449 million of traded loans, and in the newly opened Cook Park CLO warehouse, which supported $35 million of traded loans.[3] BGCF's investment in the Gilbert Park CLO warehouse was fully repaid at the CLO's closing on 24 October 2017, at which time BGCF increased its investment in the U.S. MOA (as defined below), which subsequently purchased 59% of Gilbert Park's Income Notes. The Gilbert Park CLO warehouse

[2] Annualised quarterly cash distribution based on cost. Calculated using Intex data.
[3] U.S. CLO Warehouses may have an additional third party first loss provider invested alongside of BGCF.

produced an IRR of 13.5%. External warehouse investments are held at their cost (investment amount) and net income earned, as well as net settled gains/losses on the warehouse assets, are realised by BGCF when the warehouse is converted into a CLO.

Investment Activity

During 4Q, BGCF invested €21.0 million in the CLO Income Notes of one European CLO and €76.3 million ($89.4 million) into Blackstone / GSO US Corporate Funding, Ltd., the U.S. Majority Owned Affiliate ("**U.S. MOA**"), in order to sponsor two U.S. CLOs.

Throughout 2017, BGCF invested €72.3 million in three European CLOs and $232.7 million in six U.S. CLOs, through the U.S. MOA.

		Size (€/$)	Investing Entity	Closing Date	Reinvestment Period End	Non-Call Period	AAA Spread	Invested Capital (€/$)	Position as a % of Tranche	Expected % Ramp at Closing
1Q	**Grippen Park**	$611.4m	U.S. MOA	Mar-17	Apr-22	Apr-19	126bp	$31.6m	60.9%	70.0%
	Palmerston Park	€414.5m	BGCF	Apr-17	Apr-21	Apr-19	92bp	€25.1m	62.2%	85.0%
2Q	**Thayer Park**	$514.6m	U.S. MOA	May-17	Apr-22	Apr-19	118bp	$25.3m	54.6%	80.0%
	Catskill Park	$1,028.5m	U.S. MOA	May-17	Apr-22	Apr-19	119bp	$57.1m	60.0%	80.0%
	Clontarf Park	€413.6m	BGCF	Jul-17	Aug-21	Aug-19	83bp	€26.2m	66.9%	82.5%
3Q	**Dewolf Park**	$613.5m	U.S. MOA	Aug-17	Apr-22	Oct-19	121bp	$32.8m	60.0%	72.0%
4Q	**Gilbert Park**	$1,022.0m	U.S. MOA	Oct-17	Oct-22	Oct-19	119bp	$54.6m	59.0%	87.0%
	Willow Park	€412.4m	BGCF	Nov-17	Jul-22	Jan-20	84bp	€21.0m	30.9%	78.0%
	Long Point Park	$610.8m	U.S. MOA	Dec-17	Jan-23	Jan-20	107bp	$31.4m	59.0%	90.0%

BGCF continues to refinance existing CLO investments soon after expiration of their respective non-call periods. Year-to-date, five CLOs were refinanced and, as of the end of 4Q, there remains one CLO within the portfolio (Dorchester Park CLO) that was eligible to be refinanced but has yet to be refinanced. Over the past year, BGCF has successfully refinanced five of its CLO investments, reducing their average cost of debt by of average of approximately 0.4%.

		Closing Date	Refinancing Closing Date	Reinvestment Period End	Original AAA Spread	Refinanced AAA Spread	Position (€/$)
1Q	**Phoenix Park**	Jul-14	Jan-17	Jul-18	135bp	110bp	€23.5m
1Q	**Castle Park**	Dec-14	Mar-17	Jan-19	135bp	100bp	€46.0m
2Q	**Sorrento Park**	Sep-14	Apr-17	Nov-18	125bp	95bp	€29.5m
2Q	**Dartry Park**	Mar-15	Jun-17	Apr-19	130bp	83bp	€22.8m
3Q	**Orwell Park**	Jun-15	Jul-17	Jul-19	130bp	78bp	€24.2m

During 4Q, BGCF originated approximately €818 million of senior secured loans and floating rate notes expanding the size of the directly held portfolio. BGCF also invested €61.9 million ($73.1 million) million in two U.S. CLO warehouses during the quarter. During 2017, BGCF invested a total of €225.6 million ($255.6 million) in five U.S. CLO warehouses.

