

Blackstone / GSO Loan Financing Limited

**Half Yearly Financial Report for the
Six Months Ended 30 June 2016**



Contents

Strategic Report	
Summary of Key Financial Information	2
Chair’s Statement	3
Adviser’s Report	5
Executive Summary	8
Director Biographies	12
Statement of Director’s Responsibility	14
Independent Review Report	15
Condensed Statement of Comprehensive Income	16
Condensed Statement of Financial Position	17
Condensed Statement of Changes in Equity	18
Condensed Statement of Cash Flows	19
Notes to the Condensed Financial Statements	20
Company Information	36

Strategic Report

SUMMARY OF KEY FINANCIAL INFORMATION

NAV History

	Six months ended 30 June 2016	Year ended 31 December 2015
Net Asset Value ("NAV") ¹	330,041,908	325,970,360
NAV per Euro share ¹	1.0168	0.9839
Euro share price (last market) ²	0.9400	0.9800
Market capitalisation	305,124,658	324,319,700
Euro shares at period end ³	324,600,700	331,319,700

Dividends

Whilst not forming part of the investment objective or policy of the Blackstone / GSO Loan Financing Limited (the "Company"), dividends will be payable in respect of each calendar quarter, two months after the end of such quarter. During the period covered by this Half Yearly Financial Report, the Company targeted a dividend of €0.02 a quarter, equating to 8% annualised return (based on a placing price of €1.00 per Euro share), with the expectation of progressive growth. As announced on 2 September 2016, the Company has increased this target dividend yield to an annualised rate of €0.10 per share.

Dividends for the Six Months Ended 30 June 2016

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per Euro share
				€
1 Jan 2016 to 31 Mar 2016	20 Apr 2016	28 Apr 2016	20 May 2016	0.0200
1 Apr 2016 to 30 June 2016	21 Jul 2016	28 Jul 2016	19 Aug 2016	0.0200

Dividends for the Year Ended 31 December 2015

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per Euro share
				€
1 Jan 2015 to 31 Mar 2015	23 Apr 2015	30 Apr 2015	22 May 2015	0.0200
1 Apr 2015 to 30 Jun 2015	21 Jul 2015	30 Jul 2015	21 Aug 2015	0.0200
1 Jul 2015 to 30 Sep 2015	21 Oct 2015	29 Oct 2015	20 Nov 2015	0.0200
1 Oct 2015 to 31 Dec 2015	28 Jan 2016	4 Feb 2016	26 Feb 2016	0.0200

Period Highs and Lows

	2016 High	2016 Low	2015 High	2015 Low
	€	€	€	€
Net asset value per Euro share	1.0182	0.9799	0.9953	0.9797
Euro share price (last market) ²	0.9800	0.8450	1.0150	0.9725

¹Please refer to Note 13 for reconciliation of NAV to Published NAV

²Source: Bloomberg.

³Excluding 6,719,000 Euro shares held as Treasury shares.

Strategic Report (continued)

CHAIR'S STATEMENT

Dear Shareholders,

The first half of 2016 continued in the volatile path of 2015, with a steep decline in most markets early in the year followed by a sharp rally which largely continued into the third quarter. Although the end of the first half was dominated by the macro event of Brexit and major market volatility globally, it ultimately was concluded with a surprisingly strong rebound in equity and credit markets. Unlike the previous macro sell-offs of 2015 and earlier in 2016, global growth dominated concerns and led to sharp declines in yields in the US and Europe. This in turn caused continued flows into credit markets as investors' search for safe yield showed no sign of abating.

The Company's performance continued to be in line with target and the Board is pleased with a positive Net Asset Value total return of 7.75% for the period from 1 January 2016 to 30 June 2016. In line with our target dividend of €0.08 per share we paid dividends of €0.02 per quarter in the period. The Investment Adviser's longstanding investment approach and portfolio management is proving resilient to market turbulence and generating stable returns both through income and capital appreciation. This confidence has led the Board to increase the target dividend yield from an annualised rate of €0.08 per share to an annualised rate of €0.10 per share. The first dividend to be paid in accordance with this revised target yield will be for the quarter ending 30 September 2016, which is expected to be declared in October 2016 and paid in November 2016.

More on the CLO market and specific investments made can be found in the Adviser's Report on pages 5 and 6.

As we look forward to the remainder of 2016, although some continued uncertainty will remain in Europe, the environment of opportunities for CLOs is well suited to continue to build our portfolio of investments and attract superior returns.

Discount Management

It was disappointing that the shares traded at a discount to NAV of up to -14.89% in the period. The Board is committed to take action to improve the discount and initiated a share buy-back programme, which in part improved the discount to NAV to -7.68% (as at 30 June 2016) and 0.15% was accretive to the NAV from the share buyback. We continue to monitor the discount closely and following our announcement of an increased dividend we have seen the discount narrow further to -1.79% as at 22 September 2016.

Of course a key factor in reducing the discount is continued performance and the Board is confident that the Company's performance will continue to be positive. In this regard the decision at the EGM in February to widen the investment criteria, making it possible for Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF") to invest in a broader range of loans and CLOs, including those which are compliant with the US risk retention requirements, further increases the investment opportunities and thus the scope for continued positive performance. The Board is confident that this broader investment scope will further support the positive returns we have had so far.

Investor communication remains important, especially in periods of difficult markets and when discounts to NAV occur. We trust the monthly newsletter gives sufficient insight to the investments of the Company. The Board remains committed to shareholder communications and is available to shareholders whenever they wish.

Finally, liquidity in the shares is also a key element to managing discounts and the Board would like to grow the Company on an ongoing basis to increase liquidity in the shares. We thus published a new 12-month prospectus on 31 March 2016 with a view to raise up to a further 500 million Euro or USD shares.

Strategic Report (continued)

CHAIR'S STATEMENT (CONTINUED) Discount Management (continued)

The Board expresses its thanks for the continued support of the Company's shareholders. The Board is working closely with the Investment Advisor and the Brokers to broaden the shareholder base. The shares are being marketed in several different countries and to different types of potential investors to increase interest in the company. So far, the company has performed strongly and delivered a cumulative return since inception of 15.64% as at 30 June 2016. We have recently announced an increase in the target dividend and the discount has narrowed considerably. We feel that the Company currently represents good value and we anticipate seeing new shareholders emerge in the near future.

Charlotte Valeur
Chair
27 September 2016

Strategic Report (continued)

ADVISER'S REPORT

We are pleased to present our review of the first six months of 2016 and outlook for the remainder of the year.

Year to date, the Company delivered a total NAV return per Euro share of 7.75% inclusive of declared dividends of €0.02 per Euro share for the periods 1 January to 31 March and 1 April to 30 June, consistent with its target annual dividend of €0.08 per Euro share.

At an EGM held on 29 February 2016, shareholders approved an amendment to the existing investment objectives and policy of the Company. This amendment permits investments in all debt tranches of CLOs and Loan Warehouses, and enabling the Company to invest, through BGCF, in a newly-formed US entity controlled by an affiliate of the Adviser, which may invest in loans and CLO securities and enable the Adviser to comply with US risk retention obligations.

