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A copy of this document, which comprises a prospectus (the "Prospectus") relating to Blackstone / GSO Loan Financing Limited (the "Company") in connection with the issue of Rollover Shares and Placing Shares by the Company and the admission of the Rollover Shares to trading on the Specialist Fund Segment of the London Stock Exchange and the Placing Shares to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market, prepared in accordance with the prospectus rules of the Financial Conduct Authority (the "FCA") made pursuant to section 73A of FSMA (the "Prospectus Rules"), has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Investment in the Company is only suitable for institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares, in particular, is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment.

An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**Rollover Admission**"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "**Rollover Admission Date**"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.

The Placing Programme will open on or around 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). Applications will also be made to the London Stock Exchange for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "**Subsequent Admission**"). It is expected that Subsequent Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion (each such date being a "**Subsequent Admission Date**").

The Company and its directors (whose names appear in Part IV of this Prospectus) (the "**Directors**") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case): (i) the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import; and (ii) the facts stated in this Prospectus are true and accurate in all material respects and there are no other facts the omission of which would make misleading any statement in this Prospectus, whether of fact or opinion.

GSO Capital Partners LP ("**GSO**") accepts responsibility for the information contained in this Prospectus relating to it and all statements made by it, as well as the information contained in Part III of this Prospectus. To the best of the knowledge of GSO (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Blackstone / GSO Debt Funds Management Europe Limited ("**DFME**") and GSO / Blackstone Debt Funds Management LLC ("**DFM**") each accepts responsibility for the information contained in this Prospectus relating to it and all statements made by it, as well as the information contained in Part III of this Prospectus. To the best of the knowledge of DFME and DFM (as applicable) (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Potential investors should read the whole of this Prospectus when considering an investment in the Rollover Shares or the Placing Shares and, in particular, attention is drawn to the section entitled "Risk Factors" on pages 28 to 93 of this Prospectus.

Blackstone / GSO Loan Financing Limited

(a closed-ended investment company limited by shares incorporated under the laws of Jersey with registered number 115628)

Issue of C Shares pursuant to the Rollover

Placing Programme in respect of up to 400 million Ordinary Shares

Joint Sponsors, Financial Advisers, Global Co-ordinators and Bookrunners

Fidante Capital and Nplus1 Singer Advisory LLP

This Prospectus does not constitute or form part of any offer or invitation to sell, or the solicitation of an offer to acquire or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for such securities by any person in any circumstances in which such offer or solicitation is unlawful.

The Issue Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, any U.S. persons as defined in Regulation S under the U.S. Securities Act ("**U.S. Persons**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"). In connection with the Issue, offers and sales of the Issue Shares will be made only: (i) outside the United States in "offshore transactions" to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act; and (ii) in the United States, or to U.S. Persons, only to persons who are both qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act ("**Qualified Institutional Buyers**") and qualified purchasers as defined in the U.S. Investment Company Act ("**Qualified Purchasers**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Company has not been and will not be registered under the U.S. Investment Company Act and as such investors will not be entitled to the benefits of the U.S. Investment Company Act. There will be no public offer of the Issue Shares in the United States.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Issue Shares or passed upon or endorsed the merits of the offering of the Issue Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Issue Shares may not be acquired by: investors using assets of: (i)(a) an "employee benefit plan" as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**U.S. Tax Code**"), including an individual retirement account, that is subject to Section 4975 of the U.S. Tax Code; or (c) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or "plan" described in preceding clause (a) or (b) in such entity pursuant to the U.S. Department of Labor and codified at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA and the regulations thereunder (the "**U.S. Plan Assets Regulations**") (each of the foregoing described in clauses (a), (b), and (c) being referred to as a "**U.S. Plan Investor**"); or (ii) a governmental, church, non-U.S. or other plan, account or arrangement (each, an "**Other Plan**") that is subject to any federal, state, local or non-U.S. law or regulation that would have the same or similar effect

as the U.S. Plan Assets Regulations so as to subject the Company (or other persons responsible for the investment and operations of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained Title I of ERISA or Section 4975 of the U.S. Tax Code (collectively, "**Similar Laws**").

The Issue Shares have not been and will not be registered under the securities laws of Australia, Canada, Japan or South Africa and may not be offered or sold into or within Australia, Canada, Japan or South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa.

The distribution of this Prospectus and the offer of the Issue Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the Issue Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. None of the Company, BGCF, BGUCF, DFME, DFM, GSO, Fidante or N+1 Singer or any of their respective affiliates or advisors accepts any legal responsibility for any breach by any person, whether or not a prospective investor, of any such restrictions.

The Rollover Shares are not being admitted to: (i) listing on the Premium Segment of the UKLA Official List; or (ii) trading on the Premium Segment of the Main Market of the London Stock Exchange. Therefore, in respect of the Rollover Shares, the Company has not been required to satisfy the eligibility criteria for: (i) admission to listing on the Premium Segment of the UKLA Official List; or (ii) admission to trading on the Premium Segment of the Main Market of the London Stock Exchange.

In addition, the Issue 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 Issue Shares for an indefinite period of time. Any failure to comply with restrictions on transferability and resale may constitute a violation of the securities laws of relevant jurisdictions. For further information on restrictions on offers, sales and transfers of the Issue Shares, please refer to the section entitled "Purchase and Transfer Restrictions" in Part V of this Prospectus.

It should be remembered that the price of the Issue Shares and the income from them can go down as well as up and that investors may not receive, on the sale or cancellation of the Issue Shares, the amount that they invested.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Placing Programme including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on Fidante or N+1 Singer or any person affiliated with Fidante or N+1 Singer in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

None of the Company, BGCF, BGUCF, DFME, DFM, GSO, Fidante or N+1 Singer or any of their respective representatives, is making any representation to any prospective investor in respect of the Issue Shares regarding the legality of an investment in the Issue Shares by such prospective investor under the laws applicable to such prospective investor.

The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

Fidante Partners Europe Limited (trading as Fidante Capital), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Placing Programme. It will not regard any person (whether or not a recipient of this Prospectus) as its client in relation to the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing Programme, Admission, a Placing, the contents of this Prospectus or any other transaction or arrangement referred to herein.

N+1 Singer, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Placing Programme. It will not regard any person (whether or not a recipient of this Prospectus) as its client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing Programme, Admission, a Placing, the contents of this Prospectus or any other transaction or arrangement referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Fidante or N+1 Singer by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Fidante nor N+1 Singer accept any responsibility whatsoever for, and make no representation or warranty, express or implied, as to the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Placing Programme or the Issue Shares and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Fidante and N+1 Singer accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org. This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012. 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 Prospectus. The applicant is strongly recommended to read and consider this Prospectus before completing an application.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly.

You are wholly responsible for ensuring that all aspects of the Company and BGCF are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this Company you should not invest in the Company.

This Prospectus is dated 23 November 2018.

CONTENTS

NOTICE FOR U.S. SHAREHOLDERS	4
SUMMARY	5
RISK FACTORS	28
IMPORTANT NOTICES	94
EXPECTED TIMETABLE	100
PLACING PROGRAMME STATISTICS	101
DEALING CODES	101
DIRECTORS, ADVISERS AND SERVICE PROVIDERS	102
PART I: THE COMPANY	104
PART II: THE MARKET OPPORTUNITY	126
PART III: INVESTMENT PROCESS, DFME AND DFM	133
PART IV: DIRECTORS AND ADMINISTRATION	143
PART V: ISSUE ARRANGEMENTS	153
PART VI: TAXATION	162
PART VII: ADDITIONAL INFORMATION ON THE COMPANY	179
PART VIII: ADDITIONAL INFORMATION ON BGCF	210
PART IX: ADDITIONAL INFORMATION ON BGUCF	226
PART X: FINANCIAL INFORMATION OF THE COMPANY	234
PART XI: FINANCIAL INFORMATION OF BGCF	240
PART XII: ROLLOVER TERMS AND CONDITIONS	421
PART XIII: PLACING TERMS AND CONDITIONS	429
PART XIV: DEFINITIONS	435

NOTICE FOR U.S. SHAREHOLDERS

The Rollover relates to securities in a non-U.S. company which is incorporated under the laws of Jersey and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with English law and the rules of the London Stock Exchange, and Carador Shareholders located in the United States or who are otherwise U.S. Persons should read this entire document, including Part VI of this document. The financial information relating to the Company included in this document has not been prepared in accordance with generally accepted accounting principles in the United States and thus may not be comparable to financial information relating to U.S. companies. The Rollover is not subject to the disclosure and other procedural requirements of Regulation 14D under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). The Rollover will be made in the United States in accordance with the requirements of Regulation 14E under the U.S. Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the U.S. Exchange Act are not applicable to the Rollover by virtue of Rule 14d-1(d) under the U.S. Exchange Act. Carador Shareholders located in the United States or who are otherwise U.S. Persons should note that the Company is not listed on a U.S. securities exchange, subject to the periodic reporting requirements of the U.S. Exchange Act or required to, and does not, file any reports with the SEC thereunder.

It may be difficult for Carador Shareholders located in the United States or who are otherwise U.S. Persons to enforce certain rights and claims arising in connection with the Rollover under U.S. federal securities laws since the Company and Carador are located outside the United States and most of their officers and directors may reside outside the United States. It may not be possible to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. It also may not be possible to compel a non-U.S. company or its affiliates to subject themselves to a U.S. court's judgment.

To the extent permitted by applicable law and in accordance with normal UK practice, each of the Company, Fidante, N+1 Singer and their respective affiliates may make certain purchases of, or arrangements to purchase, Carador Shares outside the United States during the period in which the Rollover remains open for acceptance. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the U.S. Exchange Act by virtue of Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the listing rules of the Financial Conduct Authority, and the relevant provisions of the U.S. Exchange Act. Any information about such purchases will be disclosed as required in the UK and the United States and, if required, will be reported via the Regulatory Information Service of the London Stock Exchange and available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

Part VI of this document further sets forth certain U.S. federal income tax consequences of the Rollover under current U.S. law. However, Carador Shareholders located in the United States or who are otherwise U.S. Persons should consult and seek individual advice from an appropriate professional adviser.

Neither the SEC nor any U.S. state securities commission has approved or disapproved of this transaction or passed upon the merits of fairness of such transaction or passed upon the adequacy of the information contained in this document. Any representation to the contrary is a criminal offence.

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A — E (A.1 — E.7). This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and the Company, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the element is included in the summary with the mention of "not applicable".

PART A – THE COMPANY

SECTION A – INTRODUCTION AND WARNINGS																				
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>																		
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Issue Shares.																		
A2	Use of prospectus by financial intermediaries	Not applicable. The Company has not given its consent to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.																		
SECTION B – ISSUER																				
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>																		
B1	Legal and commercial name	Blackstone / GSO Loan Financing Limited																		
B2	Domicile and legal form	The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 30 April 2014 under the provisions of the Companies Law, with registered number 115628.																		
B5	Group description	The Company has a wholly owned subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which is a private limited liability company ("société à responsabilité limitée") which was incorporated under the laws of the Grand-Duchy of Luxembourg on 23 July 2015, having its registered office at L-2453 Luxembourg, 2-4, rue Eugène Ruppert, and registered with the Luxembourg register of commerce and companies under number B 199.065.																		
B6	Notifiable interests/ voting rights	<p>Not applicable. No interest in the Company's capital or voting rights is notifiable under the Company's national law.</p> <p>Save as set out below, the Company is not aware of any person who, as at the Latest Practicable Date, is interested, directly or indirectly, in 5 per cent. or more of the issued share capital of the Company:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><i>Holder</i></th> <th style="text-align: right;"><i>% of Total Voting Rights</i></th> <th style="text-align: right;"><i>No. of Ordinary Shares</i></th> </tr> </thead> <tbody> <tr> <td>Quilter plc</td> <td style="text-align: right;">21.83</td> <td style="text-align: right;">88,349,232</td> </tr> <tr> <td>BlackRock Inc</td> <td style="text-align: right;">16.58</td> <td style="text-align: right;">67,113,000</td> </tr> <tr> <td>Blackstone Treasury Asia Pte Ltd</td> <td style="text-align: right;">12.35</td> <td style="text-align: right;">50,000,000</td> </tr> <tr> <td>FIL Limited</td> <td style="text-align: right;">8.13</td> <td style="text-align: right;">32,882,136</td> </tr> <tr> <td>CCLA Investment Management Ltd</td> <td style="text-align: right;">6.86</td> <td style="text-align: right;">27,771,266</td> </tr> </tbody> </table> <p>None of the Shareholders have voting rights attached to the Shares they hold which are different from the voting rights attached to any other Shares in the same class in the Company.</p>	<i>Holder</i>	<i>% of Total Voting Rights</i>	<i>No. of Ordinary Shares</i>	Quilter plc	21.83	88,349,232	BlackRock Inc	16.58	67,113,000	Blackstone Treasury Asia Pte Ltd	12.35	50,000,000	FIL Limited	8.13	32,882,136	CCLA Investment Management Ltd	6.86	27,771,266
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		As at the Latest Practicable Date, the Company, insofar as it is aware, is not directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.			
B7	Key financial information		<i>Year ended 31 Dec 2015 Audited (€)</i>	<i>Year ended 31 Dec 2016 Audited (€)</i>	<i>Year ended 31 Dec 2017 Audited (€)</i>
		Income	26,220,863	42,880,939	7,547,164
		Expenses	(1,444,877)	(2,361,651)	(1,805,932)
		Finance costs	(3,856)	(7,033)	(11,238)
		Total comprehensive income	<u>24,772,130</u>	<u>40,512,255</u>	<u>5,729,994</u>
		Dividends	<u>(27,860,982)</u>	<u>(27,859,819)</u>	<u>(38,467,553)</u>
		Total assets	326,347,683	332,736,168	379,713,972
		Payables	(377,323)	(397,848)	(173,651)
		Net assets	325,970,360	332,338,320	379,540,321
		Earnings per share	0.08	0.1237	0.0147
		Dividends per share	0.08	0.09	0.10
		NAV per share	0.9839	1.0238	0.9378
		6 months ended		<i>30 Jun 2017 Unaudited (€)</i>	<i>30 Jun 2018 Unaudited (€)</i>
		Income			
		Realised gain/(loss) on foreign exchange		1,654	(1,044)
		Net gains on financial assets at fair value though profit and loss		8,648,708	4,294,913
		Total Income		<u>8,650,362</u>	<u>4,293,869</u>
		Expenses		<u>(737,027)</u>	<u>(563,155)</u>
		Profit		7,913,335	3,730,714
		Finance costs		(4,479)	(16,822)
		Total comprehensive income for the period attributable to shareholders		<u>7,908,856</u>	<u>3,713,892</u>
		Dividends		<u>(18,232,529)</u>	<u>(20,235,024)</u>
		Total assets		402,150,097	363,278,504
		Liabilities		(195,890)	(259,315)
		Net assets		<u>401,954,207</u>	<u>363,019,189</u>
		Earnings per share		€0.0210	€0.0092
		Dividends per share		€0.05	€0.05
		NAV per share		€0.9932	€0.8970
		The Board declared a dividend of €0.0265 per Ordinary Share in respect of the period from admission to 31 December 2014 with an ex-dividend date of 29 January 2015. A total payment of €7,981,800 was processed on 20 February 2015.			
		The Ordinary Shares were admitted to the Official List of the Channel Islands Securities Exchange Authority Limited on 17 April 2015.			
		The Company issued 30,119,700 new Ordinary Shares at an issue price of €1.02 per share raising a further €30.7 million, before costs. The Shares were admitted to the listing on TISE and to trading on the SFS on 29 April 2015.			
		The Board declared a dividend of €0.02 per Ordinary Share in respect of the period from 1 January 2015 to 31 March 2015 with an ex-dividend date of 30 April 2015. A total payment of €6,626,394 was processed on 22 May 2015.			
		On 21 July 2015, the Directors declared a dividend of €0.02 per Ordinary Share in respect of the period from 1 April 2015 to 30 June 2015. This dividend was paid on 21 August 2015 to Shareholders on the register as at the close of business on 31 July 2015, and the corresponding ex-dividend date was 30 July 2015.			

	<p>On 23 July 2015, LuxCo was incorporated with an issued share capital of 20,000 shares held by the Company. Blackstone / GSO Loan Financing 2 was dissolved on 23 December 2015.</p> <p>On 21 October 2015, the Directors declared a dividend of €0.02 per Ordinary Share in respect of the year from 1 July 2015 to 30 September 2015 with an ex-dividend date of 29 October 2015. A total payment of €6,626,394 was processed on 20 November 2015.</p> <p>On 28 January 2016, the Directors declared a dividend of €0.02 per Ordinary Share in respect of the period from 1 October 2015 to 31 December 2015 with an ex-dividend date of 4 February 2016. A total payment of €6,626,394 was processed on 26 February 2016.</p> <p>On 31 March 2016, the Company published a prospectus in connection with a 12 month placing programme, a total of 71,380,746 Ordinary Shares were issued pursuant to the placing programme. All Ordinary Shares were admitted to listing on TISE and to trading on the SFS on 10 March 2017.</p> <p>On 20 April 2016, the Directors declared a dividend of €0.02 per Ordinary Share in respect of the period from 1 January 2016 to 31 March 2016 with an ex-dividend date of 28 April 2016. A total payment of €6,626,394.00 was processed on 20 May 2016.</p> <p>On 21 July 2016, the Directors declared a dividend of €0.02 per Ordinary Share in respect of the period from 1 April 2016 to 30 June 2016 with an ex-dividend date of 28 July 2016. A total payment of €6,492,014.00 was processed on 19 August 2016.</p> <p>On 3 February 2016, the Luxembourg restructuring took place. This comprised the Company transferring its entire holding of PPNs to the LuxCo.</p> <p>On 20 October 2016, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 July 2016 to 30 September 2016 with an ex-dividend date of 27 October 2016. A total payment of €8,115,017.50 was processed on 18 November 2016.</p> <p>On 20 January 2017, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 October 2016 to 31 December 2016 with an ex-dividend date of 2 February 2017. A total payment of €8,115,017.50 was processed on 24 February 2017.</p> <p>On 24 April 2017, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 January 2017 to 31 March 2017 with an ex-dividend date of 4 May 2017. A total payment of €10,117,511.15 was processed on 26 May 2017.</p> <p>On 20 July 2017, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 April 2017 to 30 June 2017 with an ex-dividend date of 27 July 2017. A total payment of €10,117,511.15 was processed on 18 August 2017.</p> <p>On 28 June 2017, the Company made applications to the UKLA and the LSE for the Ordinary Shares to be: (i) listed on the Premium Segment of the Official List; and (ii) transferred from trading on the SFS to trading on the Premium Segment of the Main Market. This took effect on 29 June 2017.</p> <p>Following migration of the Ordinary Shares to: (i) listing on the Premium Segment of the Official List; and (ii) to trading on the Premium Segment of the Main Market, the Company cancelled the listing of the Ordinary Shares on TISE. The Company determined that, following the aforementioned migration, a listing on TISE was no longer required for the Ordinary Shares to be considered excluded securities (and therefore not subject to the marketing restrictions under the NMPI rules).</p> <p>With effect from 19 October 2017, the Board offered Shareholders the option of electing to receive their dividends in Sterling by submitting a dividend currency election form. The first period that Shareholders could elect to receive their dividends in Sterling was the period from 1 July 2017 to 30 September 2017.</p> <p>On 19 October 2017, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 July 2017 to 30 September 2017 with an ex-dividend date of 26 October 2017. A total payment of €10,117,511.15 was processed on 24 November 2017.</p> <p>On 18 January 2018, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 October 2017 to 31 December 2017 with an ex-dividend date of 18 January 2018. A total payment of €10,117,511.16 was processed on 23 February 2018.</p>
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		<p>On 20 April 2018, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 January 2018 to 31 March 2018 with an ex-dividend date of 3 May 2018. A total payment of €10,117,511.16 was processed on 1 June 2018.</p> <p>On 19 July 2018, the Directors declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 April 2018 to 31 June 2018 with an ex-dividend date of 26 July 2018. A total payment of €10,117,511.16 was processed on 24 August 2018.</p> <p>Apart from those outlined above there have been no significant changes to the Company's financial condition and operating results during the period covered by the Company Financial Statements or subsequent to the period covered by the Company Financial Statements up to the date of this Prospectus.</p>
B8	Key pro forma financial information	Not applicable. No pro forma information about the Company is included in this Prospectus.
B9	Profit forecast	Not applicable. No profit estimate or forecast has been made.
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the audit reports on the historical financial information.
B11	Explanation if working capital not sufficient for present requirements	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for the present requirements of the Group, that is, for at least the next 12 months from the date of this Prospectus.
B34	Investment objective and policy	<p>Investment objective</p> <p>The Investment Objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds 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 companies or entities established from time to time ("Underlying Companies").</p> <p>Investment policy</p> <p><i>Overview</i></p> <p>The Company's investment policy is to invest (directly, or indirectly through one or more Underlying Companies) in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Underlying Companies directly or through investments in Loan Warehouses), bonds and 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 subsidiaries) in profit participating instruments (or similar securities) issued by one or more Underlying Companies.</p> <p>Each Underlying Company will use the proceeds from the issue of the profit participating instruments (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest in: (i) senior secured loans, bonds, CLO Securities and Loan Warehouses; or (ii) other Underlying Companies which, themselves, invest in senior secured loans, bonds, CLO Securities and Loan Warehouses. The Underlying Companies may invest in European or U.S. senior secured loans, bonds, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Underlying Companies. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks, will typically be in the form of an obligation to purchase preference shares or a subordinated loan.</p> <p>There is no limit on the maximum U.S. or European exposure. The Underlying Companies are not expected to invest substantially directly in senior secured loans or bonds domiciled outside North America or Western Europe.</p> <p><i>Investment Limits and Risk Diversification</i></p> <p>The Company's investment strategy is to implement its investment policy by investing directly or indirectly through the Underlying Companies, in a portfolio of</p>

		<p>senior secured loans and bonds or in Loan Warehouses containing senior secured loans and bonds and, in connection with such strategy, to own debt and equity tranches of CLOs and, in the case of European CLOs and certain U.S. CLOs, to be the risk retention provider in each.</p> <p>The Underlying Companies may periodically securitise a portion of the loans, or a Loan Warehouse in which they invest, into CLOs which may be managed either by such Underlying Company itself or by DFME or DFM (or one of their affiliates), in their capacity as the CLO Manager.</p> <p>Where compliance with the European Risk Retention Requirements is sought (which, with certain exceptions, will not be the case for the U.S. CLOs) the Underlying Companies will retain exposures of each CLO, which may be held as:</p> <p>(a) CLO Income Notes equal to: (i) between 51 per cent. and 100 per cent. of the CLO Income Notes issued by each such CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the CLO in the case of U.S. CLOs (each of (i) and (ii), (the "horizontal strip"); or</p> <p>(b) not less than 5 per cent. of the principal amount of each of the tranches of CLO Securities in each such CLO (the "vertical strip").</p> <p>In the case of deals structured to be compliant with the European Risk Retention Requirements, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules. In such a scenario, the Underlying Company will retain exposures to such transactions for the purpose of complying with the U.S. Risk Retention Regulations, which may be held as:</p> <p>(a) CLO Income Notes representing at least 5 per cent. of the fair market value of the CLO Securities (including CLO Income Notes) issued by such CLO (the "U.S. horizontal strip");</p> <p>(b) a vertical strip; or</p> <p>(c) a combination of a vertical strip and U.S. horizontal strip.</p> <p>To the extent attributable to the Company, the value of the CLO Income Notes retained by Underlying Companies in any CLO will not exceed 25 per cent. of the NAV of the Company at the time of investment.</p> <p>Further, to the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in vertical strips of CLOs (net of any directly attributable financing) will not exceed 15 per cent. of the NAV of the Company at the time of investment. This limitation shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.</p> <p>Loan Warehouses may eventually be securitised into CLOs managed either by an Underlying Company itself or by DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager. To the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20 per cent. of the NAV of the Company at the time of investment, and in all externally financed warehouses taken together (net of any directly attributable financing) shall not exceed 30 per cent. of the NAV of the Company at the time of investment. These limitations shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.</p> <p>The following limits (the "Eligibility Criteria") apply to senior secured loans and bonds (and, to the extent applicable, other corporate debt instruments) directly held by any Underlying Company (and not through CLO Securities or Loan Warehouses):</p> <table data-bbox="566 1780 1390 2065"> <thead> <tr> <th style="text-align: left;"><i>Maximum exposure</i></th> <th style="text-align: right;"><i>% of an Underlying Company's gross asset value</i></th> </tr> </thead> <tbody> <tr> <td>Per obligor</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Per industry sector</td> <td style="text-align: right;">15</td> </tr> <tr> <td></td> <td style="text-align: right;">(with the exception of one industry which may be up to 20 per cent.)</td> </tr> <tr> <td>To obligors with a rating lower than B-/B3/B-</td> <td style="text-align: right;">7.5</td> </tr> <tr> <td>To second lien loans, unsecured loans, mezzanine loans and high yield bonds</td> <td style="text-align: right;">10</td> </tr> </tbody> </table>	<i>Maximum exposure</i>	<i>% of an Underlying Company's gross asset value</i>	Per obligor	5	Per industry sector	15		(with the exception of one industry which may be up to 20 per cent.)	To obligors with a rating lower than B-/B3/B-	7.5	To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10
<i>Maximum exposure</i>	<i>% of an Underlying Company's gross asset value</i>													
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To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10													

For the purposes of these Eligibility Criteria, "**gross asset value**" shall mean gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the "**maximum exposures**" set out in the Eligibility Criteria shall apply on a trade date basis.

Each of these Eligibility Criteria will be measured at the close of each Business Day on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by an Underlying Company).

In addition, each CLO in which an Underlying Company holds CLO Securities and each Loan Warehouse in which an Underlying Company invests will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such CLO; or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a CLO or Loan Warehouse may include the following:

- a limit on the weighted average life of the portfolio;
- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio.

CLOs in which an Underlying Company may hold CLO Securities or Loan Warehouses in which an Underlying Company may invest are also expected to have certain other criteria and limits, which may include:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or Loan Warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO or Loan Warehouse.

Changes to Investment Policy

Any material change to the investment policy of the Company would be made only with the approval of Ordinary Shareholders.