		Initial Investment Date	Closing / Expected Closing Date	Investment ($)	Dec-17 Loan Exposure ($)	Warehouse IRR
2Q	**Catskill Park**	Apr-17	May-17	$75.0m	-	15.7%
2Q	**Dewolf Park**	Apr-17	Aug-17	$17.5m	-	14.1%
3Q	**Gilbert Park**	Jul-17	Oct-17	$87.5m	-	13.5%
4Q	**Greenwood Park**	Sep-17	[Mar-18]	$70.0m	$449m	n/a
4Q	**Cook Park**	Nov-17	[Apr-18]	$5.6m	$35m	n/a

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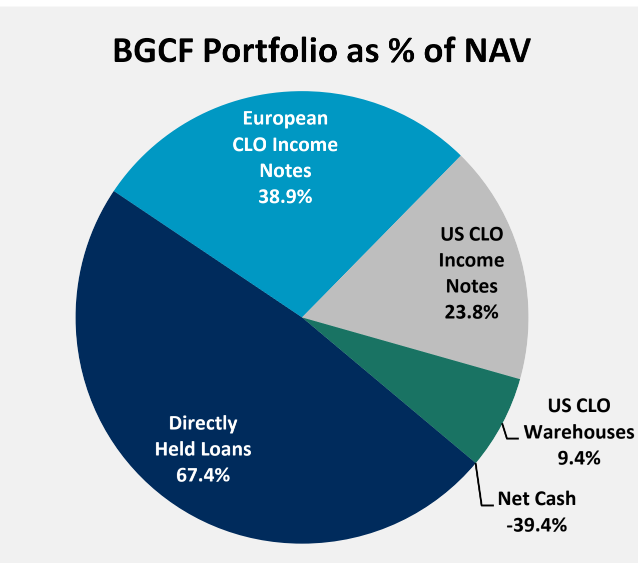
Portfolio Positioning

The Fund has steadily increased its total exposure to the U.S. loan market through additional investments in U.S. CLO warehouses and U.S. CLO Income Notes. As at 29 December, 39% of BGCF's portfolio was comprised of European CLO Income Notes and 28% was comprised of U.S. CLO Income Notes and CLO warehouses. This compares to year-end 2016 when 56% of the portfolio was comprised of European CLO Income Notes and mezzanine notes and 9% was comprised of U.S. CLO Income Notes, CLO warehouses, and non-retention CLO equity. The Fund's net cash balance was -39% as a percentage of net assets at the end of 4Q due to draws on its leverage facility used to purchase directly held loans. At the end of the quarter, BGCF's leverage as a percentage of total assets was approximately 29%, calculated as net cash divided by gross assets.



Portfolio vintage diversification is an important part of the Fund's strategy. The rapid pace of CLO issuance year-to-date has increased the portfolio's concentration in newer vintage CLOs with longer reinvestment periods, which benefit from greater investment flexibility to participate in the primary loan market and to take advantage of secondary market dislocations.

BGCF's loan portfolios, held both directly on the balance sheet and indirectly through CLO warehouses, continue to be invested at a healthy pace in order to maintain flexibility with respect to the CLO creation strategy. We continually monitor the global arbitrage opportunity, optimising the loan portfolio in order to both maximise the returns and time the portfolio's pace of capital deployment in order to swiftly capture any favourable liability execution. The portfolio ramp within each external warehouse has consisted mostly of primary loan transactions in order to minimise any vintage effect of prepayment risk and higher secondary purchase prices that may burden future CLO take-out opportunities.