On 31 March 2016, the Company issued a prospectus in connection with a 12-month placing programme in respect of up to 500 million Placing shares, which may be issued as either Euro shares or U.S. Dollar shares.

As at 30 June 2016, the Company had repurchased 6,719,000 Euro shares through its share repurchase programme at a discount to NAV and continues to hold these non-voting shares in treasury.

Bank Loan Market Overview

European loan issuance has been notably consistent over the past few years. Issuance totalled €30.2 billion during the first half of 2016, not far behind 2015's €38.1 billion. The majority of the issuance by volume was used for refinancing purposes so much of the calendar created new supply but strong repayment rates held the size of the market to a mere 5% growth.¹ The technical backdrop continues to support loan valuations in Europe.

European loans have been on a bit of a roller coaster ride over the past few quarters. Although the market is in good shape from a fundamental and technical perspective, it is not immune to broader market and geopolitical factors. The average price of European loans were flat since the start of the year at €95.67 from €95.63 as at 31 December, but that belies the swing the market experienced following the result of the UK referendum on EU membership. At the end of May, the price hit an eight-month high of €96.68, before declining €1 during June.²

CLO Market Overview

Demand for European loans was intense, especially during the second quarter. Institutional demand from international buyers has also been robust as Euro hedging costs are cheaper for Japanese investors than Dollar hedging costs, thereby boosting after-currency yields.

CLO issuance was strong in Europe during the first half of the year as demand for AAA tranches improved. Issuance totalled €7.2 billion from 18 CLOs versus €7.8 billion from 20 CLOs for the same period last year – an 8% decline period over period. US CLO issuance declined far more than that of Europe, totalling 62 deals for \$26.2 billion, down 56% from the first half of 2015.

¹ S&P/ LCD Quarterly Leveraged Lending Review (US and Europe).

² Credit Suisse Western European Leveraged Loan Index (hedged to Euro).

Strategic Report (continued)

ADVISER'S REPORT (CONTINUED)

Portfolio Update

The continued successful ramp-up of the direct loan portfolio has enabled BGCF to establish one new European CLO during the first half of 2016, Elm Park CLO DAC ("Elm Park"). Elm Park (€558 million CLO) was the largest European CLO issued in the market this year. BGCF purchased €49.63m of Elm Park's Income Notes and €9.00m of its Class E notes, which yielded 12% at the time of issue.

BGCF mandated Barclays to arrange BGCF's ninth CLO transaction, Griffith Park CLO DAC ("Griffith Park"), with an anticipated target size of €400 million. Griffith Park was subsequently upsized to €450 million and priced on 28 July 2016, at which time BGCF purchased €29 million, or 59.5%, of its Income Notes. Griffith Park is expected to be approximately 70% ramped at closing.

The investments made have been consistent with our strategy of principal preservation and minimising credit related losses, while generating stable returns through income and capital appreciation. The CLO Income Note portfolio has been performing in line or ahead of expectations, with an average annualised distribution of 18.7% on all investments.

As at 30 June 2016, the portfolio was invested in line with BGCF's investment policy and was diversified through 61 issuers held through the direct loan portfolio, 375 issuers through the CLO portfolio and across 18 countries and 25 different industries.

	BGCF Direct Loan Portfolio	BGCF Indirect Loans / CLO Portfolio
Net Assets:	€103.6m	€226.9m
% of BGLF NAV:	31.36%	68.64%
Number of Issuers:	61	375
Senior Secured Loans/Notes:	99.2%	99.3%
Floating Rate:	100.0%	98.3%
Weighted Average Asset Spread (including impact of floors):	4.79%	4.68%
Weighted Average Loan MTM:	98.1%	98.5%

Outlook

As the second quarter drew to a close, the UK voted to leave the European Union, thereby creating a weak tone in the European markets and generating some uncertainty for the coming months as the exit takes shape.

Corporate fundamentals in our coverage universe continue to be supportive but the UK referendum will create some uncertainty for issuers. The rallying Euro will impose headwinds for European exporters to the UK but it may also help these issuers recruit talent returning to the continent's mainland. In addition, borrowing costs may fall as central banks implement easier monetary policy to offset any economic problems caused by the vote. We conducted a deep dive into the credits in our portfolios and repositioned, where necessary, based on the shifting outlook.

Supply of new paper in the high yield and loan markets, however, is not matching the incremental demand for these products and this is creating a supportive backdrop for speculative-grade products. Senior loans continue to produce steady returns, outperforming equities and high yield during volatile periods and lagging when markets recover. We believe the asset class provides investors with yield and relative performance stability.

Strategic Report (continued)

ADVISER'S REPORT (CONTINUED)

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 market cycles and by making careful credit decisions while maintaining adequate diversification.

BGCF's portfolio of Loans and CLO Income Notes is managed so as to minimise default risk and credit related losses, which is achieved through in-depth fundamental credit analysis and diversifying the portfolio so as to avoid the risk of any one issuer or industry adversely impacting overall returns. As outlined in the portfolio update section, BGCF is broadly diversified across issuers, industries and countries.

BGCF'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 BGCF. BGCF 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 / GSO Debt Funds Management Europe Limited
27 September 2016

Strategic Report (continued)

EXECUTIVE SUMMARY

Corporate Summary

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 and the Company's Euro shares are quoted on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE") and from 17 April 2015 were listed on the Channel Islands Securities Exchange ("CISE").

The Company's share capital consists of an unlimited number of Ordinary shares. As at 30 June 2016, the Company's issued share capital consisted of 324,600,700 Euro shares and 6,719,000 Euro shares held in treasury ("Treasury shares").

The Company has a wholly owned Luxembourg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.a r.l. (the "Lux Subsidiary"), which has an issued share capital of 2,000,000 Class A shares and one Class B share held by the Company. The Company also holds 290,986,865 Class B Cash Settlement Warrants (the "CSWs") issued by the Lux Subsidiary.

In addition, the Company holds 15 B2 non-voting shares in BGCF, a limited liability company incorporated in Ireland.

Significant Events during the Period

A detailed review of the business of the Company is included in the Adviser's Report on pages 5 to 7.

Share Buybacks

At the 2015 Annual General Meeting ("AGM"), held on 18 June 2015, the Directors were generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991, as amended, to make one or more on-market purchases of Shares in the Company for cancellation or to be held as Treasury shares.

Pursuant to this authority, a total of 6,719,000 Euro shares were purchased during the period and held as Treasury shares as detailed below:

Effective date	Number of Euro shares	Price per Euro share (€)
1 June 2016	1,300,000	0.9150
10 June 2016	1,000,000	0.9369
15 June 2016	2,200,000	0.9400
22 June 2016	2,219,000	0.9419

This authority was renewed at the 2016 AGM, held on 29 June 2016, when shareholders gave the Directors authority to make one or more on-market purchases, up to maximum of 48,657,645 Shares. This authority expires at the 2017 AGM.