It is intended that the investment policy of each Substantial Underlying Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a Substantial Underlying Company from time to time. The Company will receive periodic reports from each Substantial Underlying Company in relation to the implementation of such Substantial Underlying Company's investment policy to enable the Company to have oversight of its activities. If a Substantial Underlying Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek Ordinary Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If Ordinary Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such Substantial Underlying Company, the Directors will redeem the Company's investment in such Substantial Underlying Company (either directly or, if the Company's investment in a subsidiary is invested by such subsidiary in such Substantial Underlying Company (either directly or through one or more other Underlying Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such Substantial

		Underlying Company (either directly or through one or more other Underlying Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.
B35	Borrowing limits	<p>The Company will not utilise borrowings for investment purposes. However, the Directors will be permitted to borrow up to 10 per cent. of the Company's NAV for day to day administration and cash management purposes. For the avoidance of doubt, this limit only applies to the Company and not the Underlying Companies.</p> <p>The Company may use hedging or derivatives (both long and short) for the purposes of efficient portfolio management. It is intended that up to 100 per cent. (as appropriate) of the Company's exposure to non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.</p>
B36	Regulatory status	The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 30 April 2014 under the provisions of the Companies Law, with registered number 115628. The Company is regulated by the JFSC, and is not regulated by any regulator other than the JFSC. The JFSC is protected by both the Collective Investment Funds (Jersey) Law 1988 and the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under such laws.
B37	Typical investors	Investment in the Company is only suitable for institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares, in particular, is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment.
B38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. The Company may invest in excess of 40 per cent. of its gross assets in another collective investment undertaking and as a result B39 below is applicable.
B39	Investment of 40 per cent. or more in single underlying asset or investment company	<p>The Company has exposure (through its investment in LuxCo, its wholly owned subsidiary) to unsecured Profit Participating Notes issued by BGCF.</p> <p>Please see Part B below of this summary for additional information in relation to BGCF.</p>
B40	Applicant's service providers	<p><i>Rollover Portfolio Manager</i></p> <p>DFM has been appointed by the Company to provide portfolio management services in relation to the Rollover Assets. The Rollover Portfolio Manager is entitled to out of pocket expenses, all reasonable third party costs and other expenses incurred by it in the performance of its obligations under the Rollover Portfolio Management Agreement.</p> <p>The Rollover Portfolio Manager will not be entitled to any performance or management fees in connection with the performance of its obligations under the Rollover Portfolio Management Agreement.</p> <p>Unless terminated earlier in accordance with its terms, the Rollover Portfolio Management Agreement will continue until such time as the Rollover Assets have been realised and the proceeds of such realisations have been re-invested indirectly into PPNs issued by BGCF.</p> <p><i>Adviser</i></p> <p>DFME has been appointed as an Adviser to the Company pursuant to the Advisory Agreement. The Adviser is entitled to out of pocket expenses, all reasonable third party costs and other expenses incurred by the Adviser in the performance of its obligations under the Advisory Agreement.</p> <p><i>Joint Sponsors, Financial Advisers, Global Co-ordinators and Bookrunners</i></p> <p>Fidante and N+1 Singer have been appointed as joint sponsors, financial advisers, global co-ordinators and bookrunners to the Company. Under the terms of the Placing Agreement, Fidante and N+1 Singer are entitled to an advisory fee in connection with the Rollover and a commission in connection with the Placing Programme.</p> <p><i>Administrator</i></p> <p>BNP Paribas Securities Services S.C.A. has been appointed as administrator to the Company pursuant to the Administration Agreement. In such capacity, the Administrator is responsible for the day-to-day administration of the Company.</p>

		<p>Under the terms of the Administration Agreement, the Administrator is entitled to: (i) an annual tiered ad valorem fund accounting fee based on the Company's NAV, subject to a minimum annual fee of €110,000 and a maximum fee of €500,000 (based on the Company's NAV as at the date of this Prospectus, the fund accounting fee is calculated as 6.5 bps); and (ii) an annual company secretarial fee of €50,000; in addition to certain other fees for ad hoc services rendered from time to time. All fees due under the Administration Agreement are payable monthly in arrear, within fourteen business days of the Company receiving an invoice in respect of each month. The Administrator is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.</p> <p><i>Registrar</i></p> <p>Link Market Services (Jersey) Limited has been appointed as Registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to receive a minimum annual fee of £5,500.</p> <p><i>Custodian</i></p> <p>BNP Paribas Securities Services S.C.A. has been appointed as Custodian of the Company). In acting as custodian of the Company's investments, the Custodian shall provide for the safe keeping of certificates of deposit, shares, notes and in general any instrument evidencing the ownership of securities and may take custody of cash and other assets. Assets will be held in a custody account and registered in the name of the Company or the Custodian, its delegate or a nominee.</p> <p>Under the terms of the Custody Agreement, the Custodian is entitled to receive: (i) global custodian fees equal to €1,000 per annum per PPN held physically by the Custodian and an ad valorem fee of 1 bp on the value of the listed PPNs; and (ii) banking fees on outward payments at a pre-agreed rate, ranging between £15-30 per transaction. The Custodian is also entitled to be reimbursed for all costs, charges and other expenses properly incurred by the Custodian, any sub-custodians or agents under the Global Custody Agreement.</p>
B41	Regulatory status of investment manager, investment adviser and custodian	<p>The Company is self-managed and does not have an investment manager.</p> <p>The Company is delegating portfolio management of the Rollover Assets to DFM (the "Rollover Portfolio Manager") by way of a Rollover Portfolio Management Agreement but will retain risk management and overall supervision and control of the Rollover Assets' CLO Managers. The Rollover Portfolio Manager is a Delaware limited liability company, incorporated on 7 June 2007 with registered number 4366626, with its registered office at 345 Park Avenue, New York, NY 10154. The Rollover Portfolio Manager is authorised by the Central Bank of Ireland as a non-EU Alternative Investment Fund Manager and is registered as an investment adviser under the Investment Advisers Act of 1940.</p> <p>The Custodian of the Company is BNP Paribas Securities Services S.C.A., Jersey Branch, which is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC.</p>
B42	Calculation of Net Asset Value	<p>The Company publishes the Net Asset Value per Share, as calculated in accordance with the process described below, on a monthly basis (within 15 Business Days following the relevant month-end). Such Net Asset Value per Share is published by RIS announcement and is available on the website of the Company. BGCF is obliged, pursuant to the terms and conditions of the Profit Participating Notes, to provide the Company, LuxCo and the Administrator with such information as they may reasonably require in order to facilitate such calculations and announcements.</p>
B43	Cross liability	<p>Not applicable. The Company is not an umbrella collective investment undertaking.</p>
B44	Financial statements have been made up	<p>Please see B7 above of Part A of this summary.</p> <p>The Company's annual financial statements for the period from 2015 to 2018 and interim financial statements for the period from 1 January 2018 to 30 June 2018 have been published and incorporated by reference in this Prospectus.</p>
B45	Portfolio	<p>As at the Latest Practicable Date, the Company's portfolio comprises 2,000,000 class A shares, 1 class B share and 301,269,226 cash settlement warrants ("CSWs") issued by LuxCo, its wholly owned subsidiary.</p> <p>As at the Latest Practicable Date, LuxCo holds Profit Participating Notes issued by BGCF in the aggregate amount of €414,282,561 (together with any accrued but unpaid interest thereon), with a maturity date of 1 June 2044. All the Profit</p>

		Participating Notes held by LuxCo are limited recourse and are admitted to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market.																
B46	Net Asset Value	The unaudited NAV per Ordinary Share as at 31 October 2018 was €0.8981 per Ordinary Share.																
SECTION C – SECURITIES																		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>																
C1	Type and class of securities	<p>The Rollover Shares shall be C Shares in the capital of the Company. The Placing Shares shall be Ordinary Shares in the capital of the Company.</p> <p>When admitted to trading, the ISIN and SEDOL for the Issue Shares shall be as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><i>Ordinary Shares Euro Ticker</i></th> <th style="text-align: center;"><i>Ordinary Shares Sterling Ticker</i></th> <th style="text-align: center;"><i>C Shares</i></th> </tr> </thead> <tbody> <tr> <td>ISIN</td> <td style="text-align: center;">JE00BNCB5T53</td> <td style="text-align: center;">JE00BNCB5T53</td> <td style="text-align: center;">JE00BF8Q3P09</td> </tr> <tr> <td>SEDOL</td> <td style="text-align: center;">BNCB5T5</td> <td style="text-align: center;">BYXLOY1</td> <td style="text-align: center;">BF8Q3P0</td> </tr> <tr> <td>Ticker</td> <td style="text-align: center;">BGLF</td> <td style="text-align: center;">BGLP</td> <td style="text-align: center;">BGLC</td> </tr> </tbody> </table>		<i>Ordinary Shares Euro Ticker</i>	<i>Ordinary Shares Sterling Ticker</i>	<i>C Shares</i>	ISIN	JE00BNCB5T53	JE00BNCB5T53	JE00BF8Q3P09	SEDOL	BNCB5T5	BYXLOY1	BF8Q3P0	Ticker	BGLF	BGLP	BGLC
	<i>Ordinary Shares Euro Ticker</i>	<i>Ordinary Shares Sterling Ticker</i>	<i>C Shares</i>															
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SEDOL	BNCB5T5	BYXLOY1	BF8Q3P0															
Ticker	BGLF	BGLP	BGLC															
C2	Currency of the securities issue	Euro.																
C3	Number of securities in issue	<p>As at the date of this Prospectus, the issued share capital of the Company (which is fully paid) is 404,700,446 Ordinary Shares.</p> <p>There are no non-paid up Shares in issue.</p>																
C4	Description of the rights attaching to the securities	<p>Dividends</p> <p>Ordinary Shares</p> <p>Subject to the provisions of the Companies Law, the Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Ordinary Shareholders, but no such dividend shall exceed the amount recommended by the Directors.</p> <p>Subject to the provisions of the Companies Law, the Directors may pay fixed rate and interim dividends. If the Directors act in good faith, they shall not incur any liability to the holders of any Ordinary Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Ordinary Shares having deferred or non-preferred rights.</p> <p>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 Ordinary Shares or the distribution of assets and the Directors shall give effect to such resolution.</p> <p>Except as otherwise provided by the rights attaching to or terms of issue of any Ordinary Shares, all dividends shall be apportioned and paid <i>pro rata</i> according to the amounts paid on the Shares during any portion or portions of the period in respect of which the dividend is paid.</p> <p>No dividend or other moneys payable in respect of an Ordinary Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share.</p> <p>The Directors may deduct from any dividend or other moneys payable to an Ordinary 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.</p> <p>Any dividend or other moneys payable in respect of an Ordinary Share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the Directors as entitled to the Ordinary Share or, if two or more persons are the holders or are recognised by the Directors as jointly entitled to the Share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the Directors shall in their absolute discretion determine.</p> <p>Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.</p>																

C Shares

Subject to the provisions of the Companies Law, the Company may by a C Share Ordinary Resolution declare dividends in accordance with the rights of the C Shareholders, but no such dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Companies Law, the Directors may pay fixed rate and interim dividends on C Shares. If different classes of C Shares have been issued, the Directors may pay interim dividends on C Shares which confer deferred or non-preferred rights with regard to dividends as well as on C Shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on C Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate in accordance with the Companies Law. If the Directors act in good faith, they shall not incur any liability to the holders of any C Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any C Shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attaching to C Shares, all dividends shall be declared and paid according to the amounts paid up on the C Shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the C Shares during any portion or portions of the period in respect of which the dividend is paid but, if any C Share is issued on terms providing that it shall rank for dividend as from a particular date, that C Share shall rank for dividend accordingly.

No dividend or other moneys payable in respect of a C Share shall bear interest against the Company, unless otherwise provided by the rights attached to the C Share.

The Directors may deduct from any dividend or other moneys payable to a C 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 C Shares.

Any dividend or other moneys payable in respect of a C Share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the Directors as entitled to the C Share or, if two or more persons are the holders or are recognised by the Directors as jointly entitled to the C Share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the Directors shall in their absolute discretion determine.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

Voting rights

The holders of Ordinary Shares shall have the right to receive notice of general meetings of the Company and shall have the right to attend and vote at all general meetings; and the holders of C Shares shall not have the right to receive notice of or to attend or vote at any general meeting of the Company.

Subject to any rights or restrictions attached to any Shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder. On a poll, a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

Unless the Directors decide otherwise, no member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of Shares unless all moneys presently payable by him in respect of his Shares have been paid.

In the case of joint holders only the vote of the senior joint holder shall be accepted.

Winding up

If the Company is wound up, the Company may, with the sanction of a Special Resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders in specie provided that no Shareholder shall be compelled to accept any assets upon which there is a liability.

		<p>On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall be divided among the classes of Shares then in issue and shall be applied respectively to the holders of each class of Shares pro rata to their holdings of Shares.</p> <p>Variation of rights</p> <p>Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class of Shares may be varied or abrogated either with the written consent of the holders of not less than two thirds in number of the issued Shares of that class or the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.</p> <p>The special rights attached to the C Shares may be varied or abrogated either with the written consent of the holders of not less than two thirds in number of the issued C Shares or the sanction of a C Share Special Resolution passed at a separate meeting of the holders of the C Shares.</p> <p><i>Pre-emption rights</i></p> <p>Subject to the provisions of the Companies Law, the Articles and any resolution of the Company passed by the Company conferring authority on the Directors to allot Shares and without prejudice to any rights attached to existing Shares, all unissued Shares are at the disposal of the Directors and they may allot, grant options over, grant warrants in respect of or otherwise dispose of them to such persons at such times and generally on such terms as they think fit.</p> <p>Although the Companies Law does not provide any statutory pre-emption rights, the Articles provide that when proposing to allot Shares or fractions of Shares of any class, the Company must first offer such Shares to existing holders of Shares of the relevant class on the same or more favourable terms in proportion to their respective holdings of the relevant Shares then in issue.</p> <p>Such pre-emption rights shall not apply:</p> <ul style="list-style-type: none"> (a) where the Shares to be allotted are or are to be wholly or partly paid otherwise than in cash; (b) where the Shares are being allotted pursuant to the terms of an Employee Share Scheme (as defined in the Articles); or (c) where they have been disapplied by way of a special resolution.
C5	Restrictions on the free transferability of the securities.	<p>Shares are free from any restriction on transfer and may be transferred in accordance with the Listing Rules and any other applicable laws and regulations.</p> <p>The Company has elected to impose certain restrictions (pursuant to its Articles) so that the Company will not be required to register the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register under the U.S. Investment Company Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders to trade the Shares. Due to these restrictions, potential investors in the United States and U.S. Persons (including persons acting for the account or benefit of any U.S. Person) are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares.</p>
C6	Admission to trading on a regulated market	<p>An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("Rollover Admission"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "Rollover Admission Date"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.</p> <p>Applications will also be made to the London Stock Exchange for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "Subsequent Admission"). It is expected that Subsequent Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may</p>

		determine, in its sole discretion (each such date being a " Subsequent Admission Date ").
C7	Dividend policy	<p><i>Ordinary Shares</i></p> <p>Whilst not forming part of the investment objective or policy of the Company, dividends on Ordinary Shares will be payable in respect of each calendar quarter, payable within two months following the end of such quarter. On the basis of current market conditions as at the date of this Prospectus, the Company will target a dividend of 2.5 per cent. a quarter equating to an 11.9 per cent. annualised return based on, for the Ordinary Shares, the share price of €0.8375 as at 31 October 2018 (the "Target Dividend").</p> <p>The actual dividend generated by the Company in pursuing its investment objective will, however, depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the investments made by the Company and the risks highlighted in the "Risk Factors" section of this Prospectus. Furthermore, the yield generated by the Company with respect to the Ordinary Shares will be impacted by the extent to which the Company is able to, and is successful in, hedging currency exchange risk between the currency in which the Ordinary Shares are denominated and the currencies in which the assets comprised in the Company's portfolio are denominated and the costs, profits and losses resulting from any such currency hedging activity.</p> <p>Excess cash or interest from the portfolio will be reinvested by the Underlying Companies with the objective of growing the NAV.</p> <p>The Target Total Return and the Target Dividend should not be taken as an indication of the Company's expected future performance or results. The Target Total Return and the Target Dividend are targets only and there is no guarantee that they can or will be achieved and should not be seen as an indication of the Company's expected or actual return. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Actual events and conditions may differ materially from the assumptions used to establish the Target Total Return and Target Dividend. Accordingly, investors should not place any reliance on the Target Total Return or the Target Dividend in deciding whether to invest in Shares.</p> <p>The Articles permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Ordinary Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered in future, an electing Ordinary Shareholder would be issued new, fully paid up Ordinary Shares (or Ordinary Shares reissued from treasury) pursuant to the scrip dividend alternative calculated by reference to the higher of: (i) the prevailing average mid-market quotation of the Shares over the five trading days following and including the relevant ex-dividend date; or (ii) the Net Asset Value per Ordinary Share, at the date selected by the Directors for such purposes. The scrip dividend alternative would be available only to those Ordinary Shareholders to whom Ordinary Shares might lawfully be marketed by the Company.</p> <p><i>C Shares</i></p> <p>It is the Directors' current intention that a dividend will be declared in respect of the C Shares prior to the conversion of the C shares into new shares. The C Share dividends will be paid in relation to the C Share asset pool, which initially comprises Rollover Assets pending their sale and subsequently, as the sale proceeds are reinvested, in Profit Participating Notes issued by BGCF. The effect of this policy is to bring about a transition from the dividends payable in respect of the Rollover Assets under Carador's dividend policy to paying dividends in line with those payable on the Ordinary Shares as the C Share asset pool increasingly comprises PPNs.</p> <p>In respect of the C Shares, the Directors seek to adopt Carador's Dividend policy with regards to the Rollover Assets. Accordingly, the Directors will distribute all or part of the net income received from the underlying Rollover Assets investments (after reasonable expenses and retaining an element of cashflow receipts on CLO Income Notes). The Directors will also have the discretion to make distributions out of realised and unrealised capital gains net of realised and unrealised capital losses.</p> <p>As defined in Carador's Dividend policy, the purchase price of CLO Income Notes reflects both income and capital receipts to maturity. Under that approach an element of each quarterly cashflow receipt is treated as capital which is capable of reinvestment. This policy seeks to avoid the funding of dividends from potential capital receipts. Each quarter's capital retention seeks to ensure that, on maturity,</p>

		<p>assuming a reinvestment rate on such retained capital, the Company has assets which equal the original purchase price. After the capital retention, the balance of cash receipts are treated as income; however, where the total cash receipt exceeds 20 per cent. per annum of the cost of an Income Note position only 20 per cent. is treated as income and the balance is treated as capital, thereby accelerating the capital retention. Once capital has been retained equal to 100 per cent. of the future value at maturity of an Income Note position, all future cash receipts revert to the income account.</p> <p>It is also the Directors' intention to enable the Company to continue to meet the 85 per cent. income distribution requirement for its continued treatment as an excluded security under the rules on Non Mainstream Pooled Investments.</p> <p>The dividends payable in respect of the Profit Participation Notes issued by BGCF held in the Rollover Assets, will be determined on the same basis as the dividends paid to holders of Ordinary Shares.</p> <p>Dividend payments will be made to C Shareholders in respect of each calendar quarter, payable within two months following the end of such quarter. The Board currently intends that the holders of the C Shares will receive a dividend payment in February 2019, which would be broadly equivalent to the dividend payment they would have received had they elected not to participate in the Rollover Opportunity and instead remained holders of Carador Shares. The Board further intends that future dividend payment dates in relation to the C Shares over the course of 2019 will be aligned with the dividend payments in relation to the Ordinary Shares, subject in each case to the usual Board discretion in relation to dividend payments.</p>
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SECTION D – RISKS

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D1 D2	Key information on the key risks specific to the issuer or its industry.	<ul style="list-style-type: none"> ● Past performance of the Company should not be taken to be a guide to its future performance or its ability to achieve its Investment Objective. ● The Company or an Underlying Company's failure to comply with its contractual obligations to manage its assets in accordance with its investment policy could have adverse tax and other consequences which could have a significant adverse effect on the Company's business, financial condition and results of operations. ● The Company and the Underlying Companies will, to some extent, be reliant on third party service providers (including DFME and DFM) to carry on their businesses and a failure by one or more service providers may materially disrupt the businesses of the Company and the Underlying Companies. ● The investment strategy of the Company and the Underlying Companies will include investing in senior secured loans (directly and through investment in the Loan Warehouses), bonds and CLO Securities which are subject to a risk of loss of principal. ● The use of leverage by an Underlying Company may increase the volatility of returns and providers of leverage would rank ahead of investors in such Underlying Company in the event of insolvency. ● In the event of the insolvency of an obligor in respect of an investment, or of an underlying obligor in respect of an investment, the return on such investment to the Company, and to the Underlying Companies, may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that obligor or underlying obligor and any of their respective assets. ● CLO Income Notes and certain investments in Loan Warehouses are volatile and interest and principal payments payable on the CLO Income Notes are not fixed. CLO Securities and investments in Loan Warehouses are limited recourse obligations of the CLO issuer or warehouse vehicle (as applicable). ● CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities represent highly leveraged investments in the underlying assets of the CLO issuer or the Loan Warehouse (as applicable). Accordingly, it is expected that changes in the market value of such CLO Income Notes, Loan Warehouse investments and junior tranches of CLO Securities will be greater than changes in the market value of the underlying assets of the CLO issuer or the Loan Warehouse, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the opportunities for gain and risk of loss of investors in CLO Income

		<p>Notes, Loan Warehouses and junior tranches of CLO Securities. In certain scenarios, the CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities may be subject to a partial or a 100 per cent. loss of invested capital. CLO Income Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio of a CLO issuer, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of such CLO Income Notes prior to the rest of the capital structure.</p> <ul style="list-style-type: none"> ● Underlying Companies which hold CLO Securities or CLO Income Notes relating to CLOs that are intended to be compliant with the European Risk Retention Requirements and the U.S. Risk Retention Regulations may be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Securities or CLO Income Notes, as applicable, except to the extent permitted by the European Risk Retention Requirements and the U.S. Risk Retention Regulations, which places limitations on the ability of LuxCo, the Company's wholly owned subsidiary, to redeem the Profit Participating Notes. ● One element of the business of the Underlying Companies is expected to involve establishing certain CLOs in a manner compliant with the risk retention laws and regulations of one or more jurisdictions. Accordingly, changes in relevant laws or regulations, or in interpretations thereof, could adversely affect the business of the Underlying Companies and, as a result, the Company.
D3	Key information on the key risks specific to the securities.	<ul style="list-style-type: none"> ● An investment in the Issue Shares carries the risk of loss of capital. The value of a Share can go down as well as up and Shareholders may receive back less than the value of their initial investment and could lose all of the investment. ● Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares. ● The Rollover Shares may suffer greater volatility in discounts and may be more illiquid than Ordinary Shares. ● Investors in Rollover Shares will not be afforded the same protections as holders of shares admitted to: (i) listing on the Premium Segment of the UKLA Official List; or (ii) trading on the Premium Segment of the Main Market of the London Stock Exchange. ● The political, economic, legal and social consequences of the United Kingdom's withdrawal from the European Union, and the ultimate outcome of the negotiations between the UK and the European Union, are currently uncertain and may remain uncertain for some time to come. Investors should be aware that this uncertainty and the risks resulting from it, may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Issue Shares. ● The Issue Shares may trade at a discount to the Net Asset Value per Share (of the relevant class) for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Underlying Companies. Subject to the Companies Law, under its Articles, the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline. ● The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Issue Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. ● The Placing Shares are to be admitted to the Premium Segment of the Main Market of the London Stock Exchange and are listed on the Premium Segment of the Official List. However there can be no guarantee that a liquid market in the Shares will develop or be sustained or that the Shares will trade at prices close to Net Asset Value. The number of Shares to be issued pursuant to the Placing Programme is not yet known, and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly,

		<p>Shareholders may be unable to realise their investment at Net Asset Value or at all.</p> <ul style="list-style-type: none"> ● Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.
SECTION E – OFFER		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E1	The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.	<p>It is intended that the total costs of the Issue (the "Issue Expenses") shall be borne as follows:</p> <ul style="list-style-type: none"> ● First, by the Rollover Shares subject to a cap of 1 per cent. of the value of the Rollover Assets (the "Rollover Expenses Cap"); ● Second, to the extent the Issue Expenses exceed the Rollover Expenses Cap, by the Ordinary Shares; provided that the amount of Issue Expenses so borne by the Ordinary Shares shall not exceed 0.5 per cent. of the value of the Rollover Assets (the "Ordinary Share Expenses Cap"); and ● Finally, to the extent the Issue Expenses exceed 1.5 per cent. of the value of the Rollover Assets, such excess shall be borne by DFM over a period of 12 months following the Rollover Date in the form of an incremental fee rebate and, if necessary, a cash contribution, of up to £250,000 (the "GSO Contribution"). <p>For these purposes, the value of the Rollover Assets shall be calculated based on Carador's latest published NAV as at the Rollover Date.</p> <p>The total net proceeds of the Placing Programme will depend on the number of Placing Shares issued pursuant to the Placing Programme and the relevant placing price for each such issuance. The costs of each Placing will be announced by an RIS announcement immediately following such Placing. It is further expected that the placing price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevalent market conditions, factor in the Issue Expenses borne by the Ordinary Shareholders (such that a some or all of the Issue Expenses borne by the Ordinary Shareholders may be recouped through the cumulative premium at which such Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of 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.</p> <p>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. It is expected that the Placing Price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevalent market conditions, factor in the costs of the Issue borne by the Ordinary Shareholders (such that a some or all of the Issue costs borne by the Ordinary Shareholders may be recouped through the cumulative premium at which such Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of 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.</p> <p>The costs of each Placing will be announced by an RIS announcement immediately following such Placing.</p>
E2a	Reasons for the offer and use of proceeds	<p>This document comprises a prospectus of the Company prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the Financial Services and Markets Act 2000, in connection with the Rollover and the Placing Programme.</p> <p>On 28 August 2018, the Company announced a proposal to issue Rollover Shares to those Carador Shareholders wishing to participate in the Rollover, in consideration for the transfer of Rollover Assets from Carador to the Company (or a wholly owned subsidiary). Following the Rollover, the Rollover Assets will be held by the Company (or a wholly owned subsidiary) in a separate portfolio attributable only to the Rollover Shares. The reason for issuing C Shares rather than Ordinary</p>

		<p>Shares in connection with the Rollover is to enable the Rollover Assets to be segregated from the Company's portfolio attributable to the Ordinary Shares. The Rollover Portfolio Manager will have responsibility for realising the Rollover Assets and facilitating the re-investment of the proceeds of such realisations by the Company into CSWs issued by LuxCo, thereby providing exposure to PPNs issued by BGCF to LuxCo. Once the Rollover Assets have been realised and the proceeds substantially invested into CSWs issued by LuxCo (thereby providing exposure to PPNs issued by BGCF to LuxCo), the Board intends to mandatorily convert the Rollover Shares into Ordinary Shares on a NAV for NAV basis in accordance with the Articles.</p> <p>The Rollover is conditional on the approval of the existing Shareholders. Accordingly, on or around the date of this Prospectus, the Company has published a shareholder circular convening a general meeting at which the approval of existing Shareholders will be sought for the issue of the Rollover Shares to the Qualifying Shareholders in Carador, along with certain other corporate actions to enable the implementation of the Rollover.</p> <p>In addition to the Rollover, with a view to satisfying ongoing investor demand for Ordinary Shares and to raise further funds for investment in accordance with the Investment Objective and Policy, the Company intends, in line with the Company's growth strategy, to issue up to 400 million Ordinary Shares pursuant to the Placing Programme ("Placing Shares"). The maximum number of Placing Shares available should not be taken as an indication of the number of Placing Shares finally to be issued.</p>
E3	Terms and Conditions of the offer	<p>The Rollover will open on 23 November 2018 and the latest time and date for making Rollover Applications is 9.00 a.m. (Irish time) on 21 December 2018.</p> <p>The Placing Programme will open on or around 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) (such date being the "Final Closing Date"). The Placing Programme is flexible and may have a number of closing dates (each, an "Interim Closing Date") 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 allotment and issue of Placing Shares under the Placing Programme is at the discretion of the Directors, and may take place at any time prior to the Final Closing Date.</p> <p>There is no minimum or maximum subscription in respect of the Rollover or the Placing Programme.</p> <p>The number of Rollover Shares to be issued will depend on the extent of participation by Carador Shareholders in the Rollover Opportunity. Additionally, the Company may issue up to 400 million Placing Shares pursuant to the Placing Programme. As at the date of this Prospectus, the actual number of Issue Shares to be issued is not known. The maximum size of the offerings should not be taken as an indication of the number of Issue Shares to be issued. The Issue is not being underwritten. Fractions of Issue Shares will not be issued.</p> <p>Investment in the Company is only suitable for institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares in particular is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment.</p>
E4	Material interests	Not applicable. No interest is material to the Rollover or the Placing Programme.
E5	Name of person or entity offering to sell securities Lock up agreements	<p>No person is selling securities.</p> <p>There are no lock up agreements in place.</p>
E6	Dilution	At a general meeting, the approval of existing Shareholders will be sought to disapply pre-emption rights in respect of any Ordinary Shares to be issued pursuant to the Placing Programme up to, in aggregate, 400 million Ordinary Shares. Assuming that the authority is used in full, this will result in a dilution of approximately 50 per cent. in existing Shareholders' voting control of the Company (without taking into account the conversion of the Rollover Shares into Ordinary Shares in due course).
E7	Estimated expenses charged to the investor by the issuer or the offeror	Please see E1 above.