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III. Fund Update

Capital Raising and Call Activity

During 4Q, Blackstone / GSO Corporate Funding EUR Fund ("**BGCF EUR**"), an investor in BGCF, called and invested €90 million of capital, and called an additional €142 million during the first quarter of 2018, which will be invested into BGCF by 1 March 2018. As of 30 December 2017, BGCF EUR had €215 million of undrawn capital, and, pro forma for expected 1Q 2018 investments, had €81 million of undrawn capital, including an additional €8 million commitment received in February.

Given the demand in both the global loan and CLO markets, the portfolio's pace of investment has been ahead of plan and we have been able to invest capital more efficiently than initially expected. Our outlook on CLO issuance remains positive, given continued strong global investor demand for both European and U.S. CLO liabilities.

As of 29 December 2017, BGCF's portfolio was allocated 55.5% to BGLF and 44.5% to BGCF EUR. BGCF's ownership of the U.S. MOA was 79.4%.

Distributions

BGLF declared a dividend of €0.025 per share in respect of the period from 1 October 2017 to 31 December 2017. This dividend is payable on 23 February 2018 to shareholders on the register as at the close of business on 26 January 2018, and the corresponding ex-dividend date is 25 January 2018.

Regulatory Update

On Friday, 9 February 2018, the U.S. Court of Appeals for the D.C. Circuit ruled in favour of the Loan Syndications and Trading Association ("LSTA") in its lawsuit against the U.S. Securities and Exchange Commission ("SEC") and the Federal Reserve, determining that U.S. CLO managers are not subject to the risk retention rules per the Dodd-Frank Act as it applies to "open market CLOs" (CLOs of broadly syndicated loans). There is a period of 45-days during which the U.S. government agencies may appeal the ruling. This ruling does not impact the risk retention rules for European CLO managers.

There is no intended change to the investment activity in U.S. CLOs by the U.S. MOA in the near-term as a result of the ruling. We will evaluate the implications of this potential change in U.S. regulations on the long-term investment strategy of the Fund, considering the potential impact of the ruling on investment performance and capital deployment, among other factors.

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BGLF Portfolio Composition

Net Asset Value: € 379,540,322.3	% of BGLF NAV
Directly Held Loans	66.9%
European CLO Income Notes	38.7%
US CLO Income Notes	23.6%
US CLO Warehouses	9.3%
Net Cash	-38.6%
Total	**100.0%**

Footnotes

Data as of 29 December 2017. Note that portfolio composition figures may not add to 100.0% due to rounding.

(1) Effective position and cost on a look-through basis.

(2) Source: Intex. Distributions presented based on cost. Gross Coupon not available for deals that are not yet included in Intex.

(3) Sources: For CLOs that have paid an equity distribution: Intex; For CLOs that have not yet paid an equity distribution: S&P/LCD or Trustee Reports. Represents the all-in rate of each liability tranche.

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BGLF Retained CLO Income Note Investments