Investment Objective, Policy and Strategy

At an Extraordinary General Meeting held on 29 February 2016, shareholders approved a new investment objective and investment policy which is summarised below, the full wording of which can be found in the Annual Report for the year ended 31 December 2015 ("2015 Annual Report"). Terms defined in the Company's circular dated 5 February 2016 have the same meaning in this section headed "Investment Objective, Policy and Strategy" unless otherwise defined.

Strategic Report (continued)

EXECUTIVE SUMMARY (CONTINUED)

Investment Objective, Policy and Strategy (continued)

Investment Objective

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 CLO Securities and investments in Loan Warehouses. The Company seeks to achieve its investment objective through exposure (directly or indirectly) to one or more risk retention companies or entities established from time to time ("Risk Retention Companies").

Investment Policy

Overview

The Company's amended investment policy is to invest (directly or indirectly, through one or more Risk Retention Companies) predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Risk Retention Companies directly or through investments in Loan Warehouses) and in CLO Securities, and generate attractive risk-adjusted returns from such portfolios. The Company intends to pursue its investment policy by investing (through one or more wholly owned subsidiaries) in profit participating instruments (or similar securities) issued by one or more Risk Retention Companies.

Principal Risks and Uncertainties

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.

The Directors carried out a robust assessment of the principal risks facing the Company. Below is a summary of these principal risks, full details of which can be found in the Company's 2015 Annual Report, along with the applicable mitigants put in place:

- i. Medium or long-term unfavourable changes to the credit markets resulting in materially worsened risk reward characteristics for structuring CLOs;
- ii. Unfavourable changes or interpretation of retention, tax, regulation or accounting rules and or poor implementation and execution of those rules;
- iii. Failure to deliver targeted returns over a sustained period; and
- iv. Loss of key personnel at Blackstone / GSO Debt Funds Management Europe Limited ("DFME")

Strategic Report (continued)

EXECUTIVE SUMMARY (CONTINUED)

Principal Risks and Uncertainties (continued)

During the period the Board identified the following additional principal risk:

- v. Potential increased operational risks as a result of changes to the investment policy and operating jurisdictions.

The Directors cite the changes made to the Company's investment policy and the Luxembourg restructure as the reasons behind the emergence of this risk. In terms of managing and mitigating this risk, the Directors work with the Company's service providers and advisors to ensure internal controls are in place, and regularly reviewed, in order to capture and reflect changes across the whole structure. Through the Company's committees and board meetings, the Directors meet regularly allowing early identification and rectification of any potential issue. The Directors also have in place highly qualified service providers and advisors with recognised experience in CLOs. In addition, the Company's auditors have been engaged to carry out further assurance due diligence on internal controls.

In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were in the six months under review.

Going Concern

Under the AIC Code of Corporate Governance ("AIC Code") and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern from the date of approval of the condensed financial statements.

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these condensed financial statements have been prepared on a going concern basis.

Directors' Interests

Details of the Directors can be found on pages 12 and 13.

As at the period end and the date of approval of these financial statements, the Directors held the following number of Euro shares in the Company:

	Euro shares
Charlotte Valeur	–
Philip Austin	–
Gary Clark	53,700
Joanna Dentskevich	–

Strategic Report (continued)

EXECUTIVE SUMMARY (CONTINUED)

Events since the Period End

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached condensed financial statements.

During the period ended 30 June 2016, the Company's stated dividend target yield and policy is to target a dividend of €0.02 a quarter and, since January 2015, has paid its targeted annualised dividend of €0.08 per share. On 2 September 2016, the Company announced that it has increased this target dividend yield to an annualised rate of €0.10 per share.

Please refer to note 15 for further details

Future Strategy

The Directors continue to believe that the investment strategy and policy adopted by the Company is appropriate and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Directors' assessment that there are sufficient resources to properly manage the Company's portfolio in the current and anticipated investment environment.

Please refer to the Adviser's Report on pages 5 to 7 for detail regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Director Biographies

All the Directors are non-executive. The Directors appointed to the Board as at the date of this Half Yearly Financial Report are:

Charlotte Valeur

Position: Chair of the Board and of the Nomination and Remuneration Committee

Date of appointment: 13 June 2014

Charlotte Valeur has more than 30 years of experience in financial markets and is the managing director of GFG Ltd, a governance consultancy.



She currently serves as a non-executive director on the boards of listed and unlisted companies including chair of Kennedy Wilson Europe Real Estate Plc, a London-listed FTSE250 REIT, and of DW Catalyst Ltd, a LSE-listed investment company; a non-executive director of JP Morgan Convertible Bond Income Fund, a LSE-listed investment company; and a non-executive director of NTR Plc, a renewable energy company.

Ms Valeur was the founding partner of Brook Street Partners in 2003 and the Global Governance Group in 2009. Prior to this, Ms Valeur worked in London as a director in capital markets at Warburg, BNP Paribas, Société Générale and Commerzbank, beginning her career in Copenhagen with Nordea A/S. She is a member of the Institute of Directors and is regulated by the Jersey Financial Services Commission.

With significant experience in international corporate finance, Ms Valeur has a high level of technical knowledge of capital markets, especially debt / fixed income. Her non-executive board roles at a number of companies and her work as a governance consultant have provided her with an excellent understanding and experience of boardroom dynamics and corporate governance.

Philip Austin MBE

Position: Director

Date of appointment: 13 June 2014

Philip Austin spent most of his career in banking with HSBC and worked at a senior level in retail, commercial, corporate, credit and head office. In 1993 he moved to Jersey where, from 1997 to 2001, he was deputy chief executive of the bank's business in the offshore islands – Jersey, Guernsey and the Isle of Man.



In 2001, Mr Austin became the founding CEO of Jersey Finance Ltd, the body set up as a joint venture between the government of Jersey and its finance industry, to represent and promote the industry at home and abroad. In 2006, Mr Austin joined Equity Trust as CEO of its businesses in Jersey and Guernsey. Mr Austin left Equity Trust in 2009 to set up a portfolio of non-executive directorships. These positions currently include 3i Infrastructure Plc (senior independent director), City Merchants High Yield Trust Ltd and Royal London Asset Management (CI) Ltd. His first-hand experience of running financial services businesses and his tenure of a number of non-executive directorships of listed companies has provided him with a strong understanding of regulatory and governance requirements.

Mr Austin is a Fellow of the Chartered Institute of Bankers and a Fellow of the Chartered Management Institute. In January 2016 he was awarded an MBE in the Queen's New Year's Honours list.

Director Biographies (continued)

Gary Clark, ACA

Position: Chair of the Audit Committee and NAV Review Committee

Date of appointment: 13 June 2014

Gary Clark acts as an independent non-executive director for a number of boards, including Emirates NBD Fund Managers (Jersey) Limited and Emirates Portfolio Management PCC. Until 1 March 2011 he was a managing director at State Street and their head of Hedge Fund Services in the Channel Islands. Mr Clark, a Chartered Accountant, served as chairman of the Jersey Funds Association from 2004 to 2007 and was managing director at AIB Fund Administrators Limited when it was acquired by Mourant in 2006. This business was sold to State Street in 2010. Prior to this Mr Clark was managing director of the futures broker, GNI (Channel Islands) Limited in Jersey.

