

## Regulatory Story

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**Blackstone / GSO Loan Financing Ltd** - BGLF Posting of Circular and Publication of Prospectus  
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Blackstone / GSO Loan Financing Ltd  
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### **Blackstone / GSO Loan Financing Limited**

**Posting of circular convening a General Meeting to approve a Rollover offer of new C Shares and a Placing Programme of new Ordinary Shares**

**and**

**Publication of Prospectus**

23 November 2018

On 28 August 2018, the Board of Blackstone / GSO Loan Financing Limited ("BGLF" or the "Company") announced a proposal to offer newly issued BGLF shares ("C Shares") to shareholders of Carador Income Fund plc ("Carador" and "Carador Shareholders"). The new C Shares will be issued in consideration for the transfer of assets from Carador to BGLF (the "Rollover").

The Company intends that the C Shares will convert into BGLF Ordinary Shares after a transitional period of six to twelve months during which most, or all, of the transferred assets ("the Rollover Assets") are sold and the proceeds reinvested in accordance with BGLF's investment policy.

In addition to the proposed Rollover, the Board of BGLF is pleased to announce a placing programme of up to 400 million new Ordinary Shares (the "Placing Programme").

A shareholder circular (the "Circular") is being posted to BGLF Shareholders today which sets out further details of the Rollover and the Placing Programme, and contains a notice convening an Extraordinary General Meeting at which the Company is seeking Shareholders' approval for: (i) the amendment of the Existing Articles to provide for the issue of Rollover Shares, by replacing the Existing Articles in their entirety with the New Articles; and (ii) the disapplication of pre-emption rights in respect of any Shares to be issued pursuant to the Rollover and the Placing Programme (together, the "Proposals").

The Proposals are intended to benefit existing BGLF Shareholders by spreading the Company's fixed costs over a wider shareholder base, improving diversification of the Company's enlarged portfolio, improving liquidity in the secondary market trading and, since the issue of new Ordinary Shares under the proposed Placing Programme can only take place at issue prices equal to or above the then prevailing NAV per Ordinary Share, by potentially enhancing the NAV per Ordinary Share. Additionally, some of the costs incurred by the Company in connection with the Issue could also be borne by the new Ordinary Shares issued pursuant to the Placing Programme, thereby reducing the costs borne by existing Shareholders.

Alongside the Circular, BGLF has also published a prospectus today in connection with the Rollover and the Placing Programme (the "Prospectus").

#### *The Rollover*

Carador Shareholders are being offered a choice of remaining invested in Carador and receiving cash over several months as Carador's portfolio is realised or electing to participate in the Rollover. In respect of any Carador Shareholder that validly elects to participate in the Rollover, the Carador Shares held by such Carador Shareholder will be converted into a new class of shares in Carador (the "Carador Rollover Shares") which will be cancelled in exchange for new C Shares to be issued by BGLF. The Rollover is subject to the passing of resolutions by shareholders of BGLF and Carador.

Under the terms of the Rollover new C Shares will be issued by BGLF in consideration for a transfer of the Rollover Assets from Carador which will be held by BGLF in a separate portfolio attributable only to the C Shares.

The Company will delegate management of the Rollover Assets to GSO / Blackstone Debt Funds Management LLC (the "Rollover Portfolio Manager"). The Rollover Portfolio Manager will have responsibility for realising the Rollover Assets and re-investing the proceeds of such realisations into cash settlement warrants issued by Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. ("LuxCo"), thereby providing exposure to Profit Participating Notes issued by Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF") to LuxCo. Once the Rollover Assets have been realised and the proceeds invested in Profit Participating Notes issued by BGCF to LuxCo, the Board shall convert the Rollover Shares into Ordinary Shares on a NAV for NAV basis in accordance with the New Articles.

#### *The Placing Programme*

The Company also intends, with a view to satisfying ongoing investor demand for Ordinary Shares, and in line with the Company's growth strategy, to seek to raise additional funding. It is therefore also seeking shareholder approval to issue up to 400 million Ordinary Shares pursuant to a Placing Programme (the Rollover and the Placing Programme, together, being the "Issue").