	Investing Entity	Closing Date	Refinancing Date (Closing)	Remaining RI Period (Yrs)	Deal Size (mm)	Equity Tranche (mm)	BGLF Position (mm)[1]	BGLF Cost (mm)[1]	Risk Reten. Position as % of Tranche	Valuation as % of BGLF NAV	Ann. Dist. [2]	Cum. Dist. [2]	Wt. Avg. Cost of Liabilities[3]	Gross Coupon[2]
EUR CLO Income Notes														
Phoenix Park	BGCF	Jul-14	Jan-17	0.6	€ 413.2	€ 45.3	€ 12.9	€ 12.3	51.4%	2.5%	17.9%	58.3%	1.52%	3.85%
Sorrento Park	BGCF	Oct-14	May-17	0.9	€ 517.0	€ 57.0	€ 16.4	€ 15.5	51.8%	3.2%	18.8%	57.9%	1.43%	3.94%
Castle Park	BGCF	Dec-14	Mar-17	1.0	€ 415.0	€ 46.0	€ 25.5	€ 23.3	100.0%	5.2%	18.3%	51.7%	1.51%	3.93%
Dartry Park	BGCF	Mar-15	Jul-17	1.3	€ 411.1	€ 44.6	€ 12.7	€ 12.0	51.1%	2.7%	16.3%	42.6%	1.63%	3.72%
Orwell Park	BGCF	Jun-15	Aug-17	1.5	€ 415.0	€ 47.5	€ 13.4	€ 12.4	51.0%	2.9%	17.2%	40.8%	1.44%	3.97%
Tymon Park	BGCF	Dec-15	Jan-18	2.1	€ 414.0	€ 44.5	€ 12.6	€ 11.4	51.0%	2.3%	16.3%	30.0%	2.25%	3.89%
Elm Park	BGCF	May-16	n/a	2.3	€ 558.2	€ 56.9	€ 17.7	€ 17.7	56.1%	3.6%	13.9%	19.3%	2.39%	4.00%
Griffith Park	BGCF	Sep-16	n/a	2.7	€ 453.6	€ 48.7	€ 16.1	€ 14.3	59.5%	3.2%	12.6%	13.9%	2.19%	4.06%
Clarinda Park	BGCF	Nov-16	n/a	2.9	€ 415.1	€ 45.1	€ 12.8	€ 10.8	51.2%	2.3%	12.5%	12.5%	2.03%	3.84%
Palmerston Park	BGCF	Apr-17	n/a	3.3	€ 414.5	€ 45.0	€ 15.5	€ 13.9	62.2%	3.4%	n/a	n/a	1.73%	3.71%
Clontarf Park	BGCF	Jul-17	n/a	3.6	€ 413.6	€ 43.3	€ 16.1	€ 14.6	66.9%	4.1%	n/a	n/a	1.59%	4.07%
Willow Park	BGCF	Nov-17	n/a	4.5	€ 412.4	€ 38.4	€ 13.0	€ 11.6	60.9%	3.1%	n/a	n/a	1.58%	n/a
EUR CLO Income Note Total							**€ 184.7**	**€ 169.8**		**38.7%**	**16.1%**	**37.2%**	**1.77%**	**3.91%**
US CLO Income Notes														
Dorchester Park	BGCF	Feb-15	n/a	1.1	$509.4	$45.9	$15.5	$14.8	60.9%	2.2%	18.4%	48.6%	3.39%	4.80%
Grippen Park	US MOA	Mar-17	n/a	4.3	$611.4	$59.4	$19.8	$17.5	60.0%	2.8%	n/a	n/a	3.00%	4.82%
Thayer Park	US MOA	May-17	n/a	4.3	$514.6	$54.6	$16.5	$14.1	54.6%	2.3%	n/a	n/a	2.98%	4.87%
Catskill Park	US MOA	May-17	n/a	4.3	$1,028.5	$108.5	$36.1	$31.7	60.0%	5.0%	26.1%	11.1%	2.94%	4.85%
Dewolf Park	US MOA	Aug-17	n/a	4.8	$613.5	$61.5	$20.5	$18.2	60.0%	3.3%	n/a	n/a	3.15%	5.00%
Gilbert Park	US MOA	Oct-17	n/a	4.8	$1,022.0	$102.0	$33.4	$30.3	59.0%	5.0%	n/a	n/a	3.06%	5.28%
Long Point Park	US MOA	Dec-17	n/a	5.0	$610.8	$58.8	$19.2	$17.4	59.0%	3.0%	n/a	n/a	3.12%	n/a
US CLO Income Note Total							**$161.1**	**$143.9**		**23.6%**	**23.8%**	**22.4%**	**3.07%**	**4.97%**

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Important Disclosure Information

This quarterly update letter ("**Letter**") is being furnished to you to provide preliminary summary information regarding an investment in the Fund, is for informational purposes only and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone / GSO Debt Funds Management Europe Limited or Blackstone / GSO Debt Funds Management Europe II Limited (together, the "**Manager**") or its affiliates in the credit-focused business unit of The Blackstone Group L.P. ("**Blackstone**"), including without limitation, GSO Capital Partners LP (together with the Manager and their affiliates in the credit-focused business unit of Blackstone, "**GSO**"). The offering is made only to qualifying investors through a separate subscription agreement for the Fund and the governing and operating documents for the Fund (together as may be amended or supplemented from time to time, the "**Operative Documents**"). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document, and supersede and qualify in its entirety the information set forth herein. Any decision to invest in, or withdraw from, the Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in the Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument, and risk of loss of principal.