PART B – BGCF

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>																																								
B1	Legal and commercial name	Blackstone / GSO Corporate Funding Designated Activity Company																																								
B2	Domicile and legal form	Irish designated activity company limited by shares.																																								
B5	Group description	Not applicable. BGCF is not a part of a group and does not have any subsidiaries.																																								
B6	Notifiable interests/voting rights	Not applicable. No interest in BGCF's capital or voting rights is notifiable under BGCF's national law. None of BGCF's shareholders have voting rights attached to the shares which they hold different from the voting rights attached to any other shares in the same class in BGCF.																																								
B7	Key financial information	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: right; width: 15%;"><i>Year ended</i> <i>31 December</i> <i>2015 (€)</i></th> <th style="text-align: right; width: 15%;"><i>Year ended</i> <i>31 December</i> <i>2016 (€)</i></th> <th style="text-align: right; width: 15%;"><i>Year ended</i> <i>31 December</i> <i>2017 (€)</i></th> </tr> </thead> <tbody> <tr> <td>Income¹</td> <td style="text-align: right;">97,226,197</td> <td style="text-align: right;">250,649,055</td> <td style="text-align: right;">159,519,683</td> </tr> <tr> <td>Expenses</td> <td style="text-align: right;">(36,068,027)</td> <td style="text-align: right;">(52,846,223)</td> <td style="text-align: right;">(54,445,951)</td> </tr> <tr> <td>Finance costs</td> <td style="text-align: right;">(82,737,976)</td> <td style="text-align: right;">(97,474,759)</td> <td style="text-align: right;">(127,230,272)</td> </tr> <tr> <td>Changes in fair value</td> <td style="text-align: right;">21,586,963</td> <td style="text-align: right;">(100,316,098)</td> <td style="text-align: right;">22,170,810</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">5,368</td> <td style="text-align: right;">5,519</td> <td style="text-align: right;">6,740</td> </tr> <tr> <td>Dividends</td> <td style="text-align: right;">–</td> <td style="text-align: right;">–</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Gross assets</td> <td style="text-align: right;">3,344,723,382</td> <td style="text-align: right;">5,889,461,491</td> <td style="text-align: right;">6,913,415,343</td> </tr> <tr> <td>Liabilities</td> <td style="text-align: right;">3,329,716,258</td> <td style="text-align: right;">5,889,444,903</td> <td style="text-align: right;">6,913,390,058</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">15,007,124</td> <td style="text-align: right;">16,558</td> <td style="text-align: right;">25,285</td> </tr> </tbody> </table> <p>Note 1: Income includes foreign exchange gains/losses and certain gains/losses on derivatives.</p> <p>A forward purchase agreement relating to a portfolio of assets with Dorchester Park CLO Limited matured on 26 February 2015 when BGCF purchased U.S.\$28,000,000 of its subordinated notes, representing 60.95 per cent. ownership in conjunction with the purchase of the underlying assets by the CLO.</p> <p>A forward purchase agreement relating to a portfolio of assets with Dartry Park CLO Limited matured on 16 March 2015 when BGCF purchased €22,800,000 of its subordinated notes, representing 51.12 per cent. ownership in conjunction with the purchase of the underlying assets by the CLO.</p> <p>A forward purchase agreement relating to a portfolio of assets with Orwell Park CLO Limited matured on 4 June 2015 when BGCF purchased €24,225,000 of its subordinated notes, representing 51 per cent. ownership in conjunction with the purchase of the underlying assets by the CLO.</p> <p>The Company raised capital in April 2015 and purchased EU Profit Participating Notes at a cost of €29,979,526 with the proceeds raised. The following interest payments were made to the Company during the period:</p> <p>Q1 2015 €8,484,326</p> <p>Q2 2015 €6,850,000</p> <p>BGCF established a new CLO, namely Tymon Park CLO Limited. Tymon Park CLO Limited was incorporated on 26 May 2015 but did not start trading or become a CLO established by BGCF until after 30 June 2015.</p> <p>A forward purchase agreement relating to a portfolio of assets with Tymon Park CLO Limited matured on 17 December 2015 when BGCF purchased €22,700,000 of its subordinated notes, representing 51.01 per cent. ownership in conjunction with the purchase of the underlying assets by the CLO.</p> <p>On 13 October 2016, Blackstone / GSO Corporate Funding EUR Fund (the "EUR Fund") and Blackstone / GSO Corporate Funding USD Fund were approved by the Central Bank of Ireland as sub funds of Blackstone / GSO Investment Funds, a unit trust authorised on 29 April 2008 under the Unit Trusts Act, 1990.</p> <p>On 1 November 2016, BGCF issued a PPN to the value of €116,000,000 to the EUR Fund which represented the initial investment.</p>		<i>Year ended</i> <i>31 December</i> <i>2015 (€)</i>	<i>Year ended</i> <i>31 December</i> <i>2016 (€)</i>	<i>Year ended</i> <i>31 December</i> <i>2017 (€)</i>	Income¹	97,226,197	250,649,055	159,519,683	Expenses	(36,068,027)	(52,846,223)	(54,445,951)	Finance costs	(82,737,976)	(97,474,759)	(127,230,272)	Changes in fair value	21,586,963	(100,316,098)	22,170,810	Net income	5,368	5,519	6,740	Dividends	–	–	–	Gross assets	3,344,723,382	5,889,461,491	6,913,415,343	Liabilities	3,329,716,258	5,889,444,903	6,913,390,058	Net assets	15,007,124	16,558	25,285
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	<p>BGCF established three new originated subsidiaries, namely Elm Park CLO Designated Activity Company, Griffith Park CLO.</p> <p>BGCF entered into a Forward Purchase Agreement with Elm Park CLO Designated Activity Company. This matured on 26 May 2016 when BGCF purchased €46,930,000 of its subordinated notes, representing 82.43 per cent. ownership in conjunction with the purchase of the underlying assets by Elm Park CLO Designated Activity Company.</p> <p>BGCF entered into a Forward Purchase Agreement with Griffith Park CLO Designated Activity Company. This matured on 8 September 2016 when BGCF purchased €29,000,000 of its subordinated notes, representing 59.55 per cent. ownership in conjunction with the purchase of the underlying assets by Griffith Park CLO Designated Activity Company.</p> <p>On 8 December 2016, BGCF purchased U.S. \$10,000,000 of Bristol Park CLO Limited's subordinated notes, representing 18.25 per cent.</p> <p>On 31 August 2016, BGCF invested U.S. \$5,000,000, and a further U.S. \$6,000,000 on 7 December 2016, in the form of preference shares in Grippen Park CLO Warehouse managed by an affiliate of Blackstone / GSO Debt Funds Management Europe Limited.</p> <p>BGCF entered into a Forward Purchase Agreement with Clarinda Park CLO Designated Activity Company. This matured on 15 November 2016 when BGCF purchased €23,100,000 of its subordinated notes, representing 51.22 per cent. ownership in conjunction with the purchase of the underlying assets by Clarinda Park CLO Designated Activity Company.</p> <p>On 1 November 2016, the total maximum funding amount for variable funding notes was reduced to €300,000,000.</p> <p>On 20 December 2016, the Class B2 shares were cancelled and the value of €15 plus €14,999,985 premium was repaid to the Company.</p> <p>The Company subsequently invested €15,000,000 in additional Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. CSWs. The proceeds from the issuance of the CSWs were then invested in additional PPNs.</p> <p>The Parent Company established three new subsidiaries, namely Plamerston Park DAC, Clontarf Park CLO DAC and Willow Park CLO DAC.</p> <p>On 30 January 2017, with regard to the classes of notes issued by Phoenix Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2 Notes and the class B Notes, pursuant to the Supplement Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 23 December 2016.</p> <p>On 14 March 2017, with regard to the classes of notes issued by Phoenix Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2A Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 9 February 2017.</p> <p>On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse. BGUCF purchased U.S.\$ 35,622,000 of the subordinated notes in Grippen Park CLO Limited, representing 60 per cent. ownership in conjunction with the purchase of underlying assets held by the CLO.</p> <p>On 17 March 2017, the Parent Company redeemed its holdings in Bristol Park CLO Limited.</p> <p>On 16 May 2017, with regard to the classes of notes issued by Sorrento Park CLO DAC, refinancing took effect on the class A-1A Notes, the class A-1B Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 18 May 2017.</p> <p>On 1 June 2017, the VFN Agreement was terminated and the Parent Company entered into the BGCF Facility Agreement.</p> <p>On 28 July 2017, with regard to the classes of the notes issued by Dartry Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2 Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to the noteholders via the Irish Stock Exchange's company announcements section on 2 August 2017.</p>
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		On 18 August 2017, with regard to the classes of notes issued by Orwell Park CLO DAC, refinancing took effect on the class A-1A Notes, the class A-1B Notes, the class A-2A Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 25 August 2017.
B8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> information about BGCF is included in this Prospectus.
B9	Profit forecast	Not applicable. No profit estimate or forecast is made.
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the audit reports on the historical financial information.
B34	Investment objective and policy	The investment objective and policy of BGCF mirrors the investment objective and policy of the Company set out above, subject to such additional restrictions as may be adopted by BGCF from time to time. Any proposed material changes to BGCF's investment policy will be subject to the process described in the Company's investment policy.
B35	Borrowing limits	Vertical strips in CLOs in which BGCF may invest are expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by BGCF investing in such CLO. This term financing may be full-recourse, non-mark to market, long-term financing which may, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO. In particular, and although not forming part of BGCF's investment policy, the following levels of, or limitations on, leverage are expected in relation to investments made by BGCF: <ul style="list-style-type: none"> ● senior secured loans and bonds may be levered up to 2.5x with term finance; ● investments in "first loss" positions or the "warehouse equity" in Loan Warehouses will not be levered; ● CLO Income Notes will not be levered; ● investments in CLO Securities rated B- and above at the time of issue may be funded entirely with term finance; and ● investments in a vertical strip may be levered 6.0-7.0x, with term finance as described above. <p>BGCF has access to a committed Senior Financing Facility which equals 250 per cent. of: (i) its NAV; plus (ii) retained net income from time to time; less (iii) the aggregate amount invested in CLO Retention Securities at cost. It is expected that the maximum funding amount under the Senior Financing Facility may be adjusted from time to time to reflect the Net Placing Programme Proceeds or the net proceeds from any additional Share issues, less the value of any Shares repurchased and the value of any further investments in CLO Income Notes (at cost). As such, there are no limits on the level of BGCF's borrowings.</p> <p>Any loans which are sold to a CLO having been purchased using such borrowings will typically have been held by BGCF for no more than 12 months. Except in relation to the CLO Retention Income Notes or CLO Retention Securities it holds, BGCF may enter into hedging and derivatives transactions pursuant to its investment activities, for the purposes of efficient portfolio management.</p>
B36	Regulatory status	Unregulated.
B37	Typical investors	Investment in BGCF is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand the risks involved in investing in BGCF.

B38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. BGCF may invest in excess of 40 per cent. of its gross assets in another collective investment undertaking and as a result B39 below is applicable.
B39	Investment of 40 per cent. or more in single underlying asset or investment company	BGCF may have exposure to equity securities issued by BGUCF. Please see Part C below of this summary for additional information in relation to BGUCF.
B40	Applicant's service providers	<p><i>Service Support Provider</i></p> <p>Blackstone / GSO Debt Funds Management Europe Limited has been appointed as the Service Support Provider to BGCF pursuant to the Portfolio Service Support Agreement.</p> <p><i>Corporate Services Provider</i></p> <p>Intertrust Management (Ireland) Limited, an Irish company, has been appointed as the Corporate Services Provider to BGCF pursuant to the terms of the Corporate Services Agreement entered into on 15 May 2014 between BGCF and the Corporate Services Provider.</p> <p><i>BGCF Administrator</i></p> <p>Virtus Partners Fund Services Ireland Limited has been appointed by BGCF as its administrator pursuant to the Fund Administration Agreement dated 10 February 2016 (as amended and restated on 13 October 2016 and as novated pursuant to a novation deed entered into on 7 April 2017), to provide BGCF with valuation, financial reporting and fund accounting services</p> <p><i>BGCF Custodian and BGCF Account Bank</i></p> <p>Citibank, N.A. London Branch has been appointed as BGCF Custodian and BGCF Account Bank of BGCF pursuant to the BGCF Custody Agreement dated 2 July 2014, and the BGCF Account Bank Agreement dated 2 July 2014 between: (i) BGCF; and (ii) Citibank, N.A. London Branch, in each case as amended, supplemented or modified from time to time. Pursuant to these agreements, the BGCF Custodian and BGCF Account Bank will act as account bank of BGCF and also act as custodian of certain of BGCF's investments and other assets.</p>
B41	Regulatory status of investment manager, investment adviser and custodian	BGCF does not have an investment manager. The BGCF Custodian is Citibank, N.A., London Branch a national banking association established under the laws of United States of America, acting through its London branch and having its registered address at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and registered with the Companies House under number BR001018.
B42	Calculation of Net Asset Value	Please see Section B of Part A above of this summary.
B43	Cross liability	Not applicable. BGCF is not an umbrella collective investment undertaking.
B44	No financial statements have been made up	Please see B7 above of this Part B of this summary.
B45	Portfolio	<p>As at 31 October 2018, BGCF, either directly or through BGUCF, had established and invested in CLO Income Notes issued by 28 CLOs, of which 16 were European CLOs and 12 were U.S. CLOs. BGCF's gross and net assets, as at 31 October 2018, are €1.0 billion and €882.2 million respectively. As at 31 October 2018, 75.3 per cent. of BGCF's investment portfolio comprised CLO Income Notes while 22.3 per cent. comprised loans, net of leverage drawn (each calculated as a percentage of BGCF's NAV).</p> <p>BGCF's direct and indirect loan portfolios are diversified across geography, industry and company.</p> <p>To the extent the Company is aware, there has been no material change in the portfolio of BGCF since 31 October 2018 requiring disclosure in this Prospectus.</p>
B46	Net Asset Value	Not applicable.

SECTION C – SECURITIES

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>								
C3	Number of securities in issue	<p>As at the date of this Prospectus, the share capital of BGCF is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Share Class</i></th> <th style="text-align: center;"><i>Number issued</i></th> <th style="text-align: center;"><i>Nominal Value of each share</i></th> <th style="text-align: center;"><i>Share Premium</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary</td> <td style="text-align: center;">200</td> <td style="text-align: center;">€1</td> <td style="text-align: center;">N/A</td> </tr> </tbody> </table>	<i>Share Class</i>	<i>Number issued</i>	<i>Nominal Value of each share</i>	<i>Share Premium</i>	Ordinary	200	€1	N/A
<i>Share Class</i>	<i>Number issued</i>	<i>Nominal Value of each share</i>	<i>Share Premium</i>							
Ordinary	200	€1	N/A							
C7	Dividend policy	BGCF's profits available for distribution and resolved to be distributed in accordance with the BGCF Articles are distributable by way of dividend to the holders of the ordinary shares. For so long as the unsecured Profit Participating Notes of BGCF are in issue, it is not anticipated that any dividends will be paid in respect of the shares of BGCF.								
SECTION D – RISKS										
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>								
D2	Key information on the key risks specific to the issuer or its industry.	Please see Section D of Part A above of this summary.								

PART C – BGUCF

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B1	Legal and commercial name	Blackstone / GSO US Corporate Funding, Ltd.
B2	Domicile and legal form	Exempted company with limited liability incorporated in the Cayman Islands.
B5	Group description	Not applicable. BGUCF is not a part of a group and does not have any subsidiaries.
B6	Notifiable interests/ voting rights	<p>Not applicable. No interest in BGUCF's capital or voting rights is notifiable under BGUCF's national law.</p> <p>None of BGUCF's shareholders have voting rights attached to the shares which they hold different from the voting rights attached to any other shares in the same class in BGUCF.</p>
B7	Key financial information	<p>The financial information for BGUCF has not been included as the financial information of BGUCF is only of minor importance to the issue of the Issue Shares and is unlikely to influence an informed assessment of the Company's assets, liabilities, financial position, profits and losses and prospects for the following reasons:</p> <ul style="list-style-type: none"> ● this information is already reflected in the Company Financial Statements which have been incorporated by reference into this Prospectus; and ● the audited accounts of BGCF included in the Prospectus also account for BGCF's share of BGUCF's holdings in the CLO Securities on a look-through basis.
B8	Key <i>pro forma</i> financial information	Please see B7 above.
B9	Profit forecast	Not applicable. No profit estimate or forecast is made.

B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable.
B34	Investment objective and policy	The investment objective and policy of BGUCF mirrors the investment objective and policy of the Company set out above, subject to such additional restrictions as may be adopted by BGUCF from time to time. Any proposed material changes to BGUCF's investment policy will be subject to the process described in the Company's investment policy.
B35	Borrowing limits	Vertical strips in CLOs in which BGUCF may invest are expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by BGUCF investing in such CLO. This term financing may be full-recourse, non-mark to market, long-term financing which may, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO. In particular, and although not forming part of BGUCF's investment policy, the following levels of, or limitations on, leverage are expected in relation to investments made by BGUCF: <ul style="list-style-type: none"> ● senior secured loans and bonds may be levered up to 2.5x with term finance; ● investments in "first loss" positions or the "warehouse equity" in Loan Warehouses will not be levered; ● CLO Income Notes will not be levered; ● investments in CLO Securities rated B- and above at the time of issue may be funded entirely with term finance; and ● investments in a vertical strip may be levered 6.0-7.0x, with term finance as described above. BGUCF may also seek other financing from time to time, at its discretion.
B36	Regulatory status	Unregulated.
B37	Typical investors	Investment in BGUCF is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand the risks involved in investing in BGUCF.
B38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. There are no investments of 20 per cent. or more in a single underlying asset or investment company.
B39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable. There are no investments of 40 per cent. or more in a single underlying asset or investment company.
B40	Applicant's service providers	<i>BGUCF Manager</i> DFM, appointed as the BGUCF Manager pursuant to the BGUCF Management Agreement, will be responsible for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof. <i>BGUCF Administrator</i> Intertrust SPV (Cayman) Limited has been appointed as the BGUCF Administrator pursuant to the BGUCF Administration Agreement, to act as administrator of BGUCF and provide various corporate administrative functions on behalf of BGUCF, including communications with BGUCF's shareholders and the general public and the provision of certain clerical, administrative and other corporate services.

B41	Regulatory status of investment manager, investment adviser and custodian	<p>BGUCF is managed by DFM (in its capacity as the BGUCF Manager). DFM is a Delaware limited liability company, incorporated on 7 June 2007 with registered number 4366626, with its registered office at 345 Park Avenue, New York, NY 10154. DFM is authorised by the Central Bank of Ireland as a non-EU Alternative Investment Fund Manager and is registered as an investment adviser under the Investment Advisers Act of 1940.</p> <p>BGUCF's assets are held by its custodian, Citibank, N.A., pursuant to a Custodial and Asset Administration Agreement dated as of 15 February 2017 and updated on 29 November 2017 among BGUCF, Virtus Partners Fund Services Ireland Limited and Citibank, N.A.</p>
B42	Calculation of Net Asset Value	Please see Section B of Part A above of this summary.
B43	Cross liability	Not applicable. BGUCF is not an umbrella collective investment undertaking.
B44	No financial statements have been made up	Please see B7 above of this Part C of this summary.
B45	Portfolio	<p>As at 31 October 2018, BGUCF has established and invested in CLO Income Notes issued by nine U.S. CLOs. As at 31 October 2018, BGUCF's gross and net assets are \$361 million; and 100 per cent. of BGUCF's investment portfolio comprised CLO Income Notes, calculated as a percentage of BGUCF's NAV). BGUCF's NAV return from inception to 31 October 2018, is 18.6 per cent.</p> <p>BGUCF's direct and indirect loan portfolios are diversified across geography, industry and company.</p> <p>To the extent the Company is aware, there has been no material change in the portfolio of BGUCF since 31 October 2018 requiring disclosure in this Prospectus.</p>
B46	Net Asset Value	Not applicable.

SECTION C – SECURITIES

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>												
C3	Number of securities in issue	<p>As at the date of this Prospectus, the authorised share capital of BGUCF is (1) U.S.\$50,000, divided into 250 ordinary voting shares of U.S.\$1.00 par value per share (the "BGUCF Ordinary Shares") and (2) 497,500,000 Preference Shares. The sole BGUCF Ordinary Share that has been issued as at the date of this Prospectus is held by Intertrust SPV (Cayman) Limited, under the terms of a declaration of trust in favour of charitable purposes.</p> <p>In addition,</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Share Class</i></th> <th style="text-align: right;"><i>Number issued</i></th> <th style="text-align: right;"><i>Nominal Value of each share</i></th> <th style="text-align: right;"><i>Share Premium</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> <td style="text-align: right;">1</td> <td style="text-align: right;">U.S.\$1</td> <td style="text-align: right;">N/A</td> </tr> <tr> <td>Class A Preference Shares</td> <td style="text-align: right;">398,276,690.858648</td> <td style="text-align: right;">U.S \$0.0001</td> <td style="text-align: right;">N/A</td> </tr> </tbody> </table>	<i>Share Class</i>	<i>Number issued</i>	<i>Nominal Value of each share</i>	<i>Share Premium</i>	Ordinary Shares	1	U.S.\$1	N/A	Class A Preference Shares	398,276,690.858648	U.S \$0.0001	N/A
<i>Share Class</i>	<i>Number issued</i>	<i>Nominal Value of each share</i>	<i>Share Premium</i>											
Ordinary Shares	1	U.S.\$1	N/A											
Class A Preference Shares	398,276,690.858648	U.S \$0.0001	N/A											
C7	Dividend policy	BGUCF's profits available for distribution and resolved to be distributed in accordance with the BGUCF Articles are distributable by way of dividend to the holders of its Class A Preference Shares. No dividends are paid with respect to the BGUCF Ordinary Shares for so long as any Class A Preference Shares are outstanding.												

SECTION D – RISKS

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D2	Key information on the key risks specific to the issuer or its industry.	Please see Section D of Part A above of this summary.

RISK FACTORS

Investment in the Company should be regarded as long-term in nature and involving a high degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Prospectus and the risks relating to the Company, the Shares and the Underlying Companies including, in particular, the risks described below which are not presented in any order of priority and may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Company in relation to itself and its industry and in relation to the Underlying Companies as at the date of this Prospectus have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the business, results of operations, financial conditions and prospects of the Company, the Underlying Companies, their respective Net Asset Values, and the market price of the Shares. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.

Prospective investors should also note that the risks relating to the Company, the Underlying Companies and the Shares summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

RISKS RELATING TO THE COMPANY

Past performance of the Company should not be taken to be a guide to its future performance or its ability to achieve its Investment Objective

No guarantee is made in relation to the performance of the Company, or the Shares. Past performance may not be an accurate predictor of future performance or returns and there is a risk that future market conditions may not allow for similar performance. Investments in the Company continue to be subject to the risk that the Company will not achieve its overall Investment Objective and that the value of an investment in the Company could decline substantially as a consequence. Any failure by the Company to achieve its Investment Objective may adversely affect its business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Company's returns and operating cash flows will depend on many factors, including the price and performance of the investments, the availability and liquidity of investment opportunities falling within the Company's Investment Objective and Policy, the level and volatility of interest rates, readily accessible short-term borrowings, the conditions in the financial markets and economy, the financial performance of obligors under the investments and the Company's ability successfully to operate its business and execute its investment strategy. There can be no assurance that the Company's investment strategy will be successful.

In addition, the existing performance data of the Company contained in this Prospectus may not reflect the performance data at the time of each Placing. There can be no assurance that the Company will be able to maintain its historic investment performance. Past performance of the Company should not be taken to be a guide to its future performance.

The Company's target return and target dividend yield are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual return and dividend yield may be materially lower than the targeted return and target dividend yield and could be negative

The Company's target return and target dividend yield set forth in this Prospectus are targets only and are based on estimates and assumptions concerning the performance of the Company and the Underlying

Companies which will be subject to a variety of factors including, without limitation, the availability of investment opportunities, asset mix, value, volatility, holding periods, performance of underlying portfolio debt issuers, investment liquidity, borrower default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the control of the Company and the Underlying Companies, and which may adversely affect the Company's ability to achieve its target return and target dividend yield. Such targets are based on market conditions and the economic environment at the time of assessing the proposed targets and the assumption that the Company and the Underlying Companies will be able to implement their investment policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the target return and/or target dividend yield can be achieved at or near the levels set forth in this Prospectus. Accordingly, the Company's actual rate of return and actual dividend yield achieved may be materially lower than the targets, or may result in a loss. A failure to achieve the target return and/or target dividend yield set forth in this Prospectus may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In particular, in relation to the Rollover Shares, the illustrative financial projections will be based on the bases and assumptions set out in Section B of Part X of this Prospectus. These bases and assumptions are based on estimates, which may not turn out to be accurate, and are for illustrative purposes only.

An investment in the Company will be a speculative investment of a medium to long-term nature and involves a high degree of risk. A Shareholder could lose all or a substantial portion of their investment in the Company. Shareholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.

Material changes affecting global debt and equity capital markets may have a negative effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares

The Company and the Underlying Companies may be affected by market, economic, fiscal and political conditions globally and in the jurisdictions and sectors in which it invests or operates, including conditions affecting interest rates and the availability of credit. Unexpected volatility, illiquidity, governmental action, currency devaluation or other events in the global markets could impair the value of the Company's, and the Underlying Companies', investments and could cause some or all of the Company's, and the Underlying Companies', investments to incur substantial losses. These factors are outside the control of the Company and the Underlying Companies and could adversely affect the liquidity and value of the Rollover Assets and the investments, and may, in the case of the Underlying Companies, reduce their ability to make attractive new investments.

In particular, in the recent past, economic and financial market conditions have experienced volatility and disruption, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market and the failure of major financial institutions during prior periods. Despite actions of governmental authorities, these events had contributed to general economic conditions that materially and adversely affected the broader financial and credit markets and reduced, and in certain circumstances, significantly reduced, the availability of debt and equity capital. Among the sectors of the global credit markets that experienced difficulty during the credit crisis were the structured and leveraged finance markets including collateralised debt and loan obligations. Although the leveraged and structured finance and loan and CLO markets have made significant recoveries from the adverse impact of the global financial crisis, there can be no assurance that any such markets will not be adversely impacted by future economic downturns or market volatility.

