

Blackstone / GSO Loan Financing Limited

5 February 2016

### **Publication of Circular**

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The Company has today posted a Circular to Shareholders convening an Extraordinary General Meeting to be held at 2.00 pm on 29 February 2016 at which resolutions will be put to approve the Proposals set out below. Full details of the Proposals are set out in the Circular.

Blackstone / GSO Loan Financing Limited (the "Company") was launched on 18 July 2014 with total initial net assets of €260.5 million. As at 31 December 2015 its net assets were valued at €326 million. The Company has generated total net asset value returns since launch of 5.03 per cent (on an annualised basis, as at 31 December 2015), and 8.11 per cent in 2015.

### **Amendments to the Company's Investment Objective and Policy**

The Company, through Blackstone / GSO Corporate Funding Limited ("BGCF"), currently invests predominantly in floating rate senior secured loans, both directly and indirectly through CLO Income Notes. The Company is now seeking Shareholder approval to permit investment in all debt tranches of CLOs (i.e., CLO Income Notes and other CLO Securities) and in Loan Warehouses. The Company is also seeking Shareholder approval to enable it to invest by way of exposure (directly or indirectly) to additional risk retention companies or entities established from time to time ("Risk Retention Companies") (currently the investment objective and policy only permits the Company to invest by way of exposure to BGCF).

The amendments to the investment objective and policy will enable the Company to invest, through BGCF, in Blackstone / GSO US Corporate Funding, Ltd. ("U.S. MOA"), a newly-formed entity, in which an entity in the Blackstone Group will be the other investor and over which GSO / Blackstone Debt Funds Management LLC ("DFM") will exercise control. U.S. MOA may, in accordance with the amended investment objective and policy, invest in senior secured loans and CLO Securities; however, the U.S. MOA will not make investments in Loan Warehouses.

It is expected that an entity in the Blackstone Group will have a controlling financial interest in U.S. MOA for the purposes of U.S.GAAP and, as such, the purchase by U.S. MOA of CLO Securities will enable DFM or Blackstone / GSO Debt Funds Management Europe Limited ("DFME") to comply with their U.S. risk retention obligations in connection with CLOs that they sponsor. U.S. MOA may also seek debt financing in connection with these investments.

The addition of a U.S. Risk Retention Company to the underlying structure will give the Company the ability to invest, through BGCF, in U.S. loans or European loans, whichever are more commercially attractive, and finance those loans via risk retention compliant CLOs in the U.S. or Europe, whichever offers more efficient cost of capital. In order to mirror the domicile of loans permitted within CLOs, the amended investment objective and policy will allow for a portion of the loans in which Risk Retention Companies may invest to be domiciled outside of the U.S. or Europe. It is, however, expected that loans domiciled in the U.S. or Europe would be a substantial majority of the loans in which Risk Retention Companies invest.

### **Disapplication of Pre-emption Rights and Approval of the Issue of Shares**

As announced on 14 December 2015, on the occurrence of suitable market conditions, the Company may also consider raising additional funding through the issue of new Shares to take advantage of the continued attractive investment and funding environment. It is anticipated that any such issue of Shares would be by way of a 12 month placing programme. Any such fundraising will only be carried out when the Directors consider that it is in the best interests of Shareholders and the Company as a whole. Relevant factors in making such a determination will include net asset performance, share price rating and perceived investor demand. Any new Shares will only be issued at prices greater than the latest published NAV per Share and any such fundraise is therefore expected to be accretive to the NAV per Share. Any new Shares may, at the Directors' discretion, be denominated in either U.S. Dollars or Euros.

Accordingly, the Directors consider it appropriate now to seek the requisite Shareholder authority to disapply pre-emption rights for, and approval of the issue of, up to 500 million Shares (which may be denominated in either US Dollars or Euros) which would allow them to carry out the fundraising in due course, subject to market conditions. The Directors believe that seeking such Shareholder authority in advance will allow them to respond promptly to investor demand and also to conduct the fundraise in a cost-efficient manner without needing to convene an additional extraordinary general meeting.

### **Adoption of New Articles**

The Company is also taking the opportunity to make certain administrative changes to the Existing Articles. In particular, it is proposed to permit the Directors (at their discretion) to determine that with effect from the date of the EGM, the Annual Report and Half Yearly Report of the Company shall be published on a website notified to Shareholders, rather than being sent by post. However, should a Shareholder prefer to receive the Annual Report or Half Yearly Report by post and has informed the Company of this preference, a copy of the Annual Report and Half Yearly Report will be posted to the Shareholder in accordance with the New Articles.