A specialist in alternative investment funds, Mr Clark was one of several practitioners involved in a number of significant changes to the regulatory regime for funds in Jersey, including the introduction of both Jersey's Expert Funds Guide and Jersey's Unregulated Funds regime.



Joanna Dentskevich

Position: Chair of the Risk Committee

Date of appointment: 13 June 2014

Joanna Dentskevich has over 25 years of risk, finance and investment banking experience gained in leading global banks worldwide, alternative investments and the offshore fiduciary industry. Ms Dentskevich moved to Jersey in 2008 and as well as running her risk management advisory company sits on the boards of a number of other investment and financial services companies.

Previously, Ms Dentskevich has been a director of risk at Morgan Stanley and Deutsche Bank and chief risk officer at a London-based hedge fund.

Ms Dentskevich has a BSc Hons in Maths & Accounting and is a Chartered Member of the Chartered Institute of Securities & Investment.



Statement of Directors' Responsibility

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

The Directors confirm to the best of their knowledge that:

- the condensed financial statements within the Half Yearly Financial Report has been prepared in accordance with IAS 34 – “Interim Financial Reporting” as adopted by the European Union (“EU”) and gives a true and fair view on the state of the affairs of the Company as at 30 June 2016, as required by the UK’s Financial Conduct Authority’s Disclosure Guidance and Transparency Rule 4.2.2R; and
- the Chair’s Statement, the Adviser’s Report, the Executive Summary and the notes to the condensed Financial Statements includes a fair review of the information required by:
 - i. DTR 4.2.7R of the Disclosure Guidance and the Transparency Rules of the UK’s Financial Conduct Authority, being an indication of important events that have occurred during the first six months, the financial period ended 30 June 2016 and their impact on the condensed 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 of the Disclosure Guidance and Transparency Rules of the UK’s Financial Conduct Authority, being related party transactions that have taken place in the first six months, the financial period ended 30 June 2016 and that have materially affected the financial position or performance of the Company during the period.

Charlotte Valeur
Chair

Gary Clark
Audit Committee Chair

27 September 2016

Independent Review Report to the Members of Blackstone / GSO Loan Financing Limited

INDEPENDENT REVIEW REPORT TO BLACKSTONE / GSO LOAN FINANCING LIMITED

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 2016 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related Notes 1 to 16. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

Directors' responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2.1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 Ireland) 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.

Conclusion

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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants
St Helier, Jersey
Channel Islands

27 September 2016

Condensed Statement of Comprehensive Income

For six months ended 30 June 2016

		Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
	Notes	€	€
Income			
Realised gain on foreign exchange		-	2,044
Net gains on investments designated at fair value through profit or loss	6	25,034,619	15,445,144
Total Income		25,034,619	15,447,188
Expenses			
Operating expenses	3	(1,425,807)	(694,172)
Profit before taxation		23,608,812	14,753,016
Taxation		-	-
Profit after taxation		23,608,812	14,753,016
Interest expense		-	(1,372)
Total Comprehensive Income for the period attributable to shareholders		23,608,812	14,751,644
Basic and diluted earnings per Euro share	11	0.0714	0.0474

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

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

The accompanying notes form an integral part of these condensed financial statements.

Condensed Statement of Financial Position

As at 30 June 2016

		As at 30 June 2016 (Unaudited) €	As at 31 December 2015 (Audited) €
	Notes		
Current assets			
Cash and cash equivalents		5,009,837	252,610
Other receivables	5	51,184	62,365
Financial assets designated at fair value through profit or loss	6	325,214,539	326,032,708
Total current assets		330,275,560	326,347,683
Current liabilities			
Payables	7	(233,652)	(377,323)
Total current liabilities		(233,652)	(377,323)
Net assets		330,041,908	325,970,360
Capital and reserves			
Share capital		325,023,176	331,307,652
Retained earnings		5,018,732	(5,337,292)
Equity shareholders' funds		330,041,908	325,970,360
Net Asset Value per Euro share	12	1.0168	0.9839

The condensed financial statements on pages 16 to 35 were approved for issue by the Directors on 27 September 2016 and signed on their behalf by:

Charlotte Valeur
Director

Gary Clark
Director

The accompanying notes form an integral part of these condensed financial statements.

Condensed Statement of Changes in Equity

For the Six Months Ended 30 June 2016 (Unaudited)

	Notes	Share capital €	Retained earnings €	Total equity shareholder's funds €
Opening equity shareholders' funds at 1 January 2016	9	331,307,652	(5,337,292)	325,970,360
Total comprehensive income for the period attributable to shareholders		-	23,608,812	23,608,812
Transactions with owners, recorded directly to equity				
Proceeds from issuance of shares	9	-	-	-
Repurchase of shares	9	(6,284,476)	-	(6,284,476)
Distribution to shareholders		-	(13,252,788)	(13,252,788)
		(6,284,476)	(13,252,788)	(19,537,264)
Closing equity shareholders' funds at 30 June 2016		325,023,176	5,018,732	330,041,908

For the Six Months Ended 30 June 2015 (Unaudited)

	Notes	Share capital €	Retained earnings €	Total equity shareholder's funds €
Opening equity shareholders' funds at 1 January 2015	9	301,200,000	(2,248,440)	298,951,560
Total comprehensive income for the period attributable to shareholders		-	14,751,644	14,751,644
Transactions with owners, recorded directly to equity				
Proceeds from issuance of shares	9	30,107,652	-	30,107,652
Distribution to shareholders		-	(14,608,194)	(14,608,194)
		30,107,652	(14,608,194)	15,499,458
Closing equity shareholders' funds at 30 June 2015		331,307,652	(2,104,990)	329,202,662

The accompanying notes form an integral part of these condensed financial statements.

Condensed Statement of Cash Flows

For the Six Months Ended 30 June 2016

	Notes	Six Months Ended 30 June 2016 (Unaudited)	Six Months Ended 30 June 2015 (Unaudited)
		€	€
Cash inflow from operating activities			
Total comprehensive income for the period		23,608,812	14,751,644
Adjustments to reconcile profit after tax to net cash flows:			
- Unrealised gain on financial assets designated at fair value through profit and loss	6	(17,228,334)	(110,818)
- Realised gain on financial assets designated at fair value through profit and loss	6	(379,891)	-
Purchase of financial assets designated at fair value through profit and loss		-	(29,979,526)
Proceeds from sale of financial assets designated at fair value through profit and loss	6	18,426,394	-
Changes in working capital			
Decrease/(increase) in other receivables		11,181	(4,286)
(Decrease)/increase in payables		(143,671)	71,615
Net cash generated/(used) in operating activities		24,294,491	(15,271,371)
Cash flow from financing activities			
Proceeds from issuance of shares		-	30,107,652
Repurchase of shares		(6,284,476)	-
Dividends paid		(13,252,788)	(14,608,194)
Net cash (used)/generated from financing activities		(19,537,264)	15,499,458
Net increase in cash and cash equivalents		4,757,227	228,087
Cash and cash equivalents at the start of the period		252,610	86,944
Cash and cash equivalent at the end of the period		5,009,837	315,031

The accompanying notes form an integral part of these condensed financial statements.