Further, within the banking sector, the default of any institution could lead to defaults by other institutions. Concerns about, or default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect other third parties with whom the Company, and the Underlying Companies, deal. The Company and the Underlying Companies may therefore be exposed to systemic risk when dealing with various third parties whose creditworthiness may be exposed to such systemic risk.

Recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the investments (and, by extension, on the NAV and/or the market price of the Shares), and on the potential for liquidity events involving such investments. In the future, non-performing assets in the Rollover Assets, or in the Underlying Companies' portfolios or in the Loan Warehouses in which the Underlying Companies invest, may cause the value of that portfolio to decrease (and, by extension, the NAV and/or the market price of the Shares to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the investments.

Conversely, in the event of sustained market improvement, the Underlying Companies, and indirectly the Company, may have access to a reduced number of attractive potential investment opportunities, which also may result in limited returns to Shareholders.

Significant risks for CLO transactions (and therefore investors in such transactions such as the investments of the Company and the Underlying Companies in CLO Income Notes or CLO Securities) exist as a result of the current economic conditions. These risks include, among other things: (i) the likelihood that the CLO issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market; (ii) the possibility that, on or after the date on which the CLO is issued, the price at which assets can be sold by the CLO issuer will have deteriorated from their effective purchase price; and (iii) the illiquidity of the notes issued by the CLO issuer. These additional risks may affect the returns on the securities (such as the investments of the Company and the Underlying Companies in CLO Income Notes or CLO Securities) to investors and/or the ability of investors to realise their investment in the securities prior to their maturity date.

Difficult macro-economic conditions may adversely affect the rating, performance and the realisation value of the collateral of a CLO. Default rates on loans and other investments may continue to fluctuate and, accordingly, the performance of many CLO transactions and other types of investment vehicles or transactions may suffer as a result. It is also possible that the collateral of a CLO will experience higher default rates than anticipated and that performance will suffer.

Many financial institutions, including banks, continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on a CLO issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty, or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the CLO issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the CLO issuer, the collateral of the CLO and the CLO Securities.

The global credit crisis and its consequences, together with the perceived failure of the preceding financial regulatory regime, continue to be factors that drive legislation and regulators towards a restrictive regulatory environment, including the implementation of further regulations which will affect financial institutions, markets, derivative or securitised instruments and the bond market. Such additional laws and regulations could, among other things, adversely affect the holders of CLO Securities as well as the flexibility of the CLO Manager in managing and administering the collateral of the CLO. Increasing capital requirements and changing laws and regulations may also result in some financial institutions exiting, curtailing or otherwise adjusting some trading, hedging or investment activities which may have effects on the liquidity of investments such as the CLO Securities as well as the collateral of the CLO.

While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that CLO or structured finance markets will recover at the same time or to the same degree as such other recovering sectors.

The result of the UK referendum and the subsequent decision of the UK government to exercise Article 50 of the Treaty on the European Union may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares

The United Kingdom voted to leave the European Union in a referendum on 23 June 2016, and the UK government on 29 March 2017 exercised its right under Article 50 of the Treaty on the European Union to leave the European Union. The political, economic, legal and social consequences of this and the ultimate outcome of the negotiations between the UK and the European Commission are currently uncertain and may

remain uncertain for some time to come, which creates a risk of potentially prolonged political and economic uncertainty and negative economic trends. This may affect the Company's risk profile through introducing potentially significant new uncertainties and instability in financial markets. These uncertainties may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. In addition, it is unclear at this stage what the consequences would be for CLO issuers, CLO Managers, the Underlying Companies or the Company should the UK leave the European Union.

The Company or an Underlying Company's failure to comply with its contractual obligations to manage its assets in accordance with its investment policy could have adverse tax and other consequences which could have a significant adverse effect on the Company's business, financial condition and results of operations

Pursuant to the NPA and the terms of the unsecured Profit Participating Notes, BGCF is contractually obliged to ensure that its portfolio is managed in accordance with its investment objective and policy. In the event that BGCF fails to comply with these contractual obligations, LuxCo could elect for the unsecured Profit Participating Notes to become immediately due and repayable by BGCF (subject to any applicable legal, contractual and regulatory restrictions). There is no guarantee that the applicable legal, contractual and regulatory restrictions would permit BGCF immediately to repay the unsecured Profit Participating Notes on LuxCo making such an election and, if it does, this could also have significant adverse consequences from a tax perspective both at the time of the repayment of the unsecured Profit Participating Notes and on an ongoing basis until another tax efficient vehicle could be introduced into the structure to own the portfolio. If LuxCo were to elect for the unsecured Profit Participating Notes to be repaid, BGCF's failure to fully comply with its contractual obligations to do so or BGCF being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's business, financial condition and results of operations.

Similarly, the failure of the Company or the Underlying Companies (including those established in the future) to comply with their contractual obligations could have similarly adverse effects on the Company's business, financial condition and results of operations.

The Company's NAV is calculated based on the NAV of the Underlying Companies and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised

The Company's NAV is calculated with reference to the Rollover Assets and the NAV of the Underlying Companies, which is typically calculated by third parties and the NAV of the Underlying Companies will be subject to valuation risk (see the risk factor entitled "*The investments may be difficult to value accurately and, as a result, the Company may be subject to valuation risk*"). If a valuation estimate provided to the Company by an Underlying Company subsequently proves to be incorrect, no adjustment to any previously calculated NAV will be made. Any acquisitions or disposals of Shares based on previous erroneous NAVs may result in losses for shareholders.

The CLO Securities held by the Company and the Underlying Companies and the loans and other corporate debt instruments (including investments in Loan Warehouses) held directly by the Underlying Companies are and will be valued monthly and the Company's Net Asset Value is calculated based on these values. Therefore, the actual value of the CLO Securities, the investments in Loan Warehouses and the loans and other corporate debt instruments at any given time may be different from the value based on which the Company's latest Net Asset Value has been calculated.

Investors should note that where a loan or other debt instrument becomes subject to a Forward Purchase Agreement (described further in Part VIII of this Prospectus), the relevant Underlying Company holding such loan or other debt instrument will (subject to certain conditions as set out in paragraph 6 of Part VIII of this Prospectus) neither receive the market price gain nor bear the market price loss that occurs between the date when the loan or other debt instrument is added to the Forward Purchase Agreement and the date when the transfer occurs.

Additionally, if, for any reason, the directors of an Underlying Company suspend the calculation of its NAV, the Company will also have to suspend the calculation of its NAV. In such circumstances, the Shares may become subject to speculation regarding the value of the assets within such Underlying Company's portfolio and this may have an adverse effect on the market price of the Shares.

The Company and the Underlying Companies will, to some extent, be reliant on third party service providers (including DFME and DFM) to carry on their businesses and a failure by one or more service providers may materially disrupt the businesses of the Company and the Underlying Companies

The Company has no employees and the Directors have all been appointed on a non-executive basis. BGCF also has non-executive directors and no employees. DFME, as part of the services it provides under the terms of the Portfolio Service Support Agreement, is responsible for providing BGCF with the necessary human resources, credit and other service support resources to perform the functions necessary to the business of BGCF. DFME, in its capacity as Adviser, also provides some advisory services to the Company, limited to the provision of information and explanations, pursuant to the Advisory Agreement. In addition, DFME or DFM (or one of their affiliates) acts as CLO Manager in respect of the Underlying Company CLOs and the Rollover Assets. DFM also acts as Rollover Portfolio Manager to the Company pursuant to the Rollover Portfolio Management Agreement and is responsible for realising the Rollover Assets and re-investing the proceeds of such realisations into CSWs issued by Luxco, thereby providing exposure to PPNs issued by BGCF to LuxCo. Therefore, the Company and BGCF are to some extent reliant upon the performance of DFME, DFM and/or their affiliates and other third party service providers for the performance of certain functions.

Failure by any service provider to carry out its obligations to the Company or any Underlying Company in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the event that it is necessary for the Company or any Underlying Company to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. See further risk factor entitled "*The performance of the Company, BGCF, and BGUCF has some dependence on the skills and the personnel of DFME, DFM and the human resources DFME provides to BGCF in its capacity as the Service Support Provider*" below.

The Profit Participating Notes issued by BGCF and held by LuxCo, the Company's wholly owned subsidiary, are unsecured and limited recourse obligations of BGCF and will be subordinated to the rights of any secured Senior Financing Provider and any hedging liabilities of BGCF

The Profit Participating Notes are unsecured obligations of BGCF and amounts payable on the Profit Participating Notes will be made solely from amounts received in respect of the assets of BGCF available for distribution to its unsecured creditors (subject to further conditions as further described in 5.1 of Part VII of this Prospectus). BGCF has and is permitted to incur secured debt in the form of one or more Senior Financing Facilities. Such secured debt will rank ahead of the Profit Participating Notes in respect of any distributions or payments by BGCF. In an enforcement scenario under any Senior Financing Facility, the provider(s) of such facilities will have the ability to enforce their security over the assets of BGCF and to dispose of or liquidate (on their own behalf or through a security trustee or receiver) the assets of BGCF in a manner which is beyond the control of BGCF. In such an enforcement scenario, there is no guarantee that there will be sufficient proceeds from the disposal or liquidation of BGCF assets to repay any amounts due and payable on the Profit Participating Notes and this may adversely affect the performance of the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. As further detailed herein, BGCF may utilise financial instruments to, among other things, hedge against declines in the value of its assets (excluding any CLO Retention Income Notes and the CLO Retention Securities) as a result of changes in currency exchange rates or to swap payments it receives in currencies other than Euro for Euro. The payment of hedging liabilities will rank ahead of any payments on the Profit Participating Notes.

The Profit Participating Notes issued or to be issued by BGCF and held by LuxCo, the Company's wholly owned subsidiary, have limited liquidity

The Profit Participating Notes are admitted to the official list and trading on the Global Exchange Market of the Irish Stock Exchange ("**GEM**"). There can be no assurance that such listing will be maintained. Notwithstanding the foregoing, there is currently no secondary market for the Profit Participating Notes. There can be no assurance that any secondary market for the Profit Participating Notes will develop or, if a

secondary market does develop, that it will provide the Company with liquidity of investment or that it will continue for the life of the Profit Participating Notes.

Consequently, in the event of a material adverse event occurring in relation to BGCF, LuxCo or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in LuxCo and LuxCo's investment in BGCF. This delay could materially affect the value of the Profit Participating Notes and the timing of when BGCF is able to realise its investments, which may adversely affect the Company's business and that of LuxCo, financial condition, results of operations, NAV and/or the market price of the Shares.

The investments may be difficult to value accurately and, as a result, the Company may be subject to valuation risk

The portfolios of the Company and the Underlying Companies may at any given time, include securities or other financial instruments or obligations which are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately. Further, because of overall size or concentration in particular markets of positions held by the Underlying Companies, the value of their investments which can be liquidated may differ, sometimes significantly, from their valuations. Third party pricing information may not be available for certain positions held by the Company and the Underlying Companies. Investments to be held by the Company and the Underlying Companies may trade with significant bid-ask spreads. The Company and the Underlying Companies will be entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and valuation sources. In the absence of fraud, gross negligence (under New York law), bad faith or manifest error, valuation determinations in accordance with the Companies', and the Underlying Companies', valuation policies will be conclusive and binding.

RISKS RELATING TO THE INVESTMENT STRATEGY

Market factors may result in the failure of the investment strategy

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy-specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). Furthermore, an imbalance of supply and demand favouring borrowers could result in yield compression, higher leverage and less favourable terms to the detriment of all investors in the relevant asset class. The investment strategy employed by the Company (and through the Underlying Companies) is speculative and involves substantial risk of loss in the event of a failure or deterioration in the financial markets, although the Company and the Underlying Companies may have certain investment limits which define to a degree how they invest. As a result, the Company's investment strategy may fail, and it may be difficult for the Directors to amend the Company's investment strategy quickly or at all should certain market factors appear, which may adversely affect the performance of the Company and the Underlying Companies and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The investment strategy of the Company and the Underlying Companies will include investing in senior secured loans (directly and through investment in the Loan Warehouses), bonds and CLO Securities which are subject to a risk of loss of principal

The investment strategy of the Company and the Underlying Companies will consist of investing in senior secured loans (directly and through an investment in Loan Warehouses), bonds and CLO Securities. Such investments may be considered to be subject to a level of risk in the case of deterioration of general economic conditions, which might increase the risk of loss of principal. This could result in losses to the Company and/or the Underlying Companies which could have a material adverse effect on the performance of the Company and/or the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the event of a default in relation to an investment, the Company and the Underlying Companies will bear a risk of loss of principal and accrued interest

The performance of the Company's investments may be affected by the default or perceived credit impairment of investments made by the Company and/or the Underlying Companies and by general or sector specific credit spread widening. Credit risks associated with the investments include (among others): (i) the possibility that earnings of an obligor may be insufficient to meet its debt service obligations; (ii) an obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of an obligor during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the value of the investments and the ability of the obligors thereof to repay principal and interest. In turn, this may adversely affect the performance of the Company and/or Underlying Companies, and by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the event of a default in relation to an investment held by them, the Company and/or the Underlying Companies will bear a risk of loss of principal and accrued interest on that investment. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment. In addition, significant costs might be imposed on the lender, further affecting the value of the investment. The liquidity in such defaulted investments may also be limited and, where a defaulted investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that investment. This would adversely affect the value of the portfolio of the Company and/or the portfolios of the Underlying Companies and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Company's, or the Underlying Companies', anticipated return on a restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Company's or the Underlying Companies' anticipated return on such a restructured loan.

The illiquidity of investments may have an adverse impact on their price and the Rollover Portfolio Manager's, and/or the Underlying Companies', ability to trade in them or require significant time for capital gains to materialise

Credit markets may from time to time become less liquid, leading to valuation losses on the investments making it difficult to acquire or dispose of them at prices the Rollover Portfolio Manager, or an Underlying Company, considers their fair value. Accordingly, this may impair the Rollover Portfolio Manager's, and/or the Underlying Companies', ability to respond to market movements and the Company and the Underlying Companies may experience adverse price movements upon liquidation of such investments. Liquidation of portions of the portfolio under these circumstances could produce realised losses. The size of the Company's, or the Underlying Companies', positions may magnify the effect of a decrease in market liquidity for such instruments. Settlement of transactions may be subject to delay and uncertainty. Such illiquidity may result from various factors, such as the nature of the instrument being traded, or the nature and/or maturity of the market in which it is being traded, the size of the position being traded, or lack of an established market for the relevant securities. Even where there is an established market, the price and/or liquidity of instruments in that market may be materially affected by certain factors.

The Investment Objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds 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 Underlying Companies. Investments which are in the form of loans are not as easily purchased or sold as publicly traded securities due to the unique and more customised nature of the debt agreement and the private syndication process. As a result, there may be a significant period between the date that an Underlying Company makes an investment and the date that any capital gain or loss on such investment is realised. Moreover, the sale of restricted and illiquid securities may result in higher brokerage charges or dealer discounts and other

selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Further, the Rollover Portfolio Manager, and /or the Underlying Companies, may not be able readily to dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time, which could materially and adversely affect the performance of the Company and the Underlying Companies and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. See further the risk factor titled "Underlying Companies which hold CLO Securities or CLO Income Notes relating to CLOs that are intended to be compliant with the European Risk Retention Requirements may be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Securities or CLO Income Notes, as applicable, except to the extent permitted by the European Risk Retention Requirements, which places limitations on the ability of LuxCo, the Company's wholly owned subsidiary, to redeem the Profit Participating Notes" below.

In the case of deals structured to be compliant with the European Risk Retention Rules, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules.

The Company, and the Underlying Companies, may hold a relatively concentrated portfolio

The Company, and the Underlying Companies, may nevertheless hold a relatively concentrated portfolio, although the Company still expects that its portfolio will satisfy the diversification requirements of the Listing Rules. There is a risk that the Company, or an Underlying Company, could be subject to significant losses if any obligor, especially one with whom the Company, or an Underlying Company, had a concentration of investments, were to default or suffer some other material adverse change. The level of defaults in the portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. Any of these factors could adversely affect the value of the portfolio and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Company, and the Underlying Companies, may be exposed to foreign exchange risk, which may have an adverse impact on the value of their assets and on their results of operations

The base currency of the Company and BGCF is the Euro. Certain of the Company's, and an Underlying Company's, assets may be invested in securities and other investments which are denominated in currencies other than its base currency. Accordingly, the Company, and such Underlying Companies, will necessarily be subject to foreign exchange risks and the value of its assets may be affected unfavourably by fluctuations in currency rates. Although the Company, and the Underlying Companies, may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates or to swap payments they receive in currencies other than their base currency for their base currency, they are not obliged to do so and may terminate any hedge contract at any time. Moreover, it may not be possible for the Company, or an Underlying Company, to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Company, or such Underlying Company and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The hedging arrangements of the Company and/or the Underlying Companies may not be successful

The Company's, or an Underlying Company's, economic risks cannot be effectively hedged and, as described further in the risk factor entitled "*Individual share classes may be exposed to currency risk*" the Company does not intend enter into any hedging arrangements in relation to the Rollover Assets. However, in connection with the financing of certain investments, the Company, and/or the Underlying Companies, may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities' prices and/or currency exchange rates. However, some residual risk may remain as a result of

imperfections and inconsistencies in the market and/or in the hedging contract. While such hedging transactions may reduce certain risks, they create others. Underlying Companies which hold CLO Securities or CLO Income Notes relating to CLOs that are intended to be compliant with the European Risk Retention Requirements will not be permitted to enter into hedging with respect to any CLO Retention Income Notes and the CLO Retention Securities.

In the case of deals structured to be compliant with the European Risk Retention Rules, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules.

The Company, and the Underlying Companies, may utilise certain derivative instruments (including, without limitation, single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes) for hedging purposes. However, even if used primarily for hedging purposes, the prices of derivative instruments are highly volatile, and acquiring or selling such instruments involves certain leveraged risks. There may be an imperfect correlation between the instrument acquired for hedging purposes and the investments or market sectors being hedged, in which case, a speculative element is added to the highly leveraged position acquired through a derivative instrument primarily for hedging purposes. In particular, the investments which are in the form of loans may, in certain circumstances, be repaid at any time on short notice at no cost, and accordingly the hedging of interest rate or currency risk in such circumstances may be less precise than is the case with investments in the public securities market.

Furthermore, default by any hedging counterparty in the performance of its obligations could subject the investments to unwanted credit and market risks. Accordingly, although the Company, and the Underlying Companies, may benefit from the use of hedging strategies, failure to properly hedge the market risk in the investments and/or default of a counterparty in the performance of its obligations under a hedging contract may have a material adverse effect on the performance of the Company and the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares, and such material adverse effects may exceed those which may have resulted had no hedging strategy been employed.

Under certain hedging contracts that the Company, or the Underlying Companies, may enter into, the Company, or an Underlying Company, may be required to grant security interests over some of its assets to the relevant counterparty as collateral

In connection with certain hedging contracts, the Company, or an Underlying Company, may be required to grant security interests over some of its assets to the relevant counterparty to such hedging contract as collateral. Such hedging contracts typically will give the counterparty the right to terminate the agreement upon the occurrence of certain events. Such termination events may include, among others, a failure by a Company, or an Underlying Company, to pay amounts owed when due, a failure to provide required reports or financial statements, a decline in the value of the investments secured as collateral, a failure to maintain sufficient collateral coverage, a failure by the Company, or an Underlying Company, to comply with the Company's Investment Policy and any investment restrictions, key changes in the Company's, or an Underlying Company's management, a significant reduction in the Company's, or an Underlying Company's Net Asset Value, and material violations of the terms, representations, warranties or covenants contained in the hedging contract, as well as other events determined by a counterparty. If a termination event were to occur, there may be a material adverse effect on the performance of the Company or such Underlying Company, and by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The use of leverage by an Underlying Company may increase the volatility of returns and providers of leverage would rank ahead of investors in such Underlying Company in the event of insolvency

An Underlying Company may employ leverage in order to increase investment exposure with a view to achieving its target return. While leverage presents opportunities for increasing total returns, it can also have the effect of increasing the volatility of the performance of Underlying Companies and, by extension, the

Shares, including the risk of total loss of the amount invested. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, an Underlying Company's Net Asset Value will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used. As a result of leverage, small changes in the value of the underlying assets may cause a relatively large change in the value of an Underlying Company. Many financial instruments used to employ leverage are subject to variation or other interim margin requirements, which may force premature liquidation of investments. Investors should be aware that the use of leverage by Underlying Companies can be considered to multiply the leverage effect on their investment returns in the Company. As described above, while this effect may be beneficial when markets' movements are favourable, it may result in a substantial loss of capital when markets' movements are unfavourable.

In addition, such leverage may involve granting of security or the outright transfer of specific investments in the portfolio. In particular, since there is no security created in respect of BGCF's obligations under the Profit Participating Notes or in respect of shares held by the Company in BGCF, on any insolvency of BGCF, the Company could rank behind BGCF's financing and hedging counterparties, whose claims will be considered as indebtedness of BGCF and may be secured. Leverage does create opportunities for greater total returns on the investments but simultaneously may create special risk considerations by exaggerating changes in the total value of BGCF's Net Asset Value and in the yield on the investments and, subsequently, the yield on the Profit Participating Notes held by LuxCo, the Company's wholly owned subsidiary.

In addition, to the extent leverage is employed, Underlying Companies may be required to refinance transactions from time to time. On each refinancing, the applicable counterparty may choose to re-negotiate the terms of each transaction or indeed not to refinance the transaction at all. To the extent refinancing facilities are not available in the market at economic rates or at all, Underlying Companies may be required to sell assets at disadvantageous prices. Any such deleveraging may result in losses on investments which could be severe and accordingly could have a material adverse effect on the performance of Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Interest rate fluctuations could expose the Company, and the Underlying Companies, to additional costs and losses

The prices of the investments that may be held by the Company, and the Underlying Companies, tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments. Further, the Company, and/or the Underlying Companies, may invest in both floating and fixed rate securities and interest rate movements will affect those respective securities differently. In particular, when interest rates rise significantly the value of fixed interest rate securities often fall. Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Company, and/or the Underlying Companies, to additional costs and losses. Any of the above factors could materially and adversely affect the performance of the Company, and the Underlying Companies and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The use of leverage, including borrowings, may increase the volatility of the Company's Net Asset Value per Share and also amplify any loss in the value of the Company's assets

While the use of borrowing should enhance the total return on the Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is falling or rising at a lower rate than the cost of borrowing, reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of a Share). Any reduction in the number of Shares in issue (for example, as a result of buy-backs or tender offers) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowing.

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

In the event of the insolvency of an obligor in respect of an investment, or of an underlying obligor in respect of an investment, the return on such investment to the Company, and to the Underlying Companies, may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that obligor or underlying obligor and any of their respective assets

In the event of the insolvency of an obligor in respect of an investment (and in the case of the CLO Securities or Loan Warehouses, the obligors of the assets within the relevant CLO's or Loan Warehouse's portfolio), the Company, or the Underlying Companies', (or the CLO issuer's, in the case of CLO Securities or the Loan Warehouses', in the case of investment in a Loan Warehouse) recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction of incorporation of such obligor or in the jurisdiction in which such obligor mainly conducts its business (if different from the jurisdiction of incorporation), and/or in the jurisdiction in which the assets of such obligor are located. Such insolvency regimes impose rules for the protection of creditors and may adversely affect the ability to recover such amounts as are outstanding from the insolvent obligor under the investment, which may adversely affect the performance of the Company, or the Underlying Companies (or the CLO or Loan Warehouse, if applicable), and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Similarly, the ability of obligors to recover amounts owing to them from insolvent underlying obligors may be adversely impacted by any such insolvency regimes applicable to those underlying obligors, which in turn may adversely affect the abilities of those obligors to make payments due under the investment to the Company, or the Underlying Companies, on a full or timely basis.

In particular, it should be noted that a number of European jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent obligors or underlying obligors subject to those regimes. The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for senior secured loans, entered into or issued in such jurisdictions, any of which may have a material adverse effect on the performance of a CLO, Loan Warehouse, the Company or Underlying Companies and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Company, an Underlying Company, a Loan Warehouse or a CLO issuer may be subject to losses on investments as a result of insolvency or clawback legislation and/or fraudulent conveyance findings by courts

Various laws enacted for the protection of creditors and stakeholders may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that an obligor did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest securing such investment, and, after giving effect to such indebtedness, the obligor: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the obligor; or (c) recover amounts previously paid by the obligor (including to the Company an Underlying Company, a Loan Warehouse or a CLO issuer) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if an obligor in whose debt the Company, an Underlying Company, a Loan Warehouse or a CLO issuer has an investment becomes insolvent, any payment made on such investment may be subject to avoidance, cancellation and/or clawback as a

"preference" if made within a certain period of time (which for example under some current laws may be as long as two years) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from a the Company, or an Underlying Company, a Loan Warehouse or a CLO issuer, there will be an adverse effect on the performance of the CLO issuer and/or the Company and/or such Underlying Company and/or such Loan Warehouse and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Credit ratings assigned to the CLO Securities by rating agencies may not remain for any given period of time and/or may be lowered or withdrawn entirely

Credit ratings, such as those assigned to certain of the CLO Securities, represent a rating agency's opinion regarding the credit quality of an investment asset but are not a guarantee of such quality. There is no assurance that a rating accorded to any of the CLO Securities will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgement, circumstances in the future so warrant. In the event that a rating initially assigned to any of the CLO Securities is subsequently lowered for any reason, no person or entity is required to provide any additional support or credit enhancement with respect to any such CLO Securities and the market value and liquidity of such CLO Securities is likely to be adversely affected.

Prospective investors should be aware that, as a result of the recent economic events, rating agencies have undertaken extensive reviews of their rating methodology and criteria used to rate notes issued as part of CLO transactions. This could impact on the ratings assigned to the CLO Securities after their issuance and potentially result in the downgrade or withdrawal thereof following their issue.

The rating agencies may change their published ratings criteria or methodologies for securities such as the CLO Securities at any time in the future. Further, rating agencies may retroactively apply any new standards to the ratings of the CLO Securities. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any CLO Securities, despite the fact that such CLO Securities might still be performing fully to the specifications set forth for such CLO Securities. The rating assigned to any CLO Securities may also be lowered following the occurrence of an event or circumstance despite the fact that the related rating agency previously provided confirmation that such occurrence would not result in the rating of such CLO Securities being lowered. Additionally, any rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any CLO Securities. If any rating initially assigned to any CLO Securities is subsequently lowered or withdrawn for any reason, holders of such CLO Securities may not be able to resell their CLO Securities without a substantial discount. Any reduction or withdrawal to the ratings on any CLO Securities may significantly reduce the liquidity of the CLO Securities and may adversely affect the CLO's ability to make certain changes to the composition of its collateral.

The due diligence process that Underlying Companies are intended to undertake in evaluating specific investment opportunities may not reveal all facts that may be relevant in connection with such investment opportunities and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of an Underlying Company's due diligence on investment opportunities

When conducting due diligence and making an assessment regarding an investment, an Underlying Company will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential obligors, any equity sponsor(s), lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information.

An Underlying Company will select investments in part on the basis of information and data relating to potential investments filed with various government regulators and publicly available or made directly available to an Underlying Company by the entities filing such information or third parties. Although an Underlying Company will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, such Underlying Company will not be in a position to

confirm the completeness, genuineness or accuracy of such information and data. An Underlying Company is dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general.

The value of an investment made by an Underlying Company may be affected by fraud, misrepresentation or omission on the part of an obligor, underlying obligor, any related parties to such obligor or underlying obligor, or by other parties to the investment (or any related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the investment and/or the value of the collateral underlying the investment in question and may adversely affect an Underlying Company's ability to enforce its contractual rights relating to that investment or the relevant obligor's ability to repay the principal or interest on the investment.

Investment analysis and decisions by an Underlying Company may be undertaken on an expedited basis in order to make it possible for such Underlying Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, an Underlying Company may not have sufficient time to evaluate fully such information even if it is available.

Accordingly, it cannot be guaranteed that the due diligence investigation that Underlying Companies are intended to carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by an Underlying Company to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the performance of such Underlying Company and, by extension, on the Company's business, financial condition, results of operations, NAV and/ or the market price of the Shares.

The collateral and security arrangements attached to an investment may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions

The collateral and security arrangements in relation to secured obligations in which the Company, or an Underlying Company, may invest (and the security arrangements relating to the underlying assets of CLOs) will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an obligor, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of, or in the event of a default, the recovery of principal or interest from, such investments. Accordingly, any such failure properly to create or perfect collateral and security interests attaching to the investments may adversely affect the performance of the CLO issuer and/or the Company and/or an Underlying Company and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The investments will be based in part on valuations of collateral which are subject to assumptions and factors that may be incomplete, inherently uncertain or subject to change

A component of an Underlying Company's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the obligor (and in the case of the CLO Securities and the Loan Warehouses, the obligors of the assets within the relevant portfolio). This residual or recovery value will be driven primarily by the value of the anticipated future cashflows of the obligor's business and by the value of any underlying assets constituting the collateral for such investment. The anticipated future cashflows of the obligor's business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available. If the recovery value of the collateral associated with the investments in which an Underlying Company or a CLO issuer invests (or in the Rollover Assets in which the Company is invested) decreases or is materially worse than expected by the Company, an Underlying Company or a CLO issuer (as applicable), such a decrease or deficiency may affect the value of the investments made by an Underlying Company or a CLO issuer or of the Rollover Assets. Accordingly, there will be an adverse effect on the performance of the Company and/or the CLO issuer and/or an Underlying Company and, by extension, on the Company's business, financial condition, results of operations, NAV and/ or the market price of the Shares.

CLO Income Notes and certain investments in Loan Warehouses are volatile and interest and principal payments payable on such instruments are not fixed

CLO Income Notes are the most subordinated tranche of a CLO and all payments of principal and interest on such CLO Income Notes are fully subordinated. In addition, investments in Loan Warehouses are expected to be the most subordinated tranche of debt issued in the Loan Warehouse. Interest and principal payments are not fixed but are based on residual amounts available to make such payments. As a result, payments on such CLO Income Notes or Loan Warehouse investments will be made by the CLO issuer or Loan Warehouse vehicle to the extent of available funds, and no payments thereon will be made until amongst other things: (i) the payment of certain costs, fees, taxes and expenses have been made; (ii) interest and principal (respectively) has been paid on the more senior notes of the CLO or more senior debt of the Loan Warehouse (as applicable) and (iii) certain other amounts have been paid to the secured creditors of the CLO or Loan Warehouse, including without limitation, amounts payable to the holders of CLO Securities and any hedge counterparties in respect of CLOs. Non-payment of interest or principal on such CLO Income Notes or Loan Warehouse investments will be unlikely to cause an event of default in relation to the CLO issuer or the Loan Warehouse vehicle (as applicable).

CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities are highly leveraged investments

CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities represent highly leveraged investments in the underlying assets of the CLO issuer or the Loan Warehouse (as applicable). Accordingly, it is expected that changes in the market value of such CLO Income Notes, Loan Warehouse investments and junior tranches of CLO Securities will be greater than changes in the market value of the underlying assets of the CLO issuer or the Loan Warehouse, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the opportunities for gain and risk of loss of investors in CLO Income Notes, Loan Warehouses and junior tranches of CLO Securities. In certain scenarios, the CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities may be subject to a partial or a 100 per cent. loss of invested capital. CLO Income Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio of a CLO issuer, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of such CLO Income Notes prior to the rest of the capital structure.

CLO Securities and investments in Loan Warehouses are limited recourse obligations of the CLO issuer or warehouse vehicle (as applicable)

CLO Securities and investments in Loan Warehouses are limited recourse obligations of the CLO issuer or warehouse vehicle (as applicable) and amounts payable on such CLO Securities or Loan Warehouse investments are payable solely from amounts received in respect of the collateral of the CLO issuer or warehouse vehicle (as applicable). Payments on CLO Securities and Loan Warehouse investments prior to and following enforcement of the security over the collateral of a CLO issuer are subordinated to the prior payment of certain costs, fees and expenses of, or payable by, the CLO issuer or warehouse vehicle and to payment of principal and interest on more senior notes of the CLO issuer or senior debt in the Loan Warehouse. To the extent that any interest is not paid on any class of deferrable CLO Securities on any payment date on which such class is not the highest ranking outstanding class, although such amounts will not be added to the principal balance of the related class of CLO Securities, such amounts will be deferred and will bear interest at the interest rate applicable to such CLO Securities, and the failure to pay such amounts will not be an event of default under the relevant terms and conditions of the CLO Securities. Except as provided in the priority of payments of the CLO, no payments of interest or distributions from interest proceeds will be made on any lower ranking class of CLO Securities on any payment date until interest on each priority class has been paid, and no payments of principal will be made on any lower ranking class of CLO Securities on any payment date until principal of each priority class has been paid in full. If any coverage test is not satisfied in relation to any CLO payment date on which it is applicable, cash flows otherwise payable to lower ranking classes of CLO Securities will be diverted to the payment of principal of priority classes of CLO Securities.

The holders of CLO Securities and investments in Loan Warehouses must rely solely on distributions on the collateral of the CLO or the Loan Warehouse (as applicable) for payment of principal and interest, if any, on the CLO Securities or Loan Warehouse investments (as applicable). There can be no assurance that the

distributions on the collateral of a CLO or Loan Warehouse (as applicable) will be sufficient to make such payments. If distributions are insufficient to make payments on the CLO Securities or Loan Warehouse investments (as applicable), no other assets of the CLO issuer or Loan Warehouse will be available for payment of the deficiency and following realisation of the collateral and the application of the proceeds thereof, the obligations of the CLO issuer or Loan Warehouse to pay such deficiency shall be extinguished. Such shortfall will be borne in the first instance by the CLO Income Notes or Loan Warehouse investments (as applicable) and then by the other CLO Securities, or senior debt in the case of Loan Warehouses, in each case in reverse order of priority.

In addition, at any time whilst the CLO Securities are outstanding in a CLO or the Loan Warehouse investments are outstanding (as applicable), no holder of CLO Securities or Loan Warehouse investments (as applicable) shall be entitled at any time to institute against the related CLO issuer or Loan Warehouse, or join in any institution against such CLO issuer or Loan Warehouse of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding up or liquidation proceedings under any applicable bankruptcy or similar law in connection with any obligations of the CLO issuer or Loan Warehouse relating to the CLO Securities or Loan Warehouse investments or otherwise owed to the CLO Securities or Loan Warehouse investments, save for lodging a claim in the liquidation of the CLO issuer or the Loan Warehouse (as applicable) which is initiated by another party or taking proceedings to obtain a declaration as to the obligations of the CLO issuer or the Loan Warehouse, nor shall it have a claim arising in respect of the share capital of the CLO issuer or the Loan Warehouse (as applicable).

CLO Securities and investments in Loan Warehouses have limited liquidity

In addition to the restrictions mentioned in the section entitled "*Underlying Companies which hold CLO Securities or CLO Income Notes relating to CLOs that are intended to be compliant with the European Risk Retention Requirements may be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Securities or CLO Income Notes, as applicable, except to the extent permitted by the European Risk Retention Requirements, which places limitations on the ability of LuxCo, the Company's wholly owned subsidiary, to redeem the Profit Participating Notes*", there will usually be a limited market for notes representing collateralised loan obligations (including the CLO Securities) and investments in Loan Warehouses. There is no guarantee that any party to a CLO transaction will make a secondary market in relation to the CLO Securities or investments in Loan Warehouses. There can be no assurance that a secondary market for any CLO Securities or investments in Loan Warehouses will develop or, if a secondary market does develop, that it will provide the holders of CLO Securities or investments in Loan Warehouses with liquidity of investment or that it will continue for the life of such investments. As a result, the Company and/or an Underlying Company may have to hold CLO Securities for an indefinite period of time or until their early redemption date or maturity date. Where a market does exist, to the extent that an investor wants to sell the CLO Securities or investments in Loan Warehouses, the price may, or may not, be at a discount from the outstanding principal amount. There may be additional restrictions on divestment in the terms and conditions of the CLO Securities or investments in Loan Warehouses.

Loan Warehouses are private transactions and do not require a level of reporting to their investors (such as an Underlying Company) which is as extensive as that provided to investors in a public transaction, such as a CLO.

Loan Warehouses are private transactions and do not require a level of reporting to their investors (such as an Underlying Company) which is as extensive as that provided to investors in a public transaction, such as a CLO. As described in the sub-section entitled "*Investment Limits and Risk Diversification*" in the "*Investment Objective and Policy*" section of Part I of this Prospectus, each Loan Warehouse will have its own eligibility criteria and portfolio limits. The reports to investors of the Loan Warehouse may not detail the position regarding these criteria and limits from time to time throughout the duration of the warehouse, but the assets selected for the Loan Warehouse are selected and monitored by DFME, DFM or one of their affiliates (as investment manager to the Loan Warehouse) and the relevant investment manager will be bound to respect the eligibility criteria and portfolio limits of the Loan Warehouse. In addition, as detailed in the sub-section entitled "*Changes to Investment Policy*" in the "*Investment Objective and Policy*" section of Part I of this Prospectus, the Company will be entitled to receive periodic reports from each Substantial Underlying Company in relation to the implementation of its investment policy. As such, the Company has the ability to request certain information from a Substantial Underlying Company in relation to its investments

in Loan Warehouses, which mitigates the risk to the Company of having insufficient granular information in respect of a Loan Warehouse investment of an Underlying Company.

Exercise of Rights; Control of Remedies

Many rights under a CLO's transaction documents (including without limitation the right to remove the collateral manager and certain remedies available if an event of default has occurred and is continuing) are exercisable by holders of a specified percentage of the aggregate outstanding principal amount of one or more classes of CLO Securities. The exercise of such rights could be adverse to holders of CLO Securities that do not have the ability to exercise such rights, including with respect to removal of the collateral manager and waiver of events constituting "cause" as a basis for termination of the collateral manager, and the failure to exercise a right because holders of a class or a portion of a class must act in concert with one or more other classes to exercise such right and insufficient holders are willing to do so could also be adverse to holders of one or more classes of CLO Securities. When exercising its rights under the CLO transaction documents, a holder has no obligation to take into account the effect on other holders. At any time one or more other affiliated investors hold a significant percentage of the aggregate outstanding principal amount of one or more classes of CLO Securities, it may be more difficult for other investors, including an Underlying Company, to take certain actions.

If an event of default occurs in the CLO, in limited circumstances the controlling class or the holders of the CLO Securities will be entitled to direct a liquidation of the collateral obligations owned by the CLO even if all classes of CLO Securities will not be paid in full. The controlling class will also be entitled to determine certain other remedies to be exercised under the CLO transaction documents. If one or more affiliated investors own a majority of the controlling class (or one or more classes of CLO Securities), they would be able to direct, or block the exercise of remedies. Remedies pursued by any class could be adverse to the interests of other classes and holders will have no obligation under the CLO transaction documents to consider any possible adverse effect on such other interests. The holders of CLO Income Notes will not be able to exercise any remedies following a CLO event of default and will not receive payments pursuant to the CLO priority of payments until the CLO Securities are paid in full.

The CLO Securities may be subject to early redemption, refinancing, re-issuance and/or re-pricing

The CLO Securities will be subject to optional redemption (including via refinancing, liquidation or re-issuance), tax redemption, mandatory redemption, clean-up call redemption, special redemption and, in the case of certain classes, re-pricing, typically at the direction of holders of a majority of the CLO Income Notes. Any such redemption or re-pricing may result in a shorter term investment than an investor in CLO Securities, such as the Company and the Underlying Companies, may have anticipated and there can be no assurance that the Company or such Underlying Company would be able find suitable investments with comparable yields or maturity in which to invest the proceeds.

A redemption of the CLO Securities could require the CLO collateral manager to liquidate positions more rapidly than might otherwise be desirable, which could adversely affect the realised value of the collateral obligations sold by the CLO. There can be no assurance that, upon any such redemption, available funds would permit any distribution on the CLO Income Notes after all required payments are made to the holders of other CLO Securities and for the payment of fees and expenses.

The CLO reinvestment period may terminate earlier than expected

The CLO reinvestment period may terminate earlier than scheduled, including: (i) on any date on which the maturity of any class of CLO Securities is accelerated following a CLO event of default; (ii) if the CLO collateral manager reasonably determines that it can no longer reinvest in additional collateral obligations in accordance with the CLO transaction documents; and (iii) the date of an optional redemption of all the CLO Securities. Such early termination of the CLO reinvestment period may shorten the expected lives of any CLO Securities and could adversely affect returns on any CLO Securities held by the Company and the Underlying Companies.

Floating rate CLO Securities may be affected by changes in LIBOR or EURIBOR

The interest rate on each class of CLO Securities is likely to be based upon LIBOR or EURIBOR and therefore may fluctuate from one interest accrual period to another in response to changes in LIBOR or EURIBOR (as applicable). From time to time, LIBOR and EURIBOR have experienced historically high volatility and significant fluctuations. Changes in LIBOR or EURIBOR (as applicable) will affect the amount of interest payable on the floating rate CLO Securities, the trading price of the CLO Securities and the yield on the CLO Income Notes, but it is impossible to predict whether such levels will rise or fall.

The Regulation and reform of "benchmarks"

Various interest rate benchmarks (including the London Inter-Bank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

For example, in the EU a regulation (the "**Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts entered into force on 30 June 2016. It is directly applicable law across the EU. The applicable date for the majority of its provisions was 1 January 2018.

Potential effects of the Benchmark Regulation include (among other things):

- (a) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation (or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent);
- (b) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation; and
- (c) an index may be discontinued if it does not comply with the requirements of the Benchmark Regulation, or if its administrator does not obtain authorisation.

In addition, in a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA's intention to cease sustaining LIBOR from the end of 2021. The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. The FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date.

The use of LIBOR as a benchmark rate is pervasive throughout the financial markets. While the FCA envisages that market participants will transition away from LIBOR, it is not yet clear what rate or rates would replace it for any particular financial product and how any such change or changes would be implemented.

It remains possible that the LIBOR administrator, ICE Benchmark Administration, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021.

Investors should be aware that:

- (a) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of "benchmarks" could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks";
- (b) any of these changes or any other changes to a benchmark could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (c) if the applicable rate of interest on any loan or bond (held directly by the Company or an Underlying Company or indirectly through CLO Securities or Loan Warehouses) is calculated with reference to a benchmark (or currency or tenor) which is discontinued:

- (i) such rate of interest will then be determined by the provisions of the affected obligation, which may include determination by the relevant calculation agent in its discretion; and
 - (ii) there may be a mismatch between the replacement rate of interest applicable to the affected obligation and the replacement rate of interest which is required to be paid under any hedging transaction. This could lead to a CLO issuer or the Company or an Underlying Company (as applicable) receiving amounts from affected obligations which are insufficient to make the due payment under the hedge transaction it has entered into, and potential termination of the hedge transaction and/or hedge agreement; and
- (d) if any EURIBOR benchmark referenced in a loan or bond (held directly by the Company or an Underlying Company or indirectly through CLO Securities or Loan Warehouses), or referenced by the CLO Securities or Loan Warehouse investments, is in any applicable case discontinued, interest may have to be calculated on the basis of a fallback mechanism. In general, fallback mechanisms which may govern the determination of interest rates where a benchmark rate is not available are not suitable for long term use. Accordingly, in the event a benchmark rate is permanently discontinued, it may be desirable to amend the applicable interest rate provisions in the affected obligation or hedge agreement. Investors should note that, in certain circumstances, such amendments may not take place without the consent of other creditors and so may be difficult to achieve.

Any of the above or any other discontinuation of, or significant change to, LIBOR, EURIBOR or any other benchmark could have a material adverse effect on the value of and the amount payable under CLO Securities, loans, bonds or Loan Warehouse investments and, as a consequence the performance of the Company's and the Underlying Companies' investments and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

European Market Infrastructure Regulation EU 648/2012 ("EMIR")

The European Market Infrastructure Regulation EU 648/2012 and its various delegated regulations and technical standards ("**EMIR**") impose certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties", such as European investment firms, alternative investment funds (in respect of which, see "*Alternative Investment Fund Managers Directive*" below), credit institutions and insurance companies, or other entities such as "non-financial counterparties" or third country entities equivalent to "financial counterparties" or "non-financial counterparties".

Financial counterparties (as defined in EMIR) will, depending on the identity of their counterparty, be subject to a general obligation (the "**clearing obligation**") to clear all "eligible" OTC derivative contracts entered into with other counterparties subject to the clearing obligation through a duly authorised or recognised central counterparty. They must also report the details of all derivative contracts to a trade repository (the "**reporting obligation**") and in general undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty, including complying with requirements related to timely confirmation of terms, portfolio reconciliation, dispute resolution, daily valuation and margin collection (together, the "**risk mitigation obligations**"). Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged (the "**margin requirement**"). To the extent that the Company is an Underlying Company, a CLO issuer or a Loan Warehouse becomes a financial counterparty, this may lead to a termination of any hedge agreements it has entered into.

Non-financial counterparties (as defined in EMIR) are subject to the reporting obligation and certain of the risk mitigation obligations, but are not subject to the clearing obligation unless the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities in its "group" (as defined in EMIR), excluding eligible hedging transactions, exceed certain thresholds (set per asset class of OTC derivatives) and its counterparty is also subject to the clearing obligation. If the Company, an Underlying Company, a CLO issuer or a Loan Warehouse is considered to be a member of such a "group" (as defined in EMIR) (which may, for example, potentially be the case if it is consolidated by an investor) and if the aggregate notional value of OTC derivative contracts entered into by the Company, Underlying Company, a CLO issuer and/or Loan Warehouse (as applicable) and any non-financial entities within such group exceeds the applicable threshold, the relevant entity would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement (in each case, as and when such requirements become applicable for that particular counterparty pair). The process for implementing the margining requirements is under way and initial

margin requirements for non-centrally cleared trades took effect from 4 February 2017 for the largest institutions. Variation margin requirements for non-centrally cleared trades took effect for all other institutions that are within scope from 1 March 2017.

The clearing obligation does not yet apply to all counterparties, but is being phased in for certain types of interest rate OTC derivative contracts (denominated in pounds sterling, Euro, USD and Japanese Yen) over the next three years dependent on the categorisation of counterparties to an OTC derivative contract. In addition, ESMA's final version of regulatory technical standards implementing the clearing obligation for certain additional classes of interest rate OTC derivatives (denominated in Norwegian Krone, Polish Zloty and Swedish Krona) was published on 10 November 2015 and has been submitted to the European Commission for endorsement (the "**Additional Currencies RTS**"). The Additional Currencies RTS was endorsed by the European Commission in June 2016 and published in the Official Journal on 20 July 2016 and the clearing obligation took effect from 9 February 2017 for certain counterparties. Key details as to how the clearing obligation may apply to other classes of OTC derivatives remain to be clarified via corresponding technical standards.

The clearing obligation may, in certain circumstances, also apply to swap arrangements entered into prior to the relevant future effective date, although the European delegated regulation relating to the clearing obligation contemplates that this will not be the case for swap contracts entered into by non-financial counterparties which are not AIFs.

On 4 October 2016, the European Commission adopted regulatory technical standards on risk-mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty to the European Commission (the "**Risk-Mitigation Techniques RTS**"). The Risk-Mitigation Techniques RTS was published in the Official Journal on 15 December 2016 and entered into force on 4 January 2017.

The Risk-Mitigation Techniques RTS details the risk mitigation obligations and margin requirements in respect of non-cleared OTC derivatives as well as specify the criteria regarding intragroup exemptions and provide that the margin requirement will take effect on dates ranging, originally, from one month after the Risk-Mitigation Techniques RTS entered into force (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion) to 1 September 2020 (for certain entities with a non-cleared OTC derivative portfolio above €8 billion). The margin requirements apply to financial counterparties and non-financial counterparties above the clearing threshold and, depending on the counterparty, will require collection and posting of variation margin and, for the largest counterparties/groups, initial margin.

Whilst the hedge transactions of a type which may be entered into by the Company, an Underlying Company, a CLO issuer or a Loan Warehouse, are expected to be treated as hedging transactions and deducted from the total in assessing the notional value of OTC derivative contracts entered by the relevant entity and/or non-financial entities within its "group" (as defined in EMIR), there is currently no certainty as to whether the relevant regulators will share this view.

If the Company, an Underlying Company, a CLO issuer or a Loan Warehouse becomes subject to the clearing obligation or the margin requirement, it is unlikely that it would be able to comply with such requirements, which would adversely affect its ability to enter into hedge transactions or significantly increase the cost thereof, negatively affecting its ability to acquire non-euro loans or bonds and/or hedge its interest rate and currency risk. As a result of such increased costs, additional regulatory requirements and limitations on the ability of such entities to hedge interest rate and currency risk, there may be an adverse effect on the performance of the Company's and/or the Underlying Companies' investments and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Hedge agreements entered into by the Company, an Underlying Company, a CLO issuer or a Loan Warehouse may contain early termination events which are based on certain applications of EMIR and which may allow the relevant hedge counterparty to terminate a hedge transaction upon the occurrence of such event(s). The termination of a hedge transaction in these circumstances may result in a termination payment being payable to the hedge counterparty, which would have a knock-on economic effect on the Company.

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In this regard, the EU Commission has published legislative proposals providing for certain amendments to EMIR (the "**Proposals**"). If the Proposals are adopted in their current form, the classification of certain counterparties under EMIR would

change including with respect to certain securitisation vehicles such as CLO issuers. While the Proposals will need to be approved by the EU Council and the European Parliament, and their effective date is not yet certain, they contain several features which, if not modified, may impact a CLO issuer's ability to enter into currency hedge transactions and/or its ability to acquire non-euro obligations and/or its ability to enter into interest rate hedge transactions. Under the Proposals, securitisation special purpose entities such as CLO issuers will be classified as financial counterparties "Financial counterparties", subject to a newly introduced clearing threshold per asset class for "financial counterparties", are subject to the clearing obligation under EMIR. While the clearing threshold is unlikely to be exceeded by a typical CLO issuer, there is no corresponding relief available to a "financial counterparty" in respect of its obligation to post margin pursuant to the margin rules for uncleared swaps (as summarised above). A requirement on a CLO issuer to post margin, as highlighted above, will adversely affect its ability to enter into currency hedge transactions and therefore upon its ability to acquire non-euro obligations. In respect of any interest rate hedge transaction, such changes may adversely affect the CLO issuer's ability to manage interest rate risk. It is not clear when, and in what form, the Proposals (and any corresponding technical standards) will be adopted and will become applicable. In addition, the compliance position under any adopted amended framework of swap transactions entered into prior to adoption is uncertain. No assurances can be given that any changes made to EMIR would not cause the status of a CLO issuer to change and lead to some or all of the potentially adverse consequences outlined above.

On 15 November 2017, the Council of the European Union published its amendments to the Proposals (the "**Compromise Proposal**"). The Compromise Proposal deletes the inclusion of securitisation special purpose entities in the "financial counterparty" definition. The Compromise Proposal is now subject to a plenary vote in the European Parliament which is expected over the course of 2018.

CLO Counterparty Risk

A CLO issuer may enter into certain transactions with third parties. The CLO issuer will be exposed to the credit risk of each such counterparty with respect to any payments it owes the CLO issuer from time to time. Each such counterparty is required to satisfy a rating agency led rating requirement (taking into account any guarantor thereof). Such credit risk exposes the CLO issuer not just to insolvency risk but also potentially the risk of the effect of a special resolution regime where the counterparty is a regulated entity within the scope of such regime. If a counterparty fails to satisfy the relevant rating requirement at any time, it may have to be replaced. There can be no guarantee that a replacement will be able to be located and the failure to find a replacement may result in the failure of the CLO to function as expected, which could have an adverse effect on the Underlying Companies, the Company, the Underlying Company CLOs, the Rollover Assets and/or their ability to achieve their applicable investment objectives.

CLO Interest Rate Risk

CLO Securities typically accrue interest at a floating rate. It is possible that certain of the collateral obligations of a CLO issuer (in particular high yield bonds) may bear interest at fixed rates.

As a result of these factors, it is expected that there may be a fixed/floating rate mismatch, floating rate basis mismatch, maturity date mismatch and mismatch in timing of determination of the applicable floating rate benchmark, in each case between the CLO Securities and the underlying collateral obligations of the CLO. Such mismatch may be material and may change from time to time as the composition of the related collateral obligations change and as the liabilities of the CLO issuer accrue or are repaid. It is possible that the CLO Manager may seek to enter into hedge transactions in relation to such mismatches or changes, but it cannot be guaranteed that this will be the case. A mismatch may result in insufficient proceeds being available when required to pay amounts due under the CLO Securities which could have an adverse effect on the Underlying Companies, the Company, the Underlying Company CLOs, the CLOs in which the Company will hold interests in the form of Rollover Assets ("**Rollover CLOs**") and/or their ability to achieve their applicable investment objectives.

International Investing

The portfolio of a CLO issuer will consist of obligations of, or securities issued by, obligors organised under the laws of a variety of different countries. Investing in certain countries may involve greater risks than investing in other countries, including: (i) less publicly available information; (ii) varying levels of governmental

regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws; and (iv) foreign exchange controls. Moreover accounting, auditing and financial reporting standards, practices and requirements may vary from jurisdiction to jurisdiction.

Different markets also have different clearance and settlement procedures, which could create delays in the purchase and sale of the CLO's portfolio. Delays in settlement could result in periods when assets of the CLO issuer are uninvested or invested in short term investments with low yields. The inability to sell collateral obligations due to settlement problems could result in losses due to subsequent declines in the value of the collateral obligations.

CLO Currency Risk

The CLO Manager, on behalf of the CLO issuer, may typically be permitted to purchase a portion of assets into the CLO's portfolio which are denominated in a currency other than Euro (which is typically the currency of the CLO Securities). Although the CLO issuer is usually obligated to enter into currency hedge transactions to hedge any currency exposure relating to such assets, fluctuations in exchange rates may lead to the proceeds of the assets being insufficient to pay all amounts due on the CLO Securities.

Fluctuations in Euro exchange rates may result in a decrease in value of the CLO's portfolio for the purposes of sale thereof upon enforcement of the security over it. Furthermore, the terms of the hedge agreements under which the CLO issuer contracts with a hedge counterparty may provide for the ability of the counterparty to terminate such agreement upon the occurrence of certain events, including related to certain regulatory matters. Any such termination may result in the CLO issuer being exposed to currency risk for so long as the CLO issuer has not entered into a replacement hedging transaction, and may result in the CLO issuer being required to pay a termination amount to the relevant counterparty.

Insolvency Considerations relating to CLO Collateral Obligations

Collateral obligations purchased by a CLO issuer may be subject to various laws enacted for the protection of creditors in the countries of the jurisdictions of incorporation of obligors and, if different, in which the obligors conduct business and in which they hold the assets, which may adversely affect such obligors' abilities to make payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each obligor is located or domiciled and may differ depending on whether the obligor is a non sovereign or a sovereign entity. In particular, it should be noted that a number of continental European jurisdictions operate "debtor friendly" insolvency regimes which would result in delays in payments under the collateral obligations of the CLO issuer where obligations thereunder are subject to such regimes, in the event of the insolvency of the relevant obligor. If an obligor is a regulated financial institution, the Issuer may be exposed to additional credit risk with respect to the relevant obligor.

The EU Bank Recovery and Resolution Directive

The EU Bank Recovery and Resolution Directive (2014/59/EU) (collectively with secondary and implementing EU rules, and national implementing legislation, the "**BRRD**") equips national authorities in EU Member States (the "**Resolution Authorities**") with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms (collectively, "**relevant institutions**"). If a relevant institution enters into an arrangement with the Company, an Underlying Company, a CLO issuer or a Loan Warehouse and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution's failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of transaction documents with the Company, an Underlying Company, a CLO issuer or a Loan Warehouse or underlying instruments (for example, liabilities arising under participations or provisions in underlying instruments requiring lenders to share amounts) not otherwise subject to an exception, could be subject to the exercise of "bail-in" powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to "bail-in" the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Company, an Underlying Company, a CLO issuer or a Loan Warehouse

and ultimately, the investors in such entities may not be able to recover any liabilities owed by the entity subject to the bail-in. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

Underlying Companies which hold CLO Securities or CLO Income Notes relating to CLOs that are intended to be compliant with the European Risk Retention Requirements and the U.S. Risk Retention Regulations may be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Securities or CLO Income Notes, as applicable, except to the extent permitted by the European Risk Retention Requirements and the U.S. Risk Retention Regulations, which places limitations on the ability of LuxCo, the Company's wholly owned subsidiary, to redeem the Profit Participating Notes

The European CLOs in which Underlying Companies may invest are intended to be compliant with the European risk retention requirements for securitisation transactions, namely Part Five of Regulation No 575/2013 of the European Parliament and of the Council (the "**CRR**") as amended from time to time and including any guidance or any technical standards published in relation thereto, Article 51 of Regulation (EU) No 231/2013 as amended from time to time and Article 17 of the AIFM Directive, as implemented by Section 5 of Chapter III of the European Union Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, supplementing the AIFM Directive and the risk retention requirements and due diligence requirements set out in Article 254 and Article 256 of Chapter VIII of Commission Delegated Regulation (EU) 2015/35 which came into force on 18 January 2015, as amended from time to time, including any guidance published in relation thereto and any implementing laws or regulations in force in any EU Member State or, for securitisation transactions issued from and including 1 January 2019, the retention requirements set out in Article 6 of the Securitisation Regulation and any technical standards or official guidance published in connection therewith (together the "**European Risk Retention Requirements**"). In connection with this intention, but only where a CLO in which it invests is intended to be compliant with the European Risk Retention Requirements, an Underlying Company will need to, amongst other things: (i) on the closing date of a CLO, commit to purchase: (a) an amount of the CLO Income Notes equal to at least 5 per cent. of the collateral principal amount of the assets in the CLO (the "**CLO Retention Income Notes**"); or (b) an amount of the CLO Securities of no less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors of the CLO (the "**CLO Retention Securities**"); and (ii) undertake that, for so long as any securities of the CLO remain outstanding (including the CLO Retention Income Notes or CLO Retention Securities (as applicable)), it will retain its interest in the CLO Retention Income Notes or CLO Retention Securities (as applicable) and will not (except to the extent permitted by the European Risk Retention Requirements) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Income Notes or CLO Retention Securities (as applicable). An Underlying Company may make certain representations and/or give certain undertakings in favour of the Underlying Company CLOs that are intended to be compliant with the European Risk Retention Requirements (and/or certain other transaction parties) in respect of its ongoing retention of the CLO Retention Income Notes or CLO Retention Securities (as applicable) and regarding its agreement to sell certain assets to such Underlying Company CLO from time to time. There are currently transactions in the market which are similar to such Underlying Company CLOs and are also intended to be compliant with the European Risk Retention Requirements; however, if an applicable regulatory authority supervising investors in such an Underlying Company CLO were to conclude that the Underlying Company was not holding the CLO Retention Income Notes or CLO Retention Securities (as applicable) in accordance with the European Risk Retention Requirements, it is possible, but far from certain, that this may negatively impact upon the investors in such Underlying Company CLO. If such investors decided to take action against the Underlying Company as a result of any negative impact, this may have an adverse effect on the Underlying Company's business and financial position and, by extension, may have an adverse effect on the Company's financial performance and prospects.

In addition, with the intention of achieving classification as an "originator" (as defined in the CRR or the Securitisation Regulation (as applicable)) and complying with the European Risk Retention Requirements, an Underlying Company investing in European CLOs intended to be compliant with European Risk Retention Requirements will be required to commit to: (i) establishing the relevant CLO; (ii) selling investments to the relevant CLO which it has: (a) purchased for its own account initially; or (b) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations; and (iii) during

each relevant CLO's reinvestment period agreeing to sell investments to the relevant CLO from time to time so that, for so long as the securities of the CLO are outstanding, the required percentage of the total securitised exposures held by the CLO issuer have come from the Underlying Company (such percentage calculated including the principal proceeds received by the relevant CLO in respect of any Underlying Company sourced assets).

Where Underlying Companies hold CLO Securities or CLO Income Notes and the relevant CLO is intended to be compliant with the European Risk Retention Requirements, the relevant Underlying Company will be unable (except to the extent permitted by the European Risk Retention Requirements) to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the CLO Retention Income Notes or CLO Retention Securities until such time as the securities of the relevant CLO have been redeemed in full (whether at final maturity or early redemption), which places limitations on the ability of LuxCo, the Company's wholly owned subsidiary, to redeem the Profit Participating Notes. Consequently, in the case of BGCF, if the Profit Participating Notes were to become due and repayable in connection with an early redemption or were subject to partial-redemption, BGCF will not be obliged under the terms of the Profit Participating Notes and the Note Purchasing Agreement entered into between *inter alia* the Company, BGCF and LuxCo on 1 July 2014 (as has been amended from time to time and as may be amended from time to time) (the "**NPA**") to immediately sell, transfer or liquidate the CLO Retention Income Notes or the CLO Retention Securities and the proceeds of such CLO Retention Income Notes or the CLO Retention Securities (if any) will not be available until the final maturity or early redemption in full of the securities of the relevant CLO. In addition, cash held by BGCF will not be able to be used to repay the Profit Participating Notes to the extent that such repayment could leave BGCF unable to continue to originate and sell assets to the CLO issuers in order to ensure where applicable, during the relevant CLO's reinvestment period, that it has provided the required percentage of the total securitised exposures of each CLO issuer (such percentage calculated including the principal proceeds received by the relevant CLO in respect of any BGCF sourced assets).

Where BGCF holds CLO Retention Income Notes in a European Underlying Company CLO, BGCF will hold a controlling equity stake in such CLO; accordingly upon exercise by BGCF, an early redemption option will result in a full redemption of the applicable CLO securities. BGCF will generally not be able to exercise any early redemption options until two years from the closing date of the CLO. As a result of this feature and the European Risk Retention Requirements, the relevant CLO Retention Income Notes will not be permitted to be sold, transferred or liquidated during this time. In addition, even after an early redemption option is permitted to be exercised, such an option usually contains a number of conditions to its exercise including, but not limited to, a threshold that the liquidation value of the CLO collateral exceed an amount which would pay: (i) all expenses of the CLO; and (ii) principal and accrued interest on the CLO notes senior to the CLO Income Notes. If the liquidation value of the portfolio will not achieve this threshold at the time BGCF intends to exercise its early redemption option, the CLO will not be able to be optionally redeemed by BGCF at such time. In such circumstances the CLO Retention Income Notes may not redeem until their final stated maturity (which may be in excess of 20 years), therefore producing no proceeds to repay the Profit Participating Notes until this point. See further the risk factor titled "The Profit Participating Notes issued by BGCF and held by LuxCo, the Company's wholly owned subsidiary, have limited liquidity".

In the case of deals structured to be compliant with the European Risk Retention Rules, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules.

It is possible that BGCF might be a "securitizer" for purposes of the U.S. Risk Retention Regulations with respect to CLOs in which it acts as "originator". Moreover, BGCF may directly or indirectly invest in a company that is a "securitizer" or the majority-owned affiliate of a securitizer for such purposes. Any such "securitizer" (or its majority-owned affiliate) would have to, among other things: (i) on the closing date of a CLO, purchase either: (a) CLO Retention Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the CLO; or (b) CLO Retention Securities representing at least 5 per cent. of the principal amount of each class of CLO Securities issued; and (ii) retain its interest in the CLO Retention Securities or CLO Retention Income Notes and not (except to the extent permitted by the U.S. Risk Retention Regulations) sell, hedge or otherwise mitigate its credit risk under or associated with such

CLO Retention Securities or CLO Retention Income Notes for the period of time prescribed by the U.S. Risk Retention Regulations.

Relevant investors are required to independently assess and determine the sufficiency of the information described herein for the purposes of complying with any relevant requirements and none of GSO or its affiliates makes any representation that the information described therein is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Underlying Company CLOs, the Underlying Companies (including their holding of any CLO Retention Income Notes or CLO Retention Securities) and the transactions described herein are compliant with the European Risk Retention Requirements and/or U.S. Risk Retention Regulations described herein or any other applicable legal or regulatory or other requirements and no such person shall have any liability to any prospective investor or any other person with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements. Without limiting the foregoing, investors should be aware that at this time, the EU authorities have published only limited binding guidance relating to the satisfaction of the European Risk Retention Requirements by institutions similar to the Underlying Companies including in the context of a transaction involving a separate collateral manager. Furthermore, any relevant regulator's views with regard to the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations may not be based exclusively on technical standards, guidance or other information known at this time.

Investors should be aware of certain changes to the EU risk retention and due diligence requirements which have recently come into force. Two new regulations related to securitisation came into force on 17 January 2018 which contain, amongst other things, provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors, the latter such provisions being covered by the Securitisation Regulation. There are material differences between the currently applicable European Risk Retention Requirements and the requirements set out in the Securitisation Regulation, including in relation to the EU risk retention and due diligence requirements.

The provisions of the Securitisation Regulation will become effective from 1 January 2019 (subject to certain transitional provisions) and technical standards which are expected to provide more granular guidance on the application of the provisions of the Securitisation Regulation are currently in the process of being produced. Investors are themselves responsible for monitoring and assessing any changes to European risk retention laws and regulations. The Securitisation Regulation includes grandfathering provisions which broadly intend transactions entered into before 1 January 2019 to be out of scope of the Securitisation Regulation. However, it should be noted that any refinancing of CLO Securities or additional issuance of CLO Securities, in each case in connection with an existing CLO, may, if undertaken after the effective date of the Securitisation Regulation, bring the transaction described herein within the scope of the Securitisation Regulation.

The Securitisation Regulation has introduced, and the technical standards relating to risk retention once produced are expected to introduce, the following additional requirements for entities seeking to constitute an "originator" for the purposes of the European Risk Retention Requirements:

- the entity must not have been established or operate for the sole purpose of securitising exposures;
- in connection with the above requirement, a requirement to give appropriate consideration to the following principles:
 - the entity has a business strategy and the capacity to meet payment obligations consistent with a broader business enterprise and involving material support from capital, assets, fees or other income available to the entity, relying neither on the exposures being securitised by that entity, nor on any interests retained or proposed to be retained, as well as any corresponding income from such exposures and interests; and
 - the responsible decision makers have the required experience to enable the entity to pursue the established business strategy, as well as an adequate corporate governance arrangement.
- unless communicated to investors or potential investors, a requirement that assets transferred by the entity to the CLO issuer, shall not be selected with the aim of rendering losses on the assets transferred, measured over the life of the transaction, higher than the losses over the same period on comparable assets held on the balance sheet of the entity.

In addition, the Securitisation Regulation has introduced a "direct" approach towards risk retention compliance. This means that the originator, sponsor or original lender of an affected securitisation itself is responsible for ensuring the securitisation is compliant with the European Risk Retention Requirements. Prior to the application date of the Securitisation Regulation, the obligation has been an "indirect" obligation on the originator, sponsor or original lender, with affected investors being responsible for determining whether a securitisation in which they invest needs to be compliant with the rules. As such, from the effective date of the Securitisation Regulation, BGCF will be directly responsible for ensuring that affected transactions which it establishes are compliant with the European Risk Retention Requirements.

Whilst it is expected that BGCF should be able to satisfy the above requirements (or seek an available exemption thereto), the requirements are broadly defined with limited guidance as to how they should be interpreted and what is or will be required to demonstrate compliance to applicable regulators is unclear at this time. If a regulator were to determine that the structure of BGCF or its approach to compliance with the European Risk Retention Requirements was non-compliant, penalties may result or remedial action may have to be taken, which may result in losses to the Underlying Companies which could in turn have a material adverse effect on the performance of the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Relevant investors should independently assess and determine the sufficiency of the information above for their own purposes and, as mentioned above, none of GSO or its affiliates makes any representation that the information or structure described herein is sufficient in all circumstances.

The EU risk retention and due diligence requirements described above and any other changes in the law or regulation, the interpretation or application of any law or regulation or changes in the regulatory capital treatment of an investment in CLO Securities (directly or indirectly) for some or all investors may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the CLO Securities or the Shares in the secondary market. Without limitation to the foregoing, no assurance can be given that the EU Risk Retention Requirements, or the interpretation or application thereof, will not change, and, if any such change is effected, whether such change would affect the regulatory position of current or future investors in CLO Securities or the Shares.

Potential non-compliance with or changes to the European Risk Retention Requirements and the U.S. Risk Retention Regulations

The purchase and retention of the CLO Retention Income Notes or CLO Retention Securities in a CLO that is intended to be compliant with the European Risk Retention Requirements may be undertaken by an Underlying Company with the intention of achieving compliance with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations (as applicable) by the relevant CLO.

The European Risk Retention Requirements and/or the U.S. Risk Retention Regulations may be amended, supplemented or revoked from time to time. There is no guarantee that existing CLOs will be grandfathered into the regime which results from such amendments, supplements or revocations and, as such, the CLOs intended to be compliant with the European Risk Retention Requirements in which an Underlying Company is retaining the CLO Retention Income Notes or CLO Retention Securities, may become non-compliant with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations.

In the case of deals structured to be compliant with the European Risk Retention Rules, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules.

Potential non-compliance with or changes to the U.S. Risk Retention Regulations

On 21 and 22 October 2014, the joint final regulations implementing the credit risk retention requirements of section 15G of the U.S. Exchange Act as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**U.S. Risk Retention Regulations**") were adopted and became effective with respect to asset-backed securities collateralized by assets other than residential mortgages on 24 December 2016 (the "**U.S. Risk Retention Regulations Effective Date**"). The U.S. Risk Retention Regulations generally

require "sponsors" of securitisation transactions, or their "majority-owned affiliates" (each as defined in the U.S. Risk Retention Regulations) to retain not less than 5 per cent. of the credit risk of the assets collateralising such securitisation transactions, unless an exemption applies, for the period specified in the U.S. Risk Retention Regulations, and not to hedge the securities acquired in order to satisfy such requirement (the "**U.S. Risk Retention Securities**") or finance such securities through financing that is not full recourse. The U.S. Risk Retention Regulations are applicable to asset-backed securities issued on or after the U.S. Risk Retention Regulations Effective Date.

The regulators charged with implementing the U.S. Risk Retention Regulations indicated in the adopting release that they would consider a manager of a CLO transaction to be the sponsor of such transaction. BGUCF was structured to comply with the definition of "majority-owned affiliate" set forth in the U.S. Risk Retention Regulations with respect to DFM, thereby enabling DFM to comply with the U.S. Risk Retention Regulations with respect to the CLOs that it manages.

On 9 February, 2018, a three-judge panel of the United States Court of Appeals for the D.C. Circuit (the "**Appellate Court**") ruled in favour of an appeal by the Loan Syndications and Trading Association against the United States Securities and Exchange Commission and the Board of Governors of the Federal Reserve System (the "**Applicable Governmental Agencies**") that managers of so-called "open market CLOs" are not "securitizers" under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention under the U.S. Risk Retention Regulations (the "**D.C. Circuit Ruling**").

The Applicable Governmental Agencies did not seek further review of the D.C. Circuit Ruling and on 3 April 2018, the Appellate Court issued a mandate, by which the D.C. Circuit Ruling was made effective. On 5 April 2018, the United States District Court for the District of Columbia entered an order with respect to such mandate vacating the U.S. Risk Retention Regulations insofar as they apply to "open market CLOs".

As a result of this decision, managers of "open market CLOs" (including DFM and DFME) will no longer be required to comply with the U.S. Risk Retention Regulations solely as a result of their role as manager of an "open market CLO", and, accordingly, an open market CLO might have no "sponsor" required to acquire and retain an economic interest in the credit risk of the securitized assets of the CLO under the U.S. Risk Retention Regulations. The D.C. Circuit Ruling did not expressly address whether BGCF might be a "securitizer" for purposes of the CLOs in which it acts as "originator." Nor did the D.C. Circuit Ruling hold that CLOs other than open market CLOs, including middle-market CLOs, might have no "sponsor" required to acquire and retain an economic interest in the credit risk of the securitized assets of the CLO under the U.S. Risk Retention Regulations. If an Underlying Company is or invests in a company that is a sponsor or the "majority-owned affiliate" of a sponsor of a securitization transaction for purposes of the U.S. Risk Retention Regulations, the relevant U.S. Risk Retention Securities will be subject to the U.S. Risk Retention Regulations, which would restrict the holder from transferring or hedging such securities, or financing them on terms that do not constitute a full recourse basis, during the period required under the U.S. Risk Retention Regulations.

No assurance can be made whether or not any governmental authority will take further legislative or regulatory action in response to past or future economic crises, or otherwise, including by adopting new credit risk retention rules for "open market CLOs" and the effect (and extent) of such actions, if any, cannot be known or predicted.

If the application of the U.S. Risk Retention Regulations to the collateral managers of "open-market CLOs" is reinstated, the CLO manager or any other party considered to be the "sponsor" of the open market CLO transaction may fail to comply (or not be able to comply) with the U.S. Risk Retention Regulations, which may, among other adverse consequences, have a material adverse effect on the market value or liquidity of the CLO Securities of such CLO.

In addition, the U.S. Risk Retention Regulations may apply to refinancings, re-pricings and additional issuances of CLO Securities to the extent such transaction is not exempt from the U.S. Risk Retention Regulations under the D.C. Circuit Ruling. Furthermore, the SEC has indicated in contexts separate from the U.S. Risk Retention Regulations that an "offer" or a "sale" of securities may arise when amendments to securities are so material as to require holders to make an "investment decision" with respect to such amendment. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Regulations to the extent that they apply to a CLO, they could apply to material amendments to CLO Securities or the indenture under which they are issued to the extent such amendments in effect require

investors to make an investment decision. As a result, to the extent the U.S. Risk Retention Regulations were to apply to a CLO, they may adversely affect, among other things, the performance, market value and/or liquidity of the relevant CLO Securities if such CLO is unable to undertake any such additional issuance, refinancing, re-pricing or other material amendment. Moreover, in granting or withholding its consent to any additional issuance, refinancing, re-pricing or other material amendment to the extent its consent is required under a CLO indenture, the CLO manager may be permitted to act in its own self-interest (and not take into account the interests of the holder of the CLO Securities) and not consent to any of the foregoing actions if to do so might cause the CLO manager to be concerned about its ability to comply with the U.S. Risk Retention Regulations to the extent it determines that such compliance were required by it.

Liability for breach of a risk retention letter

The arranger and certain other parties of a CLO in which an Underlying Company agrees to hold the CLO Retention Income Notes or CLO Retention Securities may require such an Underlying Company to execute a risk retention letter. Under a risk retention letter such an Underlying Company will typically be required to, amongst other things, make certain representations, warranties and undertakings: (i) in relation to its acquisition and retention of the CLO Retention Income Notes or CLO Retention Securities (as applicable) for the life of the CLO (or, in the case of CLOs intended to be compliant only with the U.S. Risk Retention Regulations, the U.S. Risk Retention Hedging Prohibition End Date); and (ii) regarding its agreement to sell assets to the relevant CLO from time to time, if applicable.

If the Underlying Company sells or is forced to sell the CLO Retention Income Notes or CLO Retention Securities (as applicable) prior to the maturity of the relevant CLO, or, in the case of BGCF CLOs where BGCF is required to sell certain assets to the CLO for retention compliance, BGCF holds insufficient cash or investments to continually sell the assets to the CLO as described above or for any other reason BGCF is not considered to be an "originator" (as such term is defined in the CRR), the Underlying Company may be in breach of the terms of the related risk retention letter. In such circumstances the arranger of the relevant CLO and the other parties to the related risk retention letter would have recourse to the Underlying Company for losses incurred as a result of such breach. Such claims may reduce, or entirely diminish any cash or assets of the Underlying Company which may have been available to repay the Profit Participating Notes and the interest payable on the Profit Participating Notes.

If the Company is, or were to become exposed to an Underlying Company investing in a CLO intending to be compliant with the U.S. Risk Retention Regulations, such an Underlying Company may be required to execute a comparable letter and will therefore be subject to comparable risks.

Where an Underlying Company enters into financing arrangements with respect to CLO Securities, if such arrangements are enforced by the lender(s), the CLO Securities and other assets of the Underlying Company may be appropriated, and if applicable, potentially leading to the relevant CLO being non-compliant with the applicable risk retention requirements and a reduction in the level of assets of the Underlying Company

An Underlying Company may enter into financing arrangements with respect to CLO Securities. Should such Underlying Company default in the performance of its obligations under such financing arrangements, the lender(s) will have the right to enforce any security granted by the Underlying Company including effecting the sale of some or all of the CLO Securities. In carrying out such sales, such lender(s) will not be required to have regard to any applicable retention requirements applicable to the Underlying Company and the relevant CLO and any such sale may therefore cause the CLO or its managers to become non-compliant with the applicable retention requirements. This could materially and adversely affect the performance of the Underlying Company and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In addition, the financing arrangements for any CLO Retention Securities will be required to be provided to the Underlying Company on a full recourse basis. Should the Underlying Company default in the performance of its obligations under such financing arrangements, the lender(s) may have a right of recourse over certain other assets of the Underlying Company (in addition to the recourse described above over the CLO Retention Securities). Such recourse could materially and adversely affect the performance of the Underlying Company and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Company, and the Underlying Companies may need to sell CLO Income Notes or CLO Securities below market value

The Company, or an Underlying Company, may be contractually obligated to transfer CLO Securities or CLO Income Notes in the event it acts as, and is replaced as, collateral manager of a CLO. The terms of such transfer may not reflect the market price of the CLO Securities or CLO Income Notes at such time.

The Company may need to sell CLO Income Notes or CLO Securities below market value in order to realise the Rollover Assets

Limited demand for the Rollover Assets may mean the Rollover Portfolio Manager needs to sell CLO Income Notes or CLO Securities below market value in order to realise the Rollover Assets. Limited demand may also mean that realising the Rollover Assets takes longer than expected.

RISK RELATING TO INVESTMENTS IN LOANS AND BONDS

Nature of the loans and bonds

The Rollover Assets in which the Company is invested, and the CLOs in which the Underlying Companies invest ("**Underlying Company CLOs**"), will commonly invest in a portfolio of loans and bonds consisting at the time of acquisition of senior secured obligations, unsecured senior loans, second lien loans, mezzanine obligations and high yield bonds, as well as certain other investments, all of which will have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. The Company and the Underlying Companies may also invest directly in such types of collateral. Collateral of the nature held by an Underlying Company CLO, a Rollover Asset or invested in by the Company or an Underlying Company is subject to credit, liquidity, interest rate and exchange rate risks.

The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an obligor or in general economic conditions or both may impair the ability of the relevant obligor, as the case may be, to make payments of principal or interest. Such investments may be speculative.

Due to the fact that CLO Income Notes represent a leveraged investment in the underlying collateral obligations of the CLO, it is anticipated that changes in the market value of the CLO Income Notes will be greater than changes in the market value of the underlying collateral obligations.

The offering of the CLO Securities is commonly structured so that the CLO Securities are assumed to be able to withstand certain assumed losses relating to defaults on the underlying collateral obligations. There is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments on the CLO Securities could be adversely affected by such defaults. To the extent that a default occurs with respect to any collateral obligation securing the CLO Securities and the CLO issuer sells or otherwise disposes of such collateral obligation, it is likely that the proceeds of such sale or disposition will be less than the unpaid principal and interest thereon.

The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be held by a CLO issuer, the Company or the Underlying Companies directly and limited liquidity for such obligations exists. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute in due course. During periods of limited liquidity and higher price volatility, the ability of the CLO Manager (on behalf of the CLO issuer) or the Underlying Companies to acquire collateral obligations or the ability of the CLO Manager (on behalf of the CLO issuer), the Rollover Portfolio Manager (acting on behalf of the Company) or the Underlying Companies to dispose of collateral obligations at a price and time that the CLO Manager, the Company or an Underlying Company deems advantageous may be impaired. As a result, in periods of rising market prices, the CLO issuer, the Company or an Underlying Company (as applicable) may be unable to participate in price increases fully to the extent that the CLO issuer, the Company or an Underlying Company (as applicable) is unable to dispose of collateral obligations whose prices have risen or, in the case of a CLO issuer or an Underlying Company, to acquire collateral obligations whose prices are on the increase; the CLO Manager's, the Company's or Underlying Company's inability to dispose fully and promptly of positions in declining markets will conversely cause its Net Asset Value to decline as the value of unsold positions is marked to lower prices. A decrease in the market value of the collateral obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the collateral obligations and could

ultimately affect the ability of the CLO issuer to pay in full or redeem the CLO Securities or, in the case of an Underlying Company, to redeem the Profit Participating Notes or, in the case of the Company, for the Rollover Portfolio Manager to realise the Rollover Assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such collateral obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the CLO Securities or the Profit Participating Notes. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of loans or bonds that have defaulted.

Characteristics and Risk of the portfolio of the Company and Risks of the portfolio of the Underlying Companies and/or the Underlying Company CLOs

The collateral in the Company's portfolio and/or the portfolio of the Rollover Assets and collateral in the Underlying Company's portfolio and/or the portfolio of the Underlying Company CLOs will be subject to credit, liquidity, interest rate and exchange rate risks. The portfolios may be comprised of secured senior obligations (which may consist of secured senior loans and/or secured senior notes), unsecured senior loans, second lien loans, mezzanine obligations and high yield bonds lent to or issued by a variety of obligors which are primarily rated below investment grade.

Investors in the Company should be aware that the amount and timing of payment of the principal and interest on the collateral obligations forming part of the portfolio of the Company, the Rollover Assets, the Underlying Company's portfolio or the portfolio of an Underlying Company CLO will depend upon the detailed terms of the documentation relating to each of the collateral obligations and on whether or not any obligor thereunder defaults in its obligations.