In addition, certain other amendments are also being proposed to the Existing Articles which are intended to reflect recent legislative amendments to the Companies Law.

### **Blackstone Related Party Transaction**

As noted above, the Company may choose to undertake a fundraising over the coming months by way of a 12 month placing programme. It is possible that an entity in the Blackstone Group may subscribe for Shares under such a fundraising. The amount of such subscription is not currently known and will depend, inter alia, on the amount subscribed by other investors. However, any such participation will be subject to an overall limit such that entities in the Blackstone Group may (in aggregate) acquire up to 15 per cent. of the new Shares which may be issued pursuant to the placing programme. Any future fundraise will be open to other investors alongside such entity in the Blackstone Group, and all placees, including such entity in the Blackstone Group, will subscribe to new Shares on the same terms in relation to any particular placing.

Blackstone Treasury Asia Pte. Ltd, an entity in the Blackstone Group, currently owns 50,000,000 Euro Shares, being approximately 15.09 per cent. of the issued share capital of the Company. Blackstone Treasury Asia Pte. Ltd is therefore a substantial shareholder and a related party of the Company under Chapter 11 of the UK Listing Rules and Chapter 7 of the CISE Listing Rules.

Whilst the Company is not subject to the Listing Rules, as a matter of best practice and good corporate governance, the Company conducts its affairs in accordance a number of key provisions of the Listing Rules in such manner as they would apply to the Company were it admitted to the Official

List maintained by the UK Listing Authority under Chapter 15 of the Listing Rules. Specifically, the Company has elected to comply, to the extent reasonably practicable, with Chapter 11 of the Listing Rules regarding Related Party Transactions (as defined therein).

The Company is also listed on the Official List of the Channel Islands Securities Exchange Authority Limited and, as such, is subject to Chapter 7 of the CISE Listing Rules regarding Related Party Transactions (as defined therein).

Since Blackstone Treasury Asia Pte. Ltd is a substantial shareholder of the Company, the participation by it or any other entity in the Blackstone Group in any future fundraise carried out by the Company is subject to the passing of Resolution 4 at the EGM, as an ordinary resolution, by Independent Shareholders of the Company.

### **Expected Timetable of Principal Events**

	2016
Latest time and date for receipt of Proxy Appointment Forms	27 February at 2.00 p.m.
Extraordinary General Meeting	29 February at 2.00 p.m.

All references to times in this announcement are to London time unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.

Terms used and not defined in this announcement shall have the meaning given in the Circular.

For further information, please contact:

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<b>N+1 Singer</b> Gillian Martin / James Maxwell	020 7496 3000

Details of the Proposals are set out in the Circular, which is available at [http://blackstone.com/businesses/aam/credit-\(gso\)/closed-end-funds/blackstone-gso-bglf-lin](http://blackstone.com/businesses/aam/credit-(gso)/closed-end-funds/blackstone-gso-bglf-lin)

and from the Company's registered office at Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY.

A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM).

**NOTE: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE RESULTS AND THERE CAN BE NO ASSURANCE THAT BGLF WILL ACHIEVE COMPARABLE RESULTS.**

## **IMPORTANT INFORMATION**

**Any reference herein to future returns or distributions is a target and not a forecast and there can be no guarantee or assurance that it will be achieved.**

This document has been issued by the Company, and should not be taken as an inducement to engage in any investment activity and is for the purpose of providing information about the Company. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any share in the Company or securities in any other entity, in any jurisdiction, including the United States, Australia, Canada, Japan, South Africa nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or investment decision whatsoever, in any jurisdiction.

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The shares issued and to be issued by the Company (the “**Shares**”) have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act). No public offering of the Shares is being made in the United States.

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and, as such, holders of the Shares will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the Shares may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act. Neither the U.S. Securities and Exchange Commission (the “**SEC**”) nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of any prospectus published by the Company. Any representation to the contrary is a criminal offence in the United States. In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors may be required to bear the financial risks of their investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

This document is directed only at: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order

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Unless otherwise indicated, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date. Recipients of this document are encouraged to contact the Company's representatives to discuss the procedures and methodologies used to make the projections and other information provided herein.

All investments are subject to risk, including the loss of the principal amount invested. Past performance is no guarantee of future returns. All investments to be held by the Company involve a substantial degree of risk, including the risk of total loss. The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

Blackstone / GSO Loan Financing Limited is a self-managed Jersey registered alternative investment fund, and is regulated by the Jersey Financial Services Commission. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this document.