Notes to the Condensed Financial Statements

For Six Months Ended 30 June 2016

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 Euro shares were admitted to the Specialised Fund Segment ("SFS") of the LSE on 23 July 2014 and from 17 April 2015 the CISE.

At 30 June 2016, all shares in issue were Euro shares. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company's registered address is Liberté House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY.

Change in structure

In July 2015, upon advice, the Company resolved to change its structure. Accordingly, on 23 July 2015, a wholly owned Luxembourg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.a r.l. (the "Lux Subsidiary"), was incorporated with an issued share capital of 20,000 Class A shares held by the Company. Subsequently, the 15 B2 shares held in Blackstone / GSO Loan Financing 2 Limited (the "Subsidiary") were transferred to the Company and the Subsidiary was dissolved on 23 December 2015.

On 3 February 2016, the Luxembourg restructuring took place. This comprised the Company transferring its entire holding of unsecured Profit Participating Notes ("PPNs") to the Lux Subsidiary. The transfer was undertaken in two tranches:

- i. In the first tranche, the Company transferred EU PPNs with a principal amount of €2,011,299 (together with any accrued but unpaid interest) in exchange for 1,980,000 Class A shares and 1 Class B share in the Lux Subsidiary;
- ii. In the second tranche the Company transferred EU PPNs with a principal amount of €313,918,227 (together with any accrued but unpaid interest) in exchange for 309,033,367 CSWs issued by the Lux Subsidiary.

2 Accounting policies

2.1 Statement of Compliance

The Annual Report and Financial Statements ("Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Financial Reporting Standards (IFRS) as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee (IASC) which remain in effect. The Half Yearly Financial Report has been prepared in accordance with International Accounting Standards (IAS) 34 – "Interim Financial Report". They have also been prepared using the same accounting policies applied for the year ended 31 December 2015 Annual Report, which was prepared in accordance with IFRS.

The Half Yearly Financial Report has been prepared on a going concern basis. After reviewing the Company's budget and cash flow forecast for the next financial period, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

There have been no changes in accounting policies during the period.

The accounting policies in respect of financial instruments are set out below at 2.3 respectively due to the significance of financial instruments to the Company. In addition, please refer to note 2.4 for detail of IFRS 10 impact on the presentation of the results of the Company as a result of Luxembourg restructuring.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

2 Accounting policies (continued)

2.2 Segmental reporting

The Directors view the operations of the Company as one operating segment, being the investment business. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Adviser).

2.3 Financial instruments

Financial assets

(a) Classification

The Company classifies its investments as financial assets at fair value through profit or loss. These are financial instruments held for investment purposes. Financial assets also include cash and cash equivalents as well as other payables and receivables.

Financial assets designated at fair value through profit or loss at inception

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Adviser and the Board to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition, measurement and derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are measured initially and subsequently at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Condensed Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(c) Fair value estimation

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 at the measurement date.

As at 30 June 2016, the Company held 290,986,865 CSWs issued by the Lux Subsidiary, 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary and 15 B2 shares in BGCF (the "Investments"). These Investments are not listed or quoted on any securities exchange and are not traded regularly and on this basis no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs.

The fair value of the CSWs is based on the NAV of the Lux Subsidiary which is based on the NAV of BGCF attributable to the PPNs. The fair value of the Class A and Class B shares held in the Lux Subsidiary and B2 shares in BGCF are deemed to approximate their cost.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

2 Accounting policies (continued)

2.3 Financial instruments (continued)

Financial assets (continued)

(d) Valuation process

The Directors have held discussions with representatives of the Adviser in order to gain comfort over the composition of the NAV of the PPNs as of the balance sheet date.

The Directors, through ongoing communication with the Adviser including quarterly meetings, discuss the performance of the Adviser and the underlying portfolio and in addition review monthly investment performance reports. The Directors analyse the BGCF portfolio in terms of both investment mix and fair value hierarchy. The Directors also consider the impact of general credit conditions and more specifically credit events in the European corporate environment on the valuation of the CSWs, PPNs and the BGCF portfolio.

The Investments

The Investments are valued by the Directors, taking into consideration a range of factors including the unaudited NAV of both the Lux Subsidiary and BGCF, and other relevant available information. The other relevant information includes the review of available financial and trading information of BGCF and of its underlying portfolio, advice received from the Adviser and such other factors as the Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation.

The estimated fair values may differ from the values that would have been realised had a ready market existed and the difference could be material.

The fair value of the investment is assessed on an ongoing basis by the Board.

BGCF Portfolio

The Directors also discuss BGCF's monthly valuation process to understand the methodology regarding valuation of Level 3 loan assets and collateralised loan obligations (CLOs) held in the BGCF portfolio, which includes consideration of the assumptions used and significant fair value changes during the period.

Loan asset fair value prices used in the valuation of the BGCF portfolio are based on broker quotes received from Markit Group Limited ("Markit"). Where available, the fair value of loan assets is based on their quoted market mid prices at the period end date without any deduction for estimated future selling costs. Investments in loan assets for which limited broker quotes and for which no other evidence of liquidity exists are classified as Level 3. If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using the valuation techniques of the Adviser, which are discussed, reviewed and accepted by the Board of BGCF and independent service provider. These valuation techniques include use of recent arm's length market transactions, reference to the current market fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The CLOs are primarily valued by Thomson Reuters using discounted cash flow models. The key model input assumptions are the loan prepayment rates, loan default rates, loan recovery given default rates and reinvestment rates. These metrics are accumulated from various independent market sources. Additionally, Thomson Reuters review each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral, the collateral manager capabilities and general macroeconomic conditions. CLOs are classified as Level 3 as only a single pricing source is used to establish the fair value at period end.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

2 Accounting policies (continued)

2.3 Financial instruments (continued)

Financial liabilities

(e) Classification

Financial liabilities include trade payables and other payables which are held at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

(f) Recognition, measurement and derecognition

Financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

2.4 Non consolidation of the Lux Subsidiary undertaking

At 30 June 2016, the Company had one subsidiary undertaking as defined under IFRS 10, the Lux Subsidiary. The Company has exposure (through its investment in the Lux Subsidiary) to PPNs issued by BGCF.

The relevant activities of the Lux Subsidiary are that of investment holding for the purposes of both earning income and achieving capital gains. The Company has a significant interest in the Lux Subsidiary through its 100% ownership of the issued share capital and its investment in CSWs issued by the Lux Subsidiary. As a result of this significant interest, the Company has the ability to influence the decisions made by the Lux Subsidiary and consequently has control of this entity.

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 value 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.

