



**Blackstone / GSO Loan Financing Ltd** - BGLF Notification of New Manager Entity  
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Blackstone / GSO Loan Financing Ltd  
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## **Blackstone / GSO Loan Financing Limited**

**2 December 2019**

### **Notification of Establishment and Capitalisation of New Manager Entity**

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### **Blackstone / GSO Loan Financing Limited ("BGLF" or the "Company")**

Following the rollback of the U.S. risk retention rules for open market CLOs in 2018, as explained in the Company's RNS dated 12 February 2018, BGLF, through its investment in Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF"), has continued its strategy of seeking to own majority economic equity positions in U.S. collateralized loan obligation transactions ("U.S. CLOs") by investing directly into U.S. CLOs instead of making these investments through Blackstone / GSO US Corporate Funding,

Ltd. (the "U.S. MOA"). Blackstone / Debt Funds Management Europe Limited ("DFME"), as Adviser to BGLF, and GSO / Blackstone Debt Funds Management LLC ("DFM"; together with DFME, the "Adviser"), its U.S. affiliate, have informed the Company's board of the establishment of a new manager entity designed to facilitate the opportunistic investment by BGCF in certain U.S. CLOs that are expected to be structured in a manner intended to comply with the European risk retention regulation.

The Adviser believes that this new manager entity will benefit the Company and its portfolio of U.S. CLOs. As these CLOs will now seek to be compliant with the European risk retention regulation, they will be able to be marketed to a broader investor base, including European institutional investors, who have expressed potential demand for U.S. exposure and diversification within their investment portfolios. This additional demand may potentially result in lower CLO liability costs, which could help support the Company's performance through improved net interest margins of its U.S. CLO investments.

On 13 August 2019, the Board of BGCF approved the establishment and capitalisation of a new manager entity, Blackstone / GSO CLO Management LLC (the "NME" or the "New Manager Entity"), in the amount of up to \$428 million. To the extent necessary to comply with the European risk retention regulation, the NME expects to serve the multiple functions of acting as collateral manager to the U.S. CLOs and warehouses, acting as "originator" for a portion of the U.S. CLO assets at closing, retaining a portion of CLO equity, and providing funding for U.S. CLO warehouse first loss positions.

To assist it in fulfilling its contemplated roles as manager-originator, the NME has entered into a shared services agreement (the "Shared Services Agreement") with DFM (the "Shared Services Provider") pursuant to which the Shared Services Provider has agreed to share certain professionals with the NME, undertake the credit review of the loans for which it intends to be the "originator" for purposes of satisfying the European risk retention regulation and provide certain other related services.

The changes referred to herein are consistent with BGLF's investment objective and policy, which seeks to gain exposure to floating rate senior secured loans and bonds directly and indirectly through companies or entities established from time to time ("Underlying Companies"). BGLF's investment objective and policy remains unchanged.

## **IMPORTANT INFORMATION**

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

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