Certain information contained herein has been obtained from published and non-published sources prepared by other parties, which in certain cases has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, GSO does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by GSO. In particular, you should note that, since many of the investments described are unquoted, net asset value figures in relation to the Fund are based wholly or partly on estimates of the values of the Fund's investments provided by the originating banks of those underlying investments or other market counterparties, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the date of the relevant net asset valuation for the Fund, or which have otherwise been estimated by GSO. In addition, certain performance related information contained in this Letter, including information sourced from third parties, may be based on data that was prepared and/or provided to the applicable sources by certain CLO market participants, and there can be no assurance that such data is inclusive or representative of comparable data for the entire CLO market. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses costs by negligence) in connection with any use of their content, including ratings.

Any comparisons herein of investment performance to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of the performance of the Fund; (ii) such benchmark or index will employ different investment guidelines and criteria than the Fund and, therefore, the holdings in the Fund may differ significantly from the securities that comprise the index; and (iii) the performance of such benchmark or index has not necessarily been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance (or the performance of assets held by the Fund) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve results comparable to its earlier results or those of any of GSO's prior funds, special purpose investment vehicles, co-investment vehicles or non-fund relevant transactions, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Information contained herein which relates to the net asset value performance of the Fund may not be indicative of how the Fund's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for such Fund take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned herein may go down as well as up and investors may not get back the amount invested. No assurance can be given that the investment objective will be achieved. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Investments mentioned herein may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from an appropriately authorised advisor.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund described herein may differ materially from those reflected or contemplated in such forward-looking statements.

Any targets, forecasts, estimates, or similar returns set forth herein are based on GSO's belief about the returns that may be achievable on investments that the Fund intends to pursue. Targets, forecasts, and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the targets, forecasts, and estimates will not materialize or will vary significantly from actual results. Such returns are based on GSO's current view in relation to future events and financial performance of potential investments and various models, estimations and "base case" assumptions made by GSO, including estimations and assumptions about events that have not occurred. Among the assumptions to be made by GSO in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities GSO is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. While such "base case" assumptions are based on assumptions that GSO believes are reasonable under the circumstances, they are subject to uncertainties, and changes. Any such modification could be adverse to the actual overall returns. The inclusion of targets, forecasts and estimates herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of the assumptions or information contained herein and neither GSO nor Blackstone is under any obligation to update or otherwise revise the target returns to reflect circumstances existing after the date when made to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the target returns are later shown to be incorrect. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the Fund's investments. None of GSO, Blackstone, its affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions.

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There may be occasions when the management company of the Fund, the principals, GSO, Blackstone and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with GSO's and/or Blackstone's other activities, and the diverse interests of the Fund's limited partner group. In addition, GSO, Blackstone, and their affiliates engage in a broad spectrum of activities, which may include activities where the interests of certain divisions of GSO, Blackstone and their affiliates or the interests of their clients may conflict with the interest of the partners in the Fund. Because GSO, Blackstone, and their affiliates have many different asset management, advisory and other businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight, and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business. In addressing these conflicts and regulatory, legal, and contractual requirements across various businesses, GSO, Blackstone, and their affiliates have implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that the Fund expects to utilise for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Fund, might become restricted to those other businesses and otherwise be unavailable to the Fund, and could also restrict the Fund's activities. There can be no assurance that any conflict of interest will be resolved in the manner most favourable to the Fund or any investor therein.

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Although the current portfolio reflected in this Letter (the "**Current Portfolio**") is consistent with the investment strategy of the Fund, there is no guarantee that the portfolio acquired will continue to be identical to the make-up of the Current Portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the Current Portfolio. Therefore, the Current Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Current Portfolio could all be materially different than those of the future portfolio acquired by the Fund.

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