

Regulatory Story

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Blackstone/GSO Loan Financing Ltd - BGLF Placing under Placing Programme
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21 February 2017

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Background

The Company's investment objective is to provide shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through collateralized loan obligation ("CLO") securities and investments in loan warehouses. The Company achieves its investment objective through its exposure to Blackstone / GSO Corporate Funding ("BGCF").

BGCF funds its investments in European and North American floating rate senior secured loans ("Global Loans") using a variety of sources, including equity capital, its 3 year syndicated financing facility, notes issued to the Company, and non-recourse leverage obtained from loan warehouses or by retaining income notes in CLOs directly or indirectly through its investment in other affiliated risk retention companies.

The Company targets an annual dividend of €0.10 per share (increased from €0.08 per share in September 2016). It has net assets of €333m and, since launch in July 2014, has generated a NAV total return of 21.75% (both as at 31 January 2017); its 2016 yearly return was 13.28%.

On 31 March 2016, the Company published a Prospectus in connection with a 12-month Placing Programme (the "Prospectus"). Shares under the Placing Programme can be issued when demand arises which cannot be satisfied through the secondary market and to enable the Company to meet its growth strategy.

In response to current demand from investors, the Company announces its intention to issue new ordinary shares in the Company (the "New Shares") under the Placing Programme by way of a placing of New Shares (the "Placing").

Investment Opportunity

Following the Company's IPO, capital was deployed expeditiously through BGCF, resulting in the current portfolio of loans and CLO income notes which are generating strong returns. GSO believes that the significant return drivers for the Company's investment strategy currently are:

- It is an attractive time to invest in Global Loans
 - Low European and U.S. default rates: S&P's European and U.S. 12 month loan default rates are 2.4%¹ and 1.6%², respectively
 - Improving global economy is supportive of credit performance
 - Majority of assets are comprised of floating rate loans with low duration
- CLO financing is at very attractive levels
 - "AAA" spreads at c. E+93bp and L+131bp in Europe and U.S. respectively, compared to c. E+145bp and L+150bp in January 2016³
 - Opportunity to refinance BGCF's earlier CLO income note investments to potentially receive a capital distribution and boost returns
- GSO's scale, expertise and experience allows it to be selective when investing
 - GSO is one of the largest loan investors globally and has access to a large volume of high quality investment opportunities in Global Loans
 - GSO is the largest global issuer and manager of CLOs⁴ and is able to deploy BGCF's capital into a diverse portfolio of high returning CLO income notes, adding to the existing vintage diversity of the CLOs and underlying country, sector and company diversity

Proposed Placing under the Placing Programme

The proposed Placing will take place through the Company's joint brokers, Fidante Partners Europe Limited, trading as Fidante Capital ("Fidante Capital") and Nplus1 Singer Advisory LLP ("N+1 Singer") (together "the Joint Bookrunners").

The issue price will be €1.02, a 2 per cent. premium to the Company's NAV per share as at 31 January 2017, adjusted for the dividend declared on 20 January 2017 for the period to 31 December 2016. The New Shares will be eligible for the dividend payable in respect of the period from 1 January 2017 to 31 March 2017.

The Placing is expected to close at 1.30pm (London time), 2 March 2017, but may be closed earlier or later at the discretion of the Company and the Joint Bookrunners. The final number of New Shares will be agreed between the Company and the Joint Bookrunners following close of the Placing, and announced shortly thereafter.

The Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations determined in agreement with the Company, and may scale down any bids for this purpose on such basis as the Company and the Joint Bookrunners may determine. The Joint Bookrunners may also, notwithstanding the above and subject to the prior consent of the Company: (i) allocate New Shares after the time of any initial allocation to any person submitting a bid after that time, and (ii) allocate New Shares after the book-build has closed to any person submitting a bid after that time. The BGLF Board, in consultation with the Joint Bookrunners, may also decide not to proceed with the Placing for any reason. In this case, an announcement will be made by the Company.

Applications will be made to the Channel Islands Securities Exchange Authority Limited (the "CISEA") for the New Shares to be admitted to the Official List of the CISEA and to the London Stock Exchange for the New Shares to be admitted to trading on the Specialist Fund

Segment (together, "Admission"). It is expected that Admission will become effective on 7 March 2017 and that dealings in the New Shares will commence at that time.

The Placing is being made pursuant to the terms and conditions set out in Part XII of the Prospectus. Investors are invited to apply for New Shares pursuant to the Placing by contacting their usual contact at Fidante Capital or N+1 Singer.

Expected Timetable for the New Placing

Each of the times and dates set out below and mentioned elsewhere in this document may be adjusted by the Company, in which event details of the new times and dates will be announced via a Regulatory Information Service. References to a time of day are to London time.

Event	Date
Placing opens	21 February 2017
Latest time and date for commitments under the Placing	1.30pm on 2 March 2017
Trade date	3 March 2017
Admission	8.00am on 7 March 2017
Crediting of CREST stock accounts in respect of the New Shares	7 March 2017

A copy of the Prospectus and the supplementary prospectus published on 25 April 2016 following the publication of the Company's annual report and audited accounts have been submitted to the National Storage Mechanism and are available for inspection at: www.morningstar.co.uk/uk/nsm as well as on the Company's website at www.blackstone.com/bglf.

Terms used but not defined in this announcement shall have the meanings given to such terms in the Prospectus.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Contacts:

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N+1 Singer Advisory LLP Gillian Martin	020 7496 3000

¹ LCD, an offering of S&P Global Market Intelligence as at 31 December 2016

² LCD, an offering of S&P Global Market Intelligence as at 31 December 2016

³ S&P LCD CLO Global Databank as at 10 January 2017

⁴ CreditFlux as at 30 September 2016

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.

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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 the Prospectus. 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.

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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.

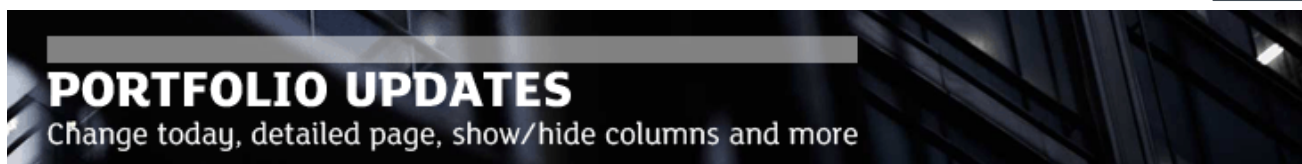
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