Characteristics of senior obligations, mezzanine obligations and high yield bonds

Senior obligations, mezzanine obligations and high yield bonds (in which the Company, the Rollover CLOs, an Underlying Company or an Underlying Company CLO may invest) are of a type generally incurred by the obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the obligor, or finance acquisitions, mergers, and/or stock purchases. As a result of the additional debt incurred by the obligor in the course of such a transaction, the obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Secured senior obligations, unsecured senior loans and, in some but not all cases, high yield bonds are typically at the most senior level of the capital structure with the security claim in respect of second lien loans being subordinated thereto and mezzanine obligations being subordinated to any other senior obligations or to any other senior debt of the obligor. High yield bonds may represent a senior or subordinated claim, both in respect of security and of ranking of the debt claim represented thereby. Secured senior obligations and (to a lesser extent) high yield bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Senior obligations may be in the form of loans or a security, which may present different risks and concerns. Mezzanine obligations may have the benefit of a second priority charge over such assets. Unsecured senior loans do not have the benefit of such security. Secured senior obligations usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

Secured senior notes and high yield bonds typically bear interest at a fixed rate. Additionally, secured senior notes and high yield bonds typically contain noteholder collective action clauses permitting specified majorities of noteholders to approve matters which, in a typical secured senior loan, would require unanimous lender consent. The obligor under a secured senior note or high yield bond may therefore be able to amend the terms of the note, including terms as to the amount and timing of payments, with the consent of a specified majority of noteholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Company, an Underlying Company or CLO issuer (as applicable) is unlikely to have a blocking minority position in respect of any such resolution. A CLO Manager may be further restricted by the collateral management agreement from voting on certain matters, particularly extensions of maturity, which may be considered at a noteholder meeting. Consequently, material terms of a secured senior note or high yield bond may be varied without the consent of the CLO issuer.

Mezzanine obligations generally take the form of medium term loans repayable shortly (perhaps six months or one year) after the senior loans of the obligor thereunder are repaid. Because mezzanine obligations are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), it will carry a higher rate of interest to reflect the greater risk of it not being repaid. Due to the greater risk associated with mezzanine obligations as a result of their subordination below senior loans of the obligor, mezzanine lenders may be granted share options, warrants or higher cash paying instruments or payment in kind in the obligor which can be exercised in certain circumstances, principally being immediately prior to the obligor's shares being sold or floated in an initial public offering.

The majority of senior obligations and mezzanine obligations bear interest based on a floating rate index, for example EURIBOR, a certificate of deposit rate, a prime or base rate (each as defined in the applicable underlying instrument) or other index, which may reset daily (as most prime or base rate indices do) or offer the obligor a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of an interest in a senior obligation or mezzanine obligation may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a senior obligation or mezzanine obligation, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

Senior obligations and mezzanine obligations also generally provide for restrictive covenants designed to limit the activities of the obligors thereunder in an effort to protect the rights of lenders or noteholders to receive timely payments of interest on, and repayment of, principal of the loans or securities. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a senior obligation or mezzanine obligation which is not waived by the lending syndicate normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan. However, although any particular senior obligation or mezzanine obligation may share many similar features with other loans, securities and obligations of its type, the actual term of any senior obligation or mezzanine obligation will have been a matter of negotiation and will be unique. Any such particular loan may contain non-standard terms and may provide less protection for creditors than may be expected generally, including in respect of covenants, events of default, security or guarantees. In addition, collateral obligations in the form of floating rate notes are similar in nature to cov-lite loans and typically do not provide for financial covenants and thus, may result in difficulties in triggering a default.

Limited liquidity, prepayment and default risk in relation to senior obligations, mezzanine obligations and high yield bonds

In order to induce banks and institutional investors to invest in a senior obligation or mezzanine obligation, and to obtain a favourable rate of interest, an obligor under such an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of the underlying instrument including such senior obligation or mezzanine obligation, and the private syndication of the loan, senior obligations and mezzanine obligations are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. Historically, investors in or lenders under European or U.S. senior obligations, mezzanine obligations and high yield bonds have been predominantly commercial banks and investment banks. The range of investors for such loans and securities has broadened significantly to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and investment managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such assets will be subject to greater disposal risk in the event that such assets are sold following enforcement of the security over the collateral or otherwise. The European and U.S. market for mezzanine obligations is also generally less liquid than that for senior obligations, resulting in increased disposal risk for such obligations.

Secured senior notes and high yield bonds are generally freely transferrable negotiable instruments (subject to standard selling and transfer restrictions to ensure compliance with applicable law, and subject to minimum denominations) and may be listed and admitted to trading on a regulated or an exchange-regulated market; however, there is currently no liquid market for them to any materially greater extent than there is

for secured senior loans. Additionally, as a consequence of the disclosure and transparency requirements associated with any such listing, the information supplied by the obligors to their debtholders may typically be less than would be provided on a secured senior loan.

Increased Risks for Mezzanine Obligations

The fact that mezzanine obligations are generally subordinated to any senior obligation and potentially other indebtedness of the relevant obligor thereunder, may have a longer maturity than such other indebtedness and will generally only have a second ranking security interest over any security granted in respect thereof, increases the risk of non-payment thereunder of such mezzanine obligations in an enforcement situation.

Mezzanine obligations may provide that all or part of the interest accruing thereon will not be paid on a current basis but will be deferred. Mezzanine obligations also generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations and senior obligations. They are often entered into in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated and, as referred to above, sit at a subordinated level in the capital structure of such companies.

Mezzanine obligations are likely to be subject to inter-creditor arrangements that may include restrictions on the ability of the holders of the relevant mezzanine obligations from taking independent enforcement action.

Prepayment Risk

Loans are generally pre-payable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Secured senior notes may include obligor call or prepayment features, with or without a premium or make-whole. Prepayments on loans and bonds (whether held directly or through a CLO) may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans and bonds purchased at a price greater than par may experience a capital loss as a result of such a prepayment.

Defaults and Recoveries

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on senior obligations, mezzanine obligations and high yield bonds and no assurance can be given as to the levels of default and/or recoveries that may apply to any senior obligations, mezzanine obligations and high yield bonds purchased by the Company, an Underlying Company or a CLO issuer. As referred to above, although any particular senior obligation, mezzanine obligation and high yield bond often will share many similar features with other loans, securities and obligations of its type, the actual terms of any particular senior obligation, mezzanine obligation and high yield bond will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on both senior obligations, mezzanine obligations and high yield bonds may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the obligors thereunder.

The effect of an economic downturn on default rates and the ability of finance providers to protect their investment in a default situation is uncertain. Furthermore, the holders of senior obligations, mezzanine obligations and high yield bonds are more diverse than ever before, including not only banks and specialist finance providers but also alternative investment managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. All of these developments may further increase the risk that historic recovery levels will not be realised. The returns on senior obligations, mezzanine obligations and/or high yield bonds therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become defaulted for a variety of reasons. Upon any collateral obligation becoming defaulted, such obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial change in the interest rate, a substantial write-down of principal, a conversion of some or all of the principal debt into equity, or an

extension of its maturity, and a substantial change in the terms, conditions and covenants with respect to such obligation. Junior creditors may find that a restructuring leads to the total eradication of their debt whilst the obligor continues to service more senior tranches of debt on improved terms for the senior lenders. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to the ultimate recovery on such defaulted obligation. Forum shopping for a favourable legal regime for a restructuring is not uncommon, English law schemes of arrangement having become a popular tool for European incorporated companies, even for obligors with little connection to the UK. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

In some European jurisdictions, obligors or lenders may seek a "scheme of arrangement". In such instance, a lender may be forced by a court to accept restructuring terms. Recoveries on senior obligations, mezzanine obligations and high yield bonds will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the obligors thereunder.

Characteristics of Second Lien Loans

The Company, the Rollover CLOs, an Underlying Company or Underlying Company CLOs may invest in second lien loans. Such loans will be secured by a pledge of collateral, subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to: (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of any obligor. In addition, during a bankruptcy of the obligor, the holder of a second lien loan may be required to give advance consent to: (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

Liens arising by operation of law may take priority over the Company, an Underlying Company or CLO issuer's (as applicable) liens on an obligor's underlying collateral in connection with a second lien loan and impair the Company, an Underlying Company or the CLO issuer's recovery on a collateral obligation if a default or foreclosure on that collateral obligation occurs. If the creditor holding a lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such collateral obligations.

Characteristics of Unsecured Senior Loans

The Company, the Rollover CLOs, an Underlying Company or Underlying Company CLOs may invest in unsecured senior loans. Such loans generally have greater credit, insolvency and liquidity risk than is typically associated with secured obligations. Unsecured senior loans will generally have lower rates of recovery than secured obligations following a default. Also, if the insolvency of an obligor of any unsecured senior loans occurs, the holders of such obligation will be considered general, unsecured creditors of the obligor and will have fewer rights than secured creditors of the obligor.

Investing in Cov-Lite Obligations involves certain risks

The Company, the Rollover CLOs, an Underlying Company or Underlying Company CLOs may invest in cov-lite obligations (which may take the form of loans or bonds). Such obligations typically do not have maintenance covenants, they usually have incurrence covenants in the same manner as a high yield bond. Ownership of cov-lite obligations may expose the Company, an Underlying Company or the CLO issuer (as applicable) to greater risks, including with respect to liquidity, price volatility and ability to restructure obligations, than is the case with obligations that have maintenance covenants. In addition, the lack of maintenance covenants may make it more difficult to trigger a default in respect of such collateral obligations. This makes it more likely that any default will only arise under a cov-lite obligation at a stage where the relevant obligor is in a greater degree of financial distress. Such a delay may make any successful

restructuring more difficult to achieve and/or result in a greater reduction in the value of the cov-lite obligations as a consequence of any restructuring effected in such circumstances.

Characteristics of high yield bonds

Some high yield bonds are unsecured, may be subordinated to other obligations of the applicable obligor and may involve greater credit and liquidity risks than those associated with investment grade corporate obligations. They are often issued in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated.

High yield bonds have historically experienced greater default rates than investment grade securities. Although several studies have been made of historical default rates in the U.S. high yield market, such studies do not necessarily provide a basis for drawing definitive conclusions with respect to default rates and, in any event, do not necessarily provide a basis for predicting future default rates in either the European or the U.S. high yield markets.

The lower rating of securities in the high yield sector reflects a greater possibility that adverse changes in the financial condition of an issuer thereof, or in general economic conditions (including a sustained period of rising interest rates or an economic downturn), or both, may affect the ability of such issuer to make payments of principal and interest on its debt. Many issuers of high yield bonds are highly leveraged, and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers' ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the high yield bonds in the portfolio of the Company, an Underlying Company or an Underlying Company CLO.

Some European high yield bonds are subordinated structurally, as opposed to contractually, to senior secured debtholders. Structural subordination is when a high yield security investor lends to a holding company whose primary asset is ownership of a cash-generating operating company or companies. The debt investment of the high yield investor is serviced by passing the revenues and tangible assets from the operating companies upstream through the holding company (which typically has no revenue-generating capacity of its own) to the security holders. In the absence of upstream guarantees from operating or asset owning companies in the group, such a process may leave the high yield bond investors deeply subordinated to secured and unsecured creditors of the operating companies and means that investors therein will not necessarily have access to the same security package as the senior lenders (even on a second priority charge basis) or be able to participate directly in insolvency proceedings or pre-insolvency discussions relating to the operating companies within the group. This facet of the European high yield market differs from the U.S. high yield market, where structural subordination is markedly less prevalent. Furthermore, security granted may be similar to that granted under a second lien loan (as discussed above).

In the case of high yield bonds issued by issuers with their principal place of business in Europe, structural subordination of high yield bonds, coupled with the relatively shallow depth of the European high yield market, leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European high yield bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. It must be noted, however, that the overall probability of default (based on credit rating) remains similar for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

In addition to the characteristics described above, high yield securities frequently have call or redemption features that permit the issuer to redeem such obligations prior to their final maturity date. If such a call or redemption were exercised by an issuer during a period of declining interest rates, it may only be possible to replace such called obligation with a lower yielding obligation, thus decreasing the net investment income from the Company, the Rollover CLOs, an Underlying Company or an Underlying Company CLO's portfolio.

Corporate Rescue Loans

The Company, the Rollover CLOs, an Underlying Company or Underlying Company CLOs may invest in corporate rescue loans. Such loans are made to companies that have experienced, or are experiencing, significant financial or business difficulties such that they have become subject to bankruptcy or other

reorganisation and liquidation proceedings and thus involves additional risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Company, an Underlying Company or a CLO issuer (or the CLO Manager on its behalf) will correctly evaluate the value of the assets securing the corporate rescue loan or the prospects for a successful reorganisation or similar action and accordingly the Company, the Rollover CLOs, an Underlying Company or Underlying Company CLOs (as the case may be) could suffer significant losses on its investments in such corporate rescue loan. An investment in such type of loan may lead to a loss of the entire investment, or the holder may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time.

Distressed company and other asset-based investments require active monitoring and may, at times, require participation by the lender in business strategy or bankruptcy proceedings. To the extent that the Company, an Underlying Company or the CLO Manager becomes involved in such proceedings, the more active participation in the affairs of the bankruptcy debtor could result in the imposition of restrictions limiting their ability to liquidate their position in the debtor.

Although a corporate rescue loan is secured, where the obligor is subject to U.S. bankruptcy law, it has a priority permitted by section 364(c) or section 364(d) under the United States Bankruptcy Code and at the time that it is acquired is required to be current with respect to scheduled payments of interest (if any).

Bridge Loans

An Underlying Company or Underlying Company CLOs may invest in bridge loans. Bridge loans are generally a temporary financing instrument and as such the interest rate may increase after a short period of time in order to encourage an obligor to refinance the bridge loan with more long-term financing. If an obligor is unable to refinance a bridge loan, the interest rate may be subject to an increase and as such bridge loans may have greater credit and liquidity risk than other types of loans.

Voting Restrictions on Syndicated Loans for Minority Holders

The Company, an Underlying Company and/or a CLO issuer will generally purchase each underlying asset in the form of an assignment of, or participation interest in, a note or other obligation issued under a loan facility to which more than one lender is a party. These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement requires the consent of a majority or a super-majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders, and the Company, an Underlying Company or CLO issuer (as applicable) may have a minority interest in such loan facilities. Consequently, the terms and conditions of an underlying asset issued or sold in connection with a loan facility could be modified, amended or waived in a manner contrary to the preferences of the Company, an Underlying Company or the CLO issuer (as applicable) if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders and a sufficient number of the other lenders concur with such modification, amendment or waiver. There can be no assurance that any collateral obligations issued or sold in connection with any loan facility will maintain the terms and conditions to which the Company, an Underlying Company or CLO issuer (as applicable) or a predecessor in interest, originally agreed.

Lender Liability Considerations; Equitable Subordination

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of obligors to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "**lender liability**"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the obligor or has assumed a degree of control over the obligor resulting in the creation of a fiduciary duty owed to the obligor or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Company, an Underlying Company and/or the CLO issuer may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under capitalisation of the obligor to the detriment of other creditors of such obligor, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control the obligor to the detriment of other creditors of such obligor, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of the collateral obligations, the Company, an Underlying Company or the CLO issuer may be subject to claims from creditors of an obligor that collateral obligations issued by such obligor that are held by the Company, an Underlying Company or the CLO issuer (as applicable) should be equitably subordinated.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as collateral obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

RISKS RELATING TO DFME AND DFM

The performance of the Company, BGCF and BGUCF has some dependence on the skills and the personnel of DFME, DFM and the human resources DFME provides to BGCF in its capacity as the Service Support Provider

In accordance with the Portfolio Service Support Agreement, DFME (in its capacity as the Service Support Provider) is responsible for providing certain service support and assistance to BGCF. The Service Support Provider will also be responsible for providing the necessary human resources to BGCF so that the business and management functions of BGCF can be carried on. BGCF's directors, acting on the advice of the human resources provided to BGCF by the Service Support Provider, will have responsibility for managing the business affairs of BGCF, in accordance with the NPA, the applicable laws and its constitutional documents, and BGCF's directors will have overall responsibility for the activities of BGCF. While BGCF's directors will have responsibility for and oversight of BGCF's business, and such business will be managed by BGCF's directors, BGCF's day-to-day performance will also be reliant on service support received from the Service Support Provider. As a result, if the Service Support Provider were no longer able to provide the service support under the Portfolio Service Support Agreement or failed to provide the service support in the manner required by BGCF's directors to manage BGCF's portfolio and business, this could have a material adverse effect on the performance of BGCF and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

DFME (in its capacity as Adviser) will also be providing certain advice directly to the Company pursuant to the Advisory Agreement and, in its capacity as the CLO Manager, will also manage certain Underlying Company CLOs.

Pursuant to the BGUCF Management Agreement, DFM, in its capacity as the BGUCF Manager, will be responsible for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof. As a result, if the BGUCF Manager is no longer able to provide the services under the BGUCF Management Agreement, this could have a material adverse effect on the performance of BGUCF and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

DFM also acts as Rollover Portfolio Manager to the Company pursuant to the Rollover Portfolio Management Agreement. The performance of the Rollover Shares will be dependent on the Rollover Portfolio Manager's ability to realise the Rollover Assets and re-invest the proceeds of such realisations into CSWs issued by Luxco, thereby providing exposure to PPNs issued by BGCF to LuxCo.

DFME and DFM (or any of their affiliates) will also be managing certain Underlying Company CLOs.

Consequently, the Company, BGCF and BGUCF will be dependent on the advisory and management experience of the individuals employed by DFME and DFM, some of whom (in the case of DFME) will be made available to BGCF pursuant to the Portfolio Service Support Agreement (as more fully described in paragraph 6.1 of Part VIII of this Prospectus). As a result, DFME and DFM will be providing services and advice (as applicable) in several different capacities, which may result in conflicts of interest. If such conflicts of interest arise, they may need to be resolved in a manner which adversely affects one of the parties which DFME or DFM provides services or advice (as applicable). This could have a material adverse effect on the performance of the Company, a CLO issuer, Underlying Company and/or BGCF (and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares).

Further, the future ability of BGCF and BGUCF to pursue their respective investment policies successfully and the ability of DFME to advise the Company as required under the Advisory Agreement and Rollover Portfolio Management Agreement may depend on the ability of DFME and DFM to retain their existing staff and/or to recruit individuals of similar experience and calibre. Whilst DFME and DFM have endeavoured to ensure that the principal members of their advisory and service support teams, as applicable, are suitably incentivised, the retention of key members of the teams cannot be guaranteed. In the event of a departure of a key DFME or DFM employee, there is no guarantee that DFME or DFM (as applicable) would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of BGUCF, BGCF and, by extension, the Company. Events impacting but not entirely within DFME's or DFM's control, such as its financial performance, its being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain key personnel. If key personnel of DFME or DFM were to depart or DFME or DFM were unable to recruit individuals with similar experience and calibre, DFME or DFM may not be able to provide services or advice (as applicable) to the requisite level expected or required by BGUCF, BGCF or the Company (as applicable). This could have a material adverse effect on the performance of BGUCF, BGCF and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Under both the Portfolio Service Support Agreement and the Advisory Agreement, DFME agrees to perform its obligations to a specified Standard of Care (as defined in the relevant agreement); provided that DFME will not be liable for any loss or damages resulting from any failure to satisfy the Standard of Care except in certain limited circumstances. If a liability were to be incurred by BGCF or the Company (as applicable) in a situation where DFME had acted in accordance with its Standard of Care, BGCF or the Company (as applicable) would (except in certain limited circumstances) have no recourse to DFME and such liabilities would be for the account of BGCF or the Company (as applicable). Similarly, if a liability were to be incurred by BGUCF in a situation where DFM had acted in accordance with its obligations under the BGUCF Management Agreement, BGUCF would have no recourse to DFM and such liabilities would be for the account of BGUCF. This could have a material adverse effect on the performance of BGUCF, BGCF and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Additionally, under each of the Portfolio Service Support Agreement and the Advisory Agreement, BGCF and the Company (respectively) will be required to indemnify DFME and its affiliates, managers, directors, officers, partners, agents and employees, from and against all liabilities incurred in connection with the Portfolio Service Support Agreement or the Advisory Agreement (as applicable) (except to the extent such liabilities are incurred as a result of any acts or omissions of DFME that constitute a Service Support Provider Breach). Similarly, under the BGUCF Management Agreement, BGUCF will be required to indemnify DFM against liabilities incurred in performing its duties thereunder; provided, that BGUCF will not indemnify DFM for any liabilities incurred as a result of any acts or omissions constituting bad faith, fraud, wilful misconduct or gross negligence or reckless disregard of the duties and obligations of DFM. As a result, if such liabilities arise, BGUCF, BGCF or the Company (as applicable) will be required to make payment under such indemnity, as applicable, which could have a material adverse effect on the performance of BGUCF, BGCF or the Company and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. Further details in respect of the BGUCF Management Agreement, the Advisory Agreement and the Portfolio Service Support Agreement are set out in the sections entitled "*Material Contracts*" in Parts VII, VIII and IX (respectively) of this Prospectus.

DFME is able to resign its role as Service Support Provider under the Portfolio Service Support Agreement upon 90 days' written notice to BGCF and, in the case of the Advisory Agreement, its role as Adviser upon

30 days' written notice to the Company. Similarly, DFM may resign its role as the BGUCF Manager under the BGUCF Management Agreement upon 90 days' written notice to BGUCF. Whilst such a resignation under any of these agreements will not be effective until the date as of which a successor adviser has been appointed, it may be difficult to locate a successor to any of these roles. If a successor cannot be found for either role, BGUCF or BGCF (as the case may be) may not have the resources it considers necessary to manage its portfolio or to make investments appropriately and, as a result, there may be a material adverse effect on the performance of BGUCF, BGCF and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In addition, the Service Support Provider under the Portfolio Service Support Agreement and the Adviser under the Advisory Agreement, may in each case immediately resign under either agreement by providing written notice to BGCF upon the occurrence of certain events relating to BGCF (in respect of the Portfolio Service Support Agreement or the Company under the Advisory Agreement) such as, amongst others, the failure of BGCF or the Company (as applicable) to comply in any material respect with its investment policy, a wilful breach or knowing violation by BGCF or the Company (as applicable) of a material provision of the Portfolio Service Support Agreement or Advisory Agreement (as applicable) or the occurrence of insolvency proceedings in respect of BGCF. If any of these events were to occur and resulted in the resignation of the Service Support Provider or the Adviser (as applicable), BGCF or the Company (as applicable) may not have the expertise available to it in order to manage its assets and may experience difficulty in locating an alternative service support provider or adviser and, as a result, there may be a material adverse effect on the performance of BGCF and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the event of the occurrence of a removal event in respect of DFME or DFM as CLO Manager in respect of an Underlying Company CLO, such relevant entity will continue as CLO Manager of the relevant Underlying Company CLO until a suitable replacement is found (in accordance with the applicable Underlying Company CLO's transaction documents), and will continue to receive any CLO Management Fees and expenses accrued to the date of actual termination of its duties.

Examination by the SEC

Recently the SEC has focused on issues related to private equity firms. More specifically, the SEC has indicated that its list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. DFME, DFM and their affiliates are regularly subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which they routinely cooperate. In the current environment, even historical practices that have been previously examined by regulators are being revisited. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing would not have a material adverse effect on the ability of DFME or DFM to perform its duties under the relevant CLO transaction documents. Even if an investigation or proceedings did not result in a sanction or the sanctions imposed against DFME or DFM or their personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceedings or imposition of these sanctions could have an adverse effect on the value of investments in Loan Warehouses or CLO Securities held by the Company and/or the Underlying Companies. This may have a material adverse effect on the performance of the Company and the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

RISKS RELATING TO CONFLICTS OF INTEREST

The following briefly summarises various potential and actual conflicts of interest that may arise from the overall advisory, investment, capital markets, lending and other activities of DFME, DFM and their affiliates and their respective clients and employees, but it is not intended to be an exhaustive list of all such conflicts. References in this conflicts discussion to DFME and DFM include their affiliates unless otherwise specified or the context otherwise requires.

DFME and DFM are entitled to receive CLO Management Fees from the Underlying Company CLOs managed by them as CLO Manager out of proceeds received by the Underlying Company CLOs from the collateral obligations each such Underlying Company CLO holds, subject in each case to the priority of

payments of the relevant Underlying Company CLO. The payment of any incentive management fee that forms part of the CLO Management Fees is dependent to some degree on the yield earned on the collateral obligations of the Underlying Company CLOs. The fee structure could create an incentive for the CLO Managers to manage the Underlying Company CLOs' investments in a manner as to seek to maximise the yield on the collateral obligations relative to investments of higher creditworthiness. Managing the portfolio with the objective of increasing yield, even though the applicable CLO Manager is constrained by investment restrictions, could result in an increase in collateral obligation issuer defaults or volatility and could contribute to a decline in the aggregate market value of the collateral obligations and therefore the return and repayment of the CLO Securities and CLO Income Securities. Neither DFME nor DFM is under an obligation to manage Underlying Company CLOs or Loan Warehouses in a manner which will favour the investments in Loan Warehouses or CLO Securities held by the Underlying Companies in such Underlying Company CLOs. If the applicable Underlying Company CLO or Loan Warehouse is not managed in a manner which favours the Underlying Companies' investments in Loan Warehouses or CLO Securities, this may have a material adverse effect on the performance of the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Certain inherent conflicts of interest arise from the fact that DFME, DFM, The Blackstone Group L.P. and their affiliates that operate under the credit business of The Blackstone Group L.P. (collectively, "**GSO Affiliates**") provide investment management and sub-advisory services and other capital markets, investment banking and advisory services to the Underlying Company CLOs, the Underlying Companies, the Company and to other clients, including other collateralised debt obligation vehicles, other investment funds, and any other investment vehicles that the GSO Affiliates may establish from time to time (the "**Other GSO Funds**"), as well as client accounts (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities), collectively, the "**GSO Managed Accounts**") and proprietary accounts managed by GSO Affiliates in which none of the Underlying Company CLOs, the Underlying Companies or the Company will have an interest (such other clients, funds and accounts, collectively the "**Other GSO Accounts**"). In addition, The Blackstone Group L.P. and its affiliates (collectively, "**The Blackstone Group**") provide investment management and sub-advisory services to other clients, including other investment funds, and any other investment vehicles that The Blackstone Group may establish from time to time (such funds, other than the Other GSO Funds, the "**Other Blackstone Funds**"), client accounts and proprietary accounts in which none of the Underlying Company CLOs, the Underlying Companies or the Company will have an interest (such other clients, funds and accounts, other than the Other GSO Accounts, collectively the "**Other Blackstone Accounts**" and together with the Other GSO Accounts, the "**Other Accounts**"). The respective investment programs of the Underlying Company CLOs, the Underlying Companies, the Company and the Other Accounts may or may not be substantially similar. The GSO Affiliates and The Blackstone Group may give advice and recommend securities to Other Accounts which may differ from advice given to, or obligations recommended or bought for, the Underlying Company CLOs, the Underlying Companies or the Company (if applicable) even though their investment objectives may be the same as or similar to those of the Underlying Company CLOs, the Underlying Companies or the Company (as applicable).