The Placing Programme will open on 4 January 2019 and will close on 22 November 2019 (or any earlier date the Company may determine, in its sole discretion, and announce by an RIS announcement). The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Placing Shares as and when it deems appropriate over a period of time. The issue and allotment of Placing Shares under the Placing Programme is at the discretion of the Directors, and may take place at any time prior to 22 November 2019.

The net proceeds of the Placing Programme will be invested in accordance with the Company's investment objective and policy.

#### *The Extraordinary General Meeting*

The Proposals are conditional upon and require the approval of the Company's existing Shareholders. Accordingly, the resolutions to be proposed at the Extraordinary General Meeting seek approval for the adoption of the New Articles and authority for the Board to allot up to 400 million new Ordinary Shares pursuant to the Placing Programme on a non pre-emptive basis.

The New Articles will (amongst other things the Directors may deem appropriate for the creation and utilisation of the Rollover Share class): (i) allow for the creation of a Rollover Share class and set out the rights attaching to such Rollover Shares; (ii) enable the Company to issue Rollover Shares; and (iii) set out the mechanics by which such Rollover Shares will convert to Ordinary Shares. The rights which will attach to the Rollover Shares are set out in full in Part 2 (The Rollover Shares and the New Articles of Association) of the Circular. These amendments are all necessary in order to enable the Company to implement the Rollover.

Pursuant to Article 2.16 of the New Articles, in order to issue additional Shares pursuant to the Placing Programme without first offering them to existing Shareholders in proportion to their holdings, the Directors require specific authority from Shareholders. Therefore, in connection with the proposed Issue, the Company is seeking Shareholder authority to disapply the pre-emption rights contained in the New Articles for 400 million Ordinary Shares pursuant to the Placing Programme (to be denominated in Euros), representing 100 per cent. of the Company's issued share capital as at the date of the Circular (excluding any Ordinary Shares held in treasury as at the date of the Circular).

The Placing Price in respect of any Ordinary Shares issued pursuant to the Placing Programme will be calculated by reference to the last published Net Asset Value per Ordinary Share of the relevant class as at the date of issue. Shares will only be issued at a premium to the latest published NAV per Share. The premium to NAV at which Ordinary Shares of any class are issued pursuant to any specific Placing will be determined by the Directors at the relevant time and announced via an RIS.

#### *Publication of a Prospectus*

BGLF has issued a Prospectus today in connection with offer of C Shares to Carador Shareholders and the issue of additional Ordinary Shares pursuant to the Placing Programme. The Prospectus contains portfolio information as at 31 October 2018, which is also available in the Factsheet published on 21 November 2018.

#### *Costs associated with the Proposals*

The total costs of the Issue (the "Issue Expenses") are proposed to be shared between BGLF's existing Shareholders and the Carador Shareholders rolling into BGLF such that if the Rollover occurs, the costs borne by the BGLF's exiting Shareholders is not expected to exceed 0.5% of the value of the Rollover Assets (based on Carador's latest published NAV as at the date of the Rollover). If the Rollover does not occur, the Company has agreed abort fee arrangements with certain advisers and

service providers such that the costs borne by the existing Shareholders are not expected to exceed £383,333.

Existing Shareholders should note that even if the Rollover does not occur, the Company nevertheless intends to proceed with the Placing Programme (subject to receiving the requisite Shareholder approvals at the Extraordinary General Meeting). It is expected that the Placing Price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevailing market conditions, factor in the proportion of the Issue Expenses borne by the Ordinary Shareholders on the completion of the Rollover (such that some or all of the Issue costs so borne by the Ordinary Shareholders on the completion of the Rollover may be recouped through the cumulative premium at which new Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of new Ordinary Shares which will be issued pursuant to the Placing Programme will not be known until the Placing Programme closes, there can be no guarantee that the costs will be so covered in full, or at all.

#### *Further information*

Copies of the Prospectus and Circular will be available on the Company's website ([www.blackstone.com/bglf](http://www.blackstone.com/bglf)) and from the Company's registered office at IFC 1, The Esplanade, St Helier, Jersey JE1 4BP.

A copy of each of the Prospectus and Circular will be available under Investor Documents at [www.blackstone.com/bglf](http://www.blackstone.com/bglf).

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

#### *Definitions*

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

#### *Enquiries:*

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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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