In assessing the control, the Company has considered the following criteria:

- i. The investor has existing rights that give it the ability to direct the relevant activities that significantly affect the investee's returns;
- ii. The investor has exposure or rights to variable returns from its involvement with the investee; and
- iii. The investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The Company does have a beneficial interest in the investment activities of the Lux Subsidiary and in the returns generated thereof. In addition, the Company has the ability to influence these decisions and the amounts it receives as proceeds from its investment in the Lux Subsidiary which satisfies the criteria above.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

2 Accounting policies (continued)

2.4 Non consolidation of the Lux Subsidiary undertaking (continued)

In adopting the exemption from preparing consolidated financial statements under IFRS 10, the Company considered the definition, including the criteria and typical characteristics of an investment entity, as detailed in IFRS 10. The Company is satisfied that it meets both the defined criteria and typical characteristics of an investment entity:

- i. It has met the specific criteria as follows:
 - It has obtained funds from more than one investor for the purpose of providing its investors with investment management services;
 - It has committed to its investors that its business purpose is to invest funds solely for returns from both capital appreciation and investment income; and
 - It measures and evaluates the performance of substantially all of its investments on a fair value basis.

- ii. In addition, the Company has concluded that it portrays all the following typical characteristics of an investment entity, namely:
 - It has exposure to more than one investment;
 - It has multiple investors;
 - The majority of its investors are not related parties; and
 - It has ownership interests in the form of equity.

Accordingly, the Lux Subsidiary has not been consolidated under IFRS 10 and is accounted for at fair value through profit or loss. The Subsidiary was not consolidated as at 31 December 2015 for the same reasons as those outlined above.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

3 Operating expenses

	Period ended 30 June 2016 (Unaudited)	Period ended 30 June 2015 (Unaudited)
	€	€
Administration fees	106,311	119,650
Brokerage fees	206,576	207,205
Directors fees	152,909	122,626
Regulatory fees	14,293	42,874
Audit fees	80,877	71,137
Professional fees	13,601	13,574
Registrar fees	15,837	5,635
Placement costs	721,431	-
Sundry expenses	113,972	111,471
	1,425,807	694,172

Placement costs

The costs and expenses of the Placing attributable to the Company have been expensed in the Statement of Comprehensive Income.

Audit and non-audit fees

The Company incurred €80,877 (30 June 2015: €71,137) in audit, assurance and tax fees during the period of which €80,877 (30 June 2015: €100,742) was outstanding at the period end.

	Period ended 30 June 2016 (Unaudited)	Period ended 30 June 2015 (Unaudited)
	€	€
Other Deloitte member firms		
None audit fees - tax advice ¹	185,472	-

¹Non audit fees – tax advice relates to US tax compliance services and tax advisory work for the prospectus and tax advisory services provided by the auditors in their capacity as Reporting Accountant in respect of the prospectus. These fees are included in the placement costs caption in the table above.

4 Directors' fees and interests

During the period ended 30 June 2016, the Directors of the Company were remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chair). The Chairs of the Audit Committee and Risk Committee receive an additional £5,000 for their services in these roles.

During the period ended 30 June 2016, the Directors received a one off payment fee of £10,000 each (30 June 2015: £Nil) due to the additional work carried out during the year as a result of the Lux restructuring and prospectus.

The Company has no employees. Directors fees payable as at 30 June 2016 were €48,877 (30 June 2015: €36,416).

No Director, except Mr Clark, had any beneficial interest in the shares of the Company during the period ended 30 June 2016. Mr Clark purchased 25,000 Euro shares in the Company pursuant to the Placing in 2014. Mr Clark purchased an additional 28,700 Euro shares on 2 June 2016 and as at 30 June 2016 held 53,700 (30 June 2015: 25,000). No pension contributions were payable in respect of any of the Directors.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

5 Other receivables

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
	€	€
Prepayments	21,184	32,365
Receivable from Lux Subsidiary	30,000	30,000
	51,184	62,365

Receivable balance due from Lux Subsidiary relates to a intercompany loan in respect to working capital for setup and ongoing operating costs.

The Directors believe that these balances are fully recoverable.

6 Financial assets designated at fair value through profit or loss

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
	€	€
Financial assets designated at fair value through profit or loss	325,214,539	326,032,708

Financial assets designated at fair value through profit or loss consists of CSWs issued by the Lux Subsidiary, 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary and 15 B2 shares in BGCF. Please refer to Note 1 for further details of the Luxembourg restructuring that took place on 3 February 2016.

CSWs

The Company has the right, at any time during the exercise period (being the period from the date of issuance being 3 February 2016 and ending on earlier of the 3 February 2046 or the date on which the liquidation of the Lux Subsidiary is closed), to request that the Lux Subsidiary redeems all or part of the CSWs at the redemption price (see below), by delivering a redemption notice, provided that the redemption price will be due and payable only if and to the extent that (a) the Lux Subsidiary will have sufficient funds available to settle its liabilities to all other ordinary or subordinated creditors, whether privileged, secured or unsecured, prior in ranking to the CSWs, after any such payment, and (b) the Lux Subsidiary will not be insolvent after payment of the redemption price.

The redemption price is the amount payable by the Lux Company on the redemption of CSWs outstanding, which shall be at any time equal to the fair market value of the Euro shares, (that would have been issued in case of exercise of all CSWs), as determined by the Board on a fully diluted basis on the date of redemption, less a 13.5bp margin (determined by the Board on the basis of a transfer pricing report prepared by an independent advisor), and the redemption price for each CSW shall be obtained by dividing the amount determined in accordance with the preceding sentence by the actual number of CSWs outstanding.

If at the end of any financial year there is excess cash, as determined in good faith by the Lux Subsidiary board (but for this purpose only), the Lux Subsidiary will automatically redeem, to the extent of such excess cash, all or part of the CSWs at the redemption price provided the requirements in the previous paragraph are met, unless the Company notifies the Lux Subsidiary otherwise. For the avoidance of doubt, to the extent the subscription price for the CSWs to be redeemed has not been paid at the time the CSWs were issued, the subscription price for such CSWs to be redeemed shall be deducted from the Redemption Price.

CSWs listed in an exercise notice may not be redeemed.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

6 Financial assets designated at fair value through profit or loss (continued)

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.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13, 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 2016 (Unaudited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets designated at fair value through profit or loss	-	-	325,214,539	325,214,539

31 December 2015 (Audited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets designated at fair value through profit or loss	-	-	326,032,708	326,032,708

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

6 Financial assets designated at fair value through profit or loss (continued)

Financial assets designated 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 beginning and the end of the reporting period ended 30 June 2016:

30 June 2016 (Unaudited)	Total €
Opening valuation	326,032,708
Movements in the period:	
Purchases during the period	-
Sale proceeds during the period	(18,426,394)
Realised gain on financial assets designated at fair value through profit or loss	379,891
Unrealised gain on financial assets designated at fair value through profit or loss	17,228,334
Closing valuation	325,214,539
Total change in unrealised gains on financial assets for the period	17,228,334
Realised gain on financial assets designated at fair value through profit or loss	379,891
Investment income ¹	7,426,394
Net gains on investments designated at fair value through profit or loss	25,034,619

¹ - Investment income relates to PPN interest received from the Company's holding of PPN's in BGCF prior to the Luxembourg restructure. Please refer to note 1 for further details of Luxembourg restructuring that took place on the 3 February 2016 and note 7 for further details regarding CSW's held.

During the period ended 30 June 2016, there were no reclassifications between levels of the fair value hierarchy.

The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 3 between the beginning and the end of the reporting year ended 31 December 2015:

31 December 2015 (Audited)	Total €
Opening valuation	299,277,149
Movements in the period:	
Purchases during the period	29,999,526
Unrealised gain on financial assets designated at fair value through profit or loss	(3,243,967)
Closing valuation	326,032,708
Total change in unrealised gains on financial assets for the year	(3,243,967)

During the year ended 31 December 2015, there were no reclassifications between levels of the fair value hierarchy.

Please refer to Note 2.3 for valuation methodology of financial assets designated at fair value through profit and loss.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

6 Financial assets designated at fair value through profit or loss (continued)

Quantitative information of significant unobservable inputs – Level 3

As at 30 June 2016

Description	30 June 2016 (Unaudited)	Valuation technique	Unobservable input	Range (weighted average)
	€			
CSWs	308,214,538	Adjusted Net Asset Value	Discount for lack of liquidity	0-3%
			Net Asset Value	1.06 ¹
Class A shares and Class B share in the Lux Subsidiary	2,000,001	Net Asset Value	-	-
B2 shares in BGCF	15,000,000	Net Asset Value	-	-
Total	325,214,539			

The Directors believe that it is appropriate to measure the CSWs at the NAV of the investments held at the Lux Subsidiary, adjusted for percentage holding of CSWs in the Lux Subsidiary (whilst considering the fair value of the PPNs based on the investments held at BGCF).

¹ – NAV of the Lux Subsidiary attributable per CSW unit.

As at 31 December 2015

Description	31 December 2015 (Audited)	Valuation technique	Unobservable input	Range (weighted average)
	€			
PPNs	311,012,708	Adjusted Net Asset Value	Discount for lack of liquidity	0-5%
			Net Asset Value	0.98 ²
Class A shares in the Subsidiary	20,000	Net Asset Value	-	-
B2 shares in BGCF	15,000,000	Net Asset Value	-	-
Total	326,032,708			

² – NAV of BGCF attributable per PPN unit.

Class A and Class B shares held in the Lux Subsidiary

Class A and Class B shares are redeemable and have a par value of one Euro per share. Class A and Class B shareholders have equal voting rights commensurate with their shareholding.

Class A and Class B shareholders are entitled to dividend distributions from the net profits of the Lux Subsidiary (net of an amount equal to five per cent of the net profits of the Lux Subsidiary which is allocated to the general reserve, until this reserve amounts to ten per cent of the Lux Subsidiary nominal share capital).

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

6 Financial assets designated at fair value through profit or loss (continued)

Class A and Class B shares held in the Lux Subsidiary (continued)

Dividend distributions are paid in the following order of priority:

- i. Each Class A share is entitled to the Class A dividend, being a cumulative dividend in an amount of not less than 0.10% per annum of the face value of the Class A shares.
- ii. Each Class B share is entitled to the Class B dividend (if any), being any income such as but not limited to interest or revenue deriving from the receivable from the PPN's held by the Lux Subsidiary, less any non-recurring costs attributable to the Class B shares.

Any remaining dividend amount for allocation of the Class A dividend and Class B dividend shall be allocated pro rata among the Class A shares.

The Board does not expect income from the Lux Subsidiary to significantly exceed the anticipated annual running costs of the Lux Subsidiary and therefore does not expect that the Lux Subsidiary will pay significant, or any, dividends although it reserves the right to do so.

Class B2 shares held in BGCF

Class B2 shares are redeemable and have a par value of one Euro per share (and share premium of €999,999 per share). The Class B2 shares do not carry any right to receive a dividend or have any voting rights attached.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2016 and comparative are as shown below:

As at 30 June 2016

Description	Input	Sensitivity used	Effect on fair value
			€
Financial assets designated at fair value through profit or loss reconciliation	Discount for lack of liquidity	5%	16,260,727

As at 31 December 2015

Description	Input	Sensitivity used	Effect on fair value
			€
Financial assets designated at fair value through profit or loss reconciliation	Discount for lack of liquidity	5%	16,301,635

7 Payables

	Period Ended 30 June 2016 (Unaudited)	Year Ended 31 December 2015 (Audited)
	€	€
Administration fees	53,878	55,196
Director fees	48,877	51,048
Auditor's fees	80,877	80,501
Other payables	50,020	190,578
Total payables	233,652	377,323

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

8 Contingent liabilities and commitments

As at 30 June 2016, the Company had no contingent liabilities or commitments (31 December 2015: €Nil).

9 Stated capital

Authorised

The authorised share capital of the Company is represented by an unlimited number of Ordinary shares at no par value.

Allotted, called up and fully-paid

Euro shares	Number of shares	Stated capital €
As at 1 January 2016	331,319,700	331,307,652
Ordinary shares issued during the period	-	-
Ordinary shares repurchased during the period and held in treasury	(6,719,000)	(6,284,476)
Total issued share capital as at 30 June 2016	324,600,700	325,023,176

Euro shares	Number of shares	Stated capital €
As at 1 January 2015	301,200,000	301,200,000
Ordinary shares issued during the year	30,119,700	30,107,652
Total issued share capital as at 31 December 2015	331,319,700	331,307,652

Euro shares

260,500,000 Euro shares were issued and admitted to the SFS on 23 July 2014. A further 40,700,000 Euro shares were issued and admitted to the SFS on 28 August 2014. These shares were issued at a price of €1 per Euro share.

On 29 April 2015, the Company issued a further 30,119,700 Euro shares at a price of €1.02 per Euro share, raising gross proceeds of £30,722,094 (net proceeds of £30,107,652).

At the 2015 AGM, held on 18 June 2015, the Directors were generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991, as amended, to make one or more on-market purchases of Shares in the Company for cancellation or to be held as Treasury shares.

Pursuant to this authority, a total of 6,719,000 Euro shares were purchased during the period and held as Treasury shares as detailed below:

Effective date	Number of Euro shares	Price per Euro share (€)
1 June 2016	1,300,000	0.9150
10 June 2016	1,000,000	0.9369
15 June 2016	2,200,000	0.9400
22 June 2016	2,219,000	0.9419

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

9 Stated capital (continued)

Euro shares (continued)

This authority was renewed at the 2016 AGM, held on 29 June 2016, when shareholders gave the Directors authority to make one or more on-market purchases, up to a maximum of 48,657,645 Shares. This authority will expire at the 2017 AGM. Please refer below for further details regarding share buybacks.

As at 30 June 2016, the Company had 324,600,700 Euro shares (31 December 2015: 331,319,700) in issue, excluding 6,719,000 Treasury shares (31 December 2015: nil).

Voting Rights

Holders of Euro shares participate in the profits of the Company. Shareholders have the right to attend, speak and vote at any general meetings of the Company in accordance with the provisions of the Articles of Association and have one vote in respect of each whole share held.