Allocation of opportunities between Underlying Company CLOs, the Underlying Companies and the Other Accounts

While DFME, DFM and the Underlying Companies (as applicable in their relevant roles) will seek to manage actual and potential conflicts of interest in an equitable manner, the portfolio strategies employed by The Blackstone Group in managing its respective Other Accounts could conflict with the transactions and strategies employed: (i) by DFME or DFM in managing the portfolio of an Underlying Company CLO; (ii) by DFM or DFME in providing services to any Underlying Company; (iii) by the Underlying Companies in managing their own portfolio; and/or (iv) by DFME in advising the Company under the Advisory Agreement. The portfolio strategies employed by The Blackstone Group may also affect the prices and availability of the securities and instruments in which the Underlying Company CLOs invest and in which the Underlying Companies themselves may invest.

Conversely, participation in specific investment opportunities may be appropriate, at times, for the Underlying Companies, the Underlying Company CLOs and/or Other Accounts, as applicable. In any event it is the policy of DFME, DFM and the applicable Underlying Companies to allocate investment opportunities and sale opportunities on a basis deemed by DFME, DFM or the applicable Underlying Company (as appropriate), in its sole discretion, to be fair and equitable over time. It is the policy of The Blackstone Group

to generally share appropriate investment opportunities (including purchase and sale opportunities) with the Other Accounts (and by association, with the applicable Underlying Companies and Underlying Company CLOs).

Each of DFME, DFM and the applicable Underlying Companies is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. In allocating investment opportunities, each of DFME, DFM and the applicable Underlying Companies determine which clients' investment mandates are consistent with the investment opportunity (such clients, which may include applicable Other Accounts, "**Relevant Clients**"), taking into account each client's risk/return profile, investment guidelines and objectives, and liquidity objectives.

As a general matter, investment opportunities will be allocated *pro rata* among Relevant Clients based on their respective targeted acquisition size (which may be based upon available capacity or, in some cases, a specified maximum target size of such client) or targeted sale size (which is generally based upon the position size held by selling clients), in a manner that takes into account the applicable factors listed below.

In addition, each of DFME, DFM and, if applicable, the Underlying Companies complies with specific allocation procedures set forth in the documents governing its relationship with its clients and described during the marketing process. While no client will be favoured over any other client, in allocating investment opportunities certain clients may have priority over other clients consistent with disclosures made to the applicable investors.

Consistent with the foregoing, each of DFME, DFM and, if applicable, the Underlying Companies will generally allocate investment opportunities pursuant to certain allocation methodologies as appropriate depending on the nature of the investment. Notwithstanding the foregoing, investment opportunities may be allocated in a manner that differs from such methodologies but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation).

In instances where the clients target different strategies but overlap with respect to certain investment opportunities, DFME, DFM or, if applicable, the Underlying Companies may determine that a particular investment most appropriately fits within the portfolio and strategy focus of particular Relevant Clients and may allocate the investment to those clients. Any such allocations (i) must be documented in accordance with their procedures; and (ii) must be undertaken with reference to one or more of the following considerations (in each case as applicable):

- (a) the risk-return and target-return profile of the investment opportunity relative to the Relevant Client's current risk profile;
- (b) the Relevant Client's investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of their respective portfolio's overall holdings;
- (c) the need to re-size risk in the Relevant Clients' portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within a Relevant Client's portfolio) and taking into account any existing non-*pro rata* investment positions in such portfolios;
- (d) liquidity considerations of the Relevant Client, including during a ramp-up or wind-down of one or more of such clients, proximity to the end of such client's specified term, any period, redemption/withdrawal requests from or with respect to a client, anticipated future contributions into a client and available cash;
- (e) tax consequences;
- (f) regulatory or contractual restrictions or consequences;
- (g) operational and/or reporting considerations;
- (h) avoiding de minimis or odd lot allocations;
- (i) availability and degree of leverage and any requirements or other terms of any existing leverage facilities;
- (j) Relevant Client's investment focus on a classification attributable to an investment or issuer of an investment, including, without limitation, investment strategy, geography, industry or business sector;
- (k) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the applicable Relevant Client;

- (l) managing any actual or potential conflict of interest;
- (m) whether investments are made available to DFME, DFM or the Underlying Companies by counterparties pursuant to negotiated trading platforms (e.g., ISDA contracts) which may not be available for all Relevant Clients in the absence of such relationships; and
- (n) any other considerations deemed relevant by DFME (including certain of the personnel provided by DFME under the Portfolio Service Support Agreement), DFM, the Underlying Companies or the applicable member of The Blackstone Group in good faith.

Because of these and other factors, certain Relevant Clients may effectively have priority in investment allocation over the Underlying Company CLOs, the Underlying Companies or the Company, notwithstanding DFM's, DFME's and, if applicable, the Underlying Companies' policies of *pro rata* distribution.

Orders may be combined for DFME, DFM, the Underlying Companies and all other participating Other Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among different accounts on a basis that GSO Affiliates consider equitable.

No member of The Blackstone Group is under any obligation to offer investment opportunities of which they become aware to the Underlying Company CLOs or the Underlying Companies or to share with the Underlying Company CLOs or the Underlying Companies or to inform the Underlying Company CLOs or the Underlying Companies of any such transaction or any benefit received by it from any such transaction, or to inform the Underlying Company CLOs or the Underlying Companies of any investments before offering any investments to Other Accounts. Furthermore, any member of The Blackstone Group may make an investment on their own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the portfolios of the Underlying Company CLOs or the Underlying Companies. Affirmative obligations may exist or may arise in the future, whereby The Blackstone Group may be obligated to offer certain investments to Other Accounts before or without DFME or DFM offering those investments to the Underlying Company CLOs or the Underlying Companies. Any member of The Blackstone Group may make investments that it or any other member of The Blackstone Group has declined to invest for its own account, the account of any other member of The Blackstone Group or the account of any Other GSO Account.

Co-investments among the Underlying Company CLOs, the Underlying Companies and the Other Accounts

The Underlying Company CLOs and the Underlying Companies may invest in securities of the same issuer as Other Accounts and The Blackstone Group. From time-to-time Underlying Company CLOs and Underlying Companies may make investments at different levels of an issuer's capital structure or otherwise in different classes of a borrower's or an issuer's securities, subject to the limitations of the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. To the extent the Underlying Company CLOs, the Underlying Companies or the Company hold securities that are different (including with respect to their relative seniority) than those held by an Other Account, the GSO Affiliate may be presented with decisions involving circumstances where the interests of the Underlying Companies CLOs, the Underlying Companies, the Company and such Other Account are in conflict. Furthermore, it is possible that the Underlying Companies', the Underlying Company CLOs or the Company's interest may be subordinated or otherwise adversely affected by virtue of such Other Account's involvement and actions relating to their investment. For example, conflicts could arise where the Underlying Companies or Underlying Company CLOs lend funds to an issuer while an Other Account invests in equity securities of such issuer. In such circumstances, for example if an issuer goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of securities as to what actions the issuer, should take. In addition, purchases or sales of securities for the account of an Underlying Company or Underlying Company CLO (particularly marketable securities) will be bunched or aggregated with orders for Other Accounts. It is frequently not possible to receive the same price or execution for the entire volume of securities sold, and the various prices may be arranged, which may be disadvantageous to the relevant Underlying Company or Underlying Company CLO. If the Underlying Company CLOs, BGCF or the other Underlying Companies, if applicable, make or have an

investment in, or, through the purchase of debt obligations become a lender to, a company in which an Other Account has a debt or an equity investment, GSO may have conflicting loyalties between their duties to the Underlying Company CLOs, the Underlying Companies, the Company and to other affiliates. In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that any conflict will be resolved in favor of the Company or the relevant Underlying Company CLO or Underlying Company and in some cases, a decision by GSO Affiliates to take any particular action could have the effect of benefiting an Other Account (and, incidentally, may also have the effect of benefiting GSO Affiliates) and therefore may not have been in the best interests of, and may be adverse to, the Company or the relevant Underlying Company CLO or Underlying Company. There can be no assurance that the return on the investment of the Company, the Underlying Company CLOs or the Underlying Companies will be equivalent to or better than the returns obtained by the Other Accounts participating in the transaction. The relevant Company, the Underlying Company CLOs or Underlying Company will not receive any benefit from fees paid to any GSO Affiliate from an issuer in which an Other Account also has an interest. In that regard, actions may be taken for the Other Accounts that are adverse to the Underlying Company CLOs, the Underlying Companies or the Company. In connection with negotiating senior loans and bank financings in respect of transactions sponsored by The Blackstone Group. The Blackstone Group may obtain the right to participate on its own behalf (or on behalf of vehicles that it manages) in a portion of the senior term financings with respect to such transactions on an agreed upon set of terms. GSO does not, however, believe that the foregoing arrangements have an effect on the overall terms and conditions negotiated with the arrangers of such senior loans. Notwithstanding this, there is no guarantee that such conflicts will be resolved in favour of any of the Underlying Company CLOs, the Underlying Companies or the Company and, if the conflict is resolved in a manner which is considered by such entities (or their investors) to be adverse to their interests, this may have a material adverse effect on the performance of the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The collateral obligations to be held by the Underlying Company CLOs or the Underlying Companies, directly or indirectly, as applicable, may include obligations issued by entities in which The Blackstone Group or Other Accounts have made investments, obligations that The Blackstone Group L.P. has assisted in structuring but in which they have or have not chosen to invest and obligations in respect of which The Blackstone Group or Other Accounts (x) participated in the original lending group and/or acted or act as an agent or (y) were otherwise involved as an underwriter, a syndication or placement agent or in some other capacity. In addition, the collateral obligations may include obligations previously held by The Blackstone Group or Other Accounts, and the Underlying Company CLOs or the Underlying Companies may purchase investments from, or sell investments to, The Blackstone Group or one or more Other Accounts, including in the event of a wind-down of the portfolio of collateral obligations. Although any such purchase or sale must comply with certain criteria set forth in the collateral management and administration agreement and other transaction documents entered into by such Underlying Company CLOs or the Underlying Companies (including the tax guidelines set forth in the management agreement (if applicable) and the requirement that any such purchase or sale be on an arm's length basis), DFME or DFM (as applicable) may take into consideration the interests of the Other Accounts when making decisions regarding the purchase and sale of collateral obligations on behalf of the Underlying Company CLOs under the collateral management and administration agreement or in providing the services or human resources DFME provides to BGCF under the Portfolio Service Support Agreement or DFM may provide to the Underlying Companies. DFME or DFM's consideration of the interests of Other Accounts may result in the Underlying Companies or the Underlying Company CLOs purchasing different assets than they would have purchased had DFME or DFM (as applicable) not considered such interests, and depending on the performance of such assets, this may have a material adverse effect on the performance of the Underlying Companies and, by extension, the Company. In addition, The Blackstone Group may receive fees or other compensation (whether in cash or in kind) in connection with such transaction that will not be shared with the Underlying Company CLO or otherwise off-set the CLO Management Fees payable to DFME or DFM (as applicable).

Further conflicts could arise once the Underlying Company CLOs, the Underlying Companies, the Other Accounts and The Blackstone Group have made their respective investments. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Underlying Company CLOs or the Underlying Companies to provide such additional financing. If the other affiliates of The Blackstone Group were to lose their respective investments as a result of such difficulties, the ability of the CLO Manager to recommend actions in the best interests of the Underlying Company CLOs might be impaired. GSO Affiliates may in their discussions take steps to reduce the potential for conflicts between the Underlying Companies and the Other Accounts, including causing such Underlying Companies

and/or such Other Accounts to take certain actions that, in the absence of such conflict, it would not take. In addition, there may be circumstances where GSO Affiliates agree to implement certain procedures to ameliorate conflicts of interest that may involve forbearance of rights relating to the Underlying Company CLOs, Underlying Companies or Other Accounts, such as where GSO Affiliates may cause Other Accounts to decline to exercise certain control and/or foreclosure-related rights with respect to a portfolio company.

Acquisition and disposal of Underlying Company CLO Income Notes, Other Notes or CLO Securities by The Blackstone Group or Other Accounts

The Blackstone Group or Other Accounts may from time to time purchase any of the CLO Income Notes issued by the Underlying Company CLOs (in this risk factor, referred to as the "**Underlying Company CLO Income Notes**") or other classes of notes of the Underlying Company CLOs ("**Other Notes**"). The Blackstone Group or Other Accounts (other than the Underlying Companies in relation to the CLO Retention Income Notes or CLO Retention Securities) will not be required to retain all or any part of the Underlying Company CLO Income Notes or Other Notes acquired by them. If The Blackstone Group or Other Accounts were to purchase any Underlying Company CLO Income Notes or Other Notes, DFME or DFM (as applicable) may face a conflict of interest in the performance of its duties as the CLO Manager because of the conflicting interests of the holders of classes of CLO Securities that are senior to the CLO Securities to be held by The Blackstone Group or Other Accounts. Such purchases may be in the secondary market and may occur a significant amount of time after the issue date of the relevant CLO. Resulting conflicts of interest could include (a) divergent economic interests between the CLO Manager and The Blackstone Group or Other Accounts that hold such notes, on the one hand, and other investors in the Underlying Company CLOs, on the other hand, and (b) voting of notes by The Blackstone Group or Other Accounts, or a recommendation to vote by the same, to cause, among other things, an early redemption of the notes and/or an amendment of the transaction documents relating to the notes.

If the CLO Manager were to perform its duties in a manner which was considered favourable to the interests of the Other Notes, this may have a material adverse effect on the performance of the Underlying Companies due to a lower relative return on its investment in Underlying Company CLO Income Notes and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares may be adversely affected. In particular, DFME or DFM (as applicable) may have an incentive to manage the Underlying Company CLOs' investments in a manner as to seek to maximise the yield on the collateral obligations and maximise the yield on the CLO Income Notes but which may result in an increase of defaults or volatility that adversely affects the return on Other Notes. Furthermore, DFME or DFM (as applicable), in its capacity as the CLO Manager, acting in its sole discretion on behalf of the applicable CLO issuer or Underlying Company CLO, will be entitled to designate amounts that would otherwise be treated as interest proceeds to be treated as principal proceeds and vice versa in certain limited circumstances. There can be no assurance that DFME or DFM (as applicable), in their capacity as the CLO Manager, will not make such designations in a manner that seeks to maximise the yield on any CLO Securities held by it or a GSO Affiliate while increasing the probability of reductions or delays in payments on the more senior CLO Securities.

In addition, DFME or DFM may enter into agreements with one or more holders of CLO Securities pursuant to which DFME or DFM may agree, subject to its obligations under the relevant share trust deeds, indentures, collateral management and administration agreements and applicable law, to take actions with respect to such noteholder or noteholders that it will not take with respect to all of the noteholders (including the Underlying Companies). If DFME or DFM were to enter into such agreements, the information or rights which the Underlying Companies receive regarding the relevant Underlying Company CLO may differ from that received by an investor in CLO Securities. This could result in a differing relative performance between the CLO Income Notes held by the Underlying Companies and the other CLO Securities.

Any relevant collateral management and administration agreements or indentures for an Underlying Company CLO may place significant restrictions on DFME or DFM's ability to invest in and dispose of collateral obligations. Accordingly, during certain periods or in certain circumstances, DFME or DFM may be unable as a result of such restrictions to invest in or dispose of collateral obligations or to take other actions that it might consider to be in the best interests of the Underlying Company CLOs and the holders of the Underlying Company CLO Income Notes. This may lead to a reduced relative return on the Underlying Company CLOs' investments and/or those of the Underlying Companies, and, by extension the performance of the Company's business, NAV and/or the market price of the Shares.

At any given time, the CLO Securities held by The Blackstone Group or Other Accounts will be disregarded and deemed not to be outstanding with respect to (i) a vote to remove the CLO Manager for "cause" and (ii) to waive any event constituting "cause" as a basis for termination of the relevant collateral management and administration agreement. However, at any given time The Blackstone Group and Other Accounts will be entitled to vote CLO Securities held by them or over which they have discretionary voting authority with respect to all other matters. If The Blackstone Group or Other Accounts hold or otherwise have discretionary voting authority over the requisite percentage of the outstanding principal amount of the CLO Income Notes, the CLO Manager affiliates will control certain matters under the indenture, trust deed and/or the collateral management and administration agreement (as applicable) that may affect the performance of the collateral obligations and the return on one or more classes of CLO Securities, including, without limitation: (i) an optional redemption at the direction of a majority of the CLO Income Notes; and (ii) the appointment of a successor collateral manager. Such entities may also control matters related to any refinancing or the sale of collateral obligations following an optional redemption. A GSO Affiliate may be appointed as a successor collateral manager in connection with such refinancing or such sale of collateral obligations to a newly formed collateralised loan obligation vehicle. Such appointment may benefit the GSO Affiliates to the extent that any of them may continue to: (i) invest or re-invest the collateral obligations in the portfolio of the Underlying Company CLO that may otherwise have been liquidated and (ii) receive a fee for managing the portfolio of the Underlying Company CLO for a longer period of time than had those obligations been liquidated. A portion of the assets in the Underlying Company CLO portfolio may be sold to such newly formed collateralised obligation vehicle for which DFME or DFM will act as collateral manager. The price for each such collateral obligation sold will be determined in accordance with the internal policies and procedures of DFME or DFM (as applicable) for trades of assets between affiliates.

To the extent the applicable CLO issuer or Underlying Company CLO is prohibited from receiving a payment, fee or other consideration with respect to an investment made (or to be made) by the applicable Underlying Company CLO due to restrictions contained in the guidelines attached to the collateral management and administration agreement or otherwise, such amount will either be foregone or paid to the CLO Manager (to the extent permissible under any applicable ERISA restrictions), which payment will not reduce the amount payable to the CLO Manager for services pursuant to the collateral management and administration agreement or under any other transaction documents in any capacity.

DFME or DFM (in their capacity as CLO Manager) may arrange for the Underlying Company CLOs to acquire collateral obligations from, and sell collateral obligations to The Blackstone Group or Other Accounts from time to time subject to the applicable procedures in the relevant collateral management and administration agreement.

Each of DFME or DFM will be required to use commercially reasonable efforts to obtain the best prices and execution for all investment orders placed with respect to the collateral obligations (or assistance given to the Underlying Companies in this respect, if applicable), considering all circumstances that are relevant in its reasonable determination. Subject to the objective of obtaining best prices and execution, DFME or DFM may take into consideration research and other brokerage services furnished to it or its affiliates by brokers and dealers that are not GSO Affiliates. Such services may be used by The Blackstone Group and Other Accounts in connection with their other advisory activities or investment operations. DFME or DFM may aggregate sales and purchase orders of investments placed with respect to assets with similar orders being made simultaneously for Other GSO Accounts if in DFME's or DFM's (as applicable) reasonable judgment such aggregation will result in an overall economic benefit to the accounts, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses. There is no guarantee that DFME or DFM, as applicable, will be able to aggregate orders in a way which achieves such overall economic benefit, and if such benefit is not achieved this may have a material adverse effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

No member of The Blackstone Group is under any obligation to offer investment opportunities of which it becomes aware to the Underlying Company CLOs or the Underlying Companies to share with Underlying Company CLOs or the Underlying Companies or to inform the Underlying Company CLOs or the Underlying Companies of any such transaction or any benefit it receives from any such transaction, or to inform the Underlying Company CLOs or the Underlying Companies of any investments before offering any investments to Other Accounts. Furthermore, any member of The Blackstone Group may make an investment on its own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the portfolios of the Underlying Company CLOs or the Underlying Companies.

Affirmative obligations may exist or may arise in the future, whereby The Blackstone Group may be obligated to offer certain investments to Other Accounts before or without DFME or DFM offering those investments to the Underlying Company CLOs or the Underlying Companies. Any member of The Blackstone Group may make investments that it or any other member of The Blackstone Group has declined to invest in for its own account, the account of any other member of The Blackstone Group or the account of its other clients. The Underlying Companies may also invest in any such assets.

Risks relating to the Rollover Portfolio Manager

DFM, DFME and their affiliates have interests that potentially conflict with those of Shareholders, including that DFME provides advisory and other services to BGLF and BGCF, and therefore has an interest in BGLF acquiring the assets underlying the Rollover Shares. BGLF will not pay advisory or similar fees to DFME with respect to the assets underlying the Rollover Shares, and DFM is foregoing any incentive fees it may be owed on the Rollover Shares. However, because BGLF depends on the continued acquisition of CLO securities to support its business, DFM, DFME and their affiliates may have an economic incentive to effect the conversion of Carador Shares into Rollover Shares. A Shareholder will be deemed to have acknowledged the existence of such potential conflicts of interest and to have waived any and all claims with respect to the existence of any such conflict of interest and any actions taken or proposed to be taken in respect thereof.

Allocation of Expenses

The Blackstone Group may from time to time incur expenses jointly on behalf of the Underlying Company CLOs, BGCF (in accordance with the Portfolio Service Support Agreement), other applicable Underlying Companies, the Company (in accordance with the Advisory Agreement) or Other Accounts and one or more subsequent entities established or advised by The Blackstone Group. Although The Blackstone Group will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will, in all cases, be allocated appropriately among such parties.

The level of expenses allocated to the Underlying Company CLOs, the Underlying Companies and the Company may have an adverse effect on each of them. A high level of expenses may: (i) in relation to the Underlying Company CLOs, result in a decreased return on the Underlying Companies' investments in Loan Warehouses, CLO Income Notes or the CLO Securities; (ii) in relation to the Underlying Companies', result in a significant reduction in its cash reserves available for investment; and (iii) in relation to the Company, result in a reduction of its working capital. In each case, the level of expenses may have a material adverse effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Risks arising out of the broad spectrum of activities engaged in by The Blackstone Group (including DFME, DFM and their affiliates)

The Blackstone Group engages in a broad spectrum of activities. In the ordinary course of their business activities, The Blackstone Group may engage in activities where the interests of certain divisions of The Blackstone Group or the interests of their clients may conflict with the interests of the holders of the Underlying Company CLO Income Notes or Other Notes, the Underlying Companies or the Company. Other present and future activities of The Blackstone Group may give rise to additional conflicts of interest. In the event that a conflict of interest arises, DFME or DFM (as applicable) will attempt to resolve such conflicts in a fair and equitable manner. DFME or DFM (as applicable) will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the Underlying Company CLOs, the Underlying Companies or the Company (as applicable). Investors should be aware that conflicts will not necessarily be resolved in favour of the Underlying Company CLOs', the Underlying Companies' or the Company's interests. As a result, if conflicts were resolved in a manner perceived to be adverse to the Underlying Company CLOs, the Underlying Companies or the Company, this may have a material adverse effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Certain policies and procedures implemented by The Blackstone Group (including DFME, DFM and their affiliates) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual

restrictions will from time to time reduce the synergies across The Blackstone Group's various businesses that the Underlying Company CLOs, the Company or the Underlying Companies expect DFME, DFM or their affiliates to draw on for the purpose of pursuing attractive investment opportunities. Because The Blackstone Group has many different asset management and other businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business.

In addressing these conflicts and the regulatory, legal and contractual requirements across its various businesses, The Blackstone Group has implemented certain policies and procedures (e.g. information walls) that reduce the positive synergies that the Underlying Company CLOs, the Company (if applicable) or the Underlying Companies expect the CLO Manager to utilise for purposes of managing investments. For example, The Blackstone Group will come into possession of material non-public information with respect to companies in which the Underlying Companies or the Underlying Company CLOs have investments or may be considering making an investment. The information, which could be of benefit to the Underlying Company or Underlying Company CLO, is likely to be restricted to those other businesses and otherwise be unavailable to the Underlying Company or Underlying Company CLO. It is also possible that the Underlying Companies or Underlying Company CLOs could be restricted from trading despite the fact that they did not receive such information. Additionally, The Blackstone Group may restrict or otherwise limit a client and/or its portfolio companies from entering into agreements with, or related to, companies that either are advisory clients of The Blackstone Group or in which an advisory client of The Blackstone Group has considered making an investment. The Blackstone Group will from time to time restrict or otherwise limit the ability of the Underlying Company CLOs, the Underlying Companies and/or obligors on investments held by Underlying Company CLOs and the Underlying Companies to make investments in or otherwise engage in businesses or activities competitive with companies or other advisory clients of The Blackstone Group either as a result of contractual restrictions or otherwise. Finally, The Blackstone Group has in the past entered, and is likely in the future to enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although possibly intended to provide greater opportunities for the Underlying Company CLOs (in connection with the management services DFME, DFM or their affiliates provide to them) or the Underlying Companies (in connection with the service support, if any, DFME or DFM may provide or otherwise), may require the Underlying Company CLOs or the Underlying Companies to share such opportunities or otherwise limit the amount of an opportunity the Underlying Company CLOs or the Underlying Companies' can otherwise take, in each case, as applicable. Any of the foregoing restrictions on The Blackstone Group may (either directly, or indirectly via restrictions on the Underlying Companies' or Underlying Company CLOs' ability to participate in any relevant investments), result in a relative decrease in the performance of the Underlying Company CLOs, the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

As part of its regular business, The Blackstone Group provides a broad range of investment banking, underwriting, capital markets syndication and advisory (including underwriting), placement, financial advisory, restructuring and advisory, consulting, asset/property management, mortgage servicing, insurance (including title insurance), monitoring, commitment, syndication, origination, servicing, management consulting and other similar operational and finance matters, healthcare consulting/brokerage, group purchasing, organisational, operational, loan servicing, financing, divestment and other services. In addition, from time-to-time The Blackstone Group will provide services in the future beyond those currently provided. Neither the Underlying Company CLOs nor the Underlying Companies will receive a benefit from the fees or profits relating to such services. As a result of these and other obligations, The Blackstone Group are not exclusively dedicated to the Underlying Companies or the Underlying Company CLOs and there may be a relatively lower performance of the Underlying Company CLOs, the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares as compared to a situation where The Blackstone Group are exclusively dedicated to providing services to them. In addition, future services The Blackstone Group agree to provide as part of their business may create a conflict of interest with the Underlying Companies or Underlying Company CLOs that has an adverse effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. In the regular course of its capital markets, investment banking, real estate, advisory and other businesses, The Blackstone Group represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise other transactions that are suitable for the Underlying Company CLOs or the Underlying Companies. In such a case, an Other Blackstone Account would typically require The Blackstone Group to

act exclusively on its behalf. This advisory request may preclude the Underlying Company CLOs or the Underlying Companies from participating in related transactions that would otherwise be suitable. The Blackstone Group will be under no obligation to decline any such engagements in order to make an investment opportunity available to the Underlying Company CLOs, or to provide support to any Underlying Company, and, as a result, the relative return of the Underlying Company CLOs and the Underlying Companies on their investments may be lower than in a situation where they were able to invest in such transactions.

In connection with its capital markets, investment banking, advisory, real estate and other businesses, The Blackstone Group comes into possession of information that limits its ability to engage in potential transactions. The Underlying Company CLOs' or the Underlying Companies' activities are expected to be constrained as a result of the inability of the personnel of The Blackstone Group to use such information. For example, from time to time employees of The Blackstone Group may be prohibited by law or contract from sharing information with members of DFME or DFM's investment teams. Additionally, there are expected to be circumstances in which one or more individuals associated with The Blackstone Group (including clients), will be precluded from providing services related to the Underlying Company CLOs' or the Underlying Companies' activities because of certain confidential information available to those individuals or to other parts of The Blackstone Group (e.g. trading may be restricted). Where The Blackstone Group is