Dividends

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the shareholders, but no such dividend shall exceed the amount recommended by the Directors. The Directors may pay fixed rate and interim dividends.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Directors shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable in respect of a share shall bear interest against the Company.

The Directors may deduct from any dividend or other moneys payable to a Shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

The distributions declared by the Board during the period are detailed on page 2.

Please refer to Note 15 for distributions made after the period end.

Share buybacks

The Directors intend to seek annual renewal of this authority from the shareholders at the Company's AGM, to make one or more on-market purchases of Shares in the Company for cancellation or to be held as Treasury shares.

The Directors may, at their absolute discretion, use available cash to purchase in the market Euro shares in issue at any time following admission, subject to having been granted authority to do so, should the Euro shares trade at an average discount to NAV (calculated daily in accordance with the methodology set out below) of more than 7.5 per cent. as measured each month over the preceding six month trading period.

The average discount will be calculated by dividing the sum of the discount or premium (as the case may be) on each business day in a calendar month (adjusted for dividends) by the number of such business days. The premium or discount on any given day is to be calculated by reference to the closing Euro share price and the NAV announced for that month.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

9 Stated capital (continued)

Share buybacks (continued)

In exercising their powers to buy back Euro shares, the Directors have complete discretion as to the timing, price and volume of Euro shares so purchased. No expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. The implementation of any share buy-back programme and the timing, price and volume of Euro shares purchased at all times will be subject to compliance with the Articles, the Listing Rules (to the extent applicable to or voluntarily adopted by the Company), the Companies Law and all other applicable legal and regulatory requirements.

In the event that the Board decides to repurchase Euro shares, purchases will only be made through the market for cash at prices not exceeding the estimated prevailing NAV per Euro share where the Directors believe such purchases will result in an increase in the NAV per Euro share. Such purchases will only be made in accordance with (a) the Listing Rules (to the extent applicable to or voluntarily adopted by the Company), which currently provide that the maximum price to be paid per Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of Shares for the five business days before the purchase is made; or (ii) the higher of the last independent trade or the highest current independent bid for Shares; and (b) the Companies Law, which provides, inter alia, that any purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time. Shares purchased by the Company may be cancelled or held in treasury up to a maximum of ten per cent. of the total number of Shares in issue at any particular time.

10 Interests in Other Entities

Interests in Unconsolidated Structured Entities

IFRS 12 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. A structured entity often has some of the following features or attributes:

- i. Restricted activities;
- ii. A narrow and well-defined objective;
- iii. Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- iv. Financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

Involvement with Unconsolidated Structured Entities

The Company has concluded that the non-voting shares of BGCF in which it invests, but that it does not consolidate, meet the definition of a structured entity.

Interests in Subsidiaries

As at 30 June 2016, the Company has a 100% notional holding of the entire outstanding notional balance of its Lux Subsidiary being 2,000,000 Class A shares and one Class B share (31 December 2015: 20,000 Class A shares).

The Company held 100% of the entire outstanding notional balance in the Subsidiary until it was subsequently dissolved on 23 December 2015.

The 15 Class B2 shares held by the Subsidiary in BGCF were transferred in-specie to the Company. Each share had a nominal value of €1 and a share premium of €999,999, resulting in the in-specie transfer being valued at €15,000,000.

Other than the investments noted above, the Company did not provide any financial support for the period ended 30 June 2016 and 31 December 2015, nor had it any intention of providing financial or other support. In 2015, the Company provided a loan of €30,000 to the Lux Subsidiary. Refer to Note 5 for further detail.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

11 Basic and diluted earnings per ordinary share

	As at 30 June 2016 (Unaudited)	As at 30 June 2015 (Unaudited)
	€	€
Total comprehensive income for the period	23,608,812	14,751,644
Weighted average number of shares during the period	330,723,810	311,517,245
Basic and diluted earnings per share	0.0714	0.0474

12 Net asset value per share

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
	€	€
Net asset value	330,041,908	325,970,360
Number of shares at period end	324,600,700	331,319,700
Net asset value per share	1.0168	0.9839

13 Reconciliation of NAV to published NAV

	As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
	NAV €	NAV per share €	NAV €	NAV per share €
Published NAV	330,507,280	1.0182	325,970,360	0.9839
Adjustment to amortisation of placement costs	(465,372)	(0.0014)	-	-
NAV attributable to shareholders	330,041,908	1.0168	325,970,360	0.9839

14 Related party transactions

All transactions between related parties were conducted on terms equivalent to those prevailing in an arm's length transaction.

Transactions with Entities with Significant Influence

In accordance with IAS 24 - "Related Party Disclosures" the related parties and related party transactions during the year comprised transactions with an affiliate of DFME. As at 30 June 2016 and 31 December 2015 Blackstone Asia Treasury Pte held 50,000,000 shares in the Company.

Blackstone Asia Treasury Pte entered into a Lock-Up Agreement with the Company and Joint Bookrunners pursuant to which it undertook not to dispose of the placing shares it acquired in the Company pursuant to the placing for a period of 12 months following Admission. This agreement expired on 23 July 2015 and Blackstone Asia Treasury Pte continues to hold 50,000,000 shares in the Company.

Notes to the Condensed Financial Statements (continued)

For Six Months Ended 30 June 2016

14 Related party transactions (continued)

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 detail.

Transactions with Other Related Parties

At 30 June 2016, current employees of the Adviser and its affiliates, and accounts managed or advised by them, hold 524,875 Euro shares (for the year ended 31 December 2015: 524,875) which represents approximately 0.162% (for the year ended 31 December 2015: 0.162%) of the issued shares of the Company.

The Company has exposure to the CLOs, originated by BGCF, through its investment in the Lux Subsidiary. The Adviser is also appointed as a service support provider to BGCF and as the Collateral Manager of the CLOs.

Transaction with Subsidiaries

The Company purchased 309,033,367 CSWs from the Lux Subsidiary during the period and held 290,986,865 CSWs as at 30 June 2016 (31 December 2015: nil). Refer to Note 6 for further details.

As at 30 June 2016, 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 2015: 20,000 Class A shares with a nominal value of €20,000).

15 Material events after the Condensed Statement of Financial Position date

Management has evaluated subsequent events for the Company through 27 September 2016, the date the condensed financial statements are available to be issued, and had concluded there are not any material events that require disclosure or adjustment of the condensed financial statements other than those listed below:

On 21 July 2016, the Company declared a dividend of €0.02 per Euro Share and amounting to €6,492,014 in total. The dividends were paid to shareholders on 19 August 2016.

On 2 September 2016, the Company announced that it has increased its target dividend yield from an annualised rate of €0.08 per share to an annualised rate of €0.10 per share. The first dividend to be paid in accordance with this revised target yield will be for the quarter ending 30 September 2016, which is expected to be declared in October 2016 and paid in November 2016.

16 Controlling party

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

Company Information

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Mr Philip Austin
Mr Gary Clark
Ms Joanna Dentskevich
All c/o the Company's registered office

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¹ All Directors of Blackstone / GSO Loan Financing Limited are Non-Executive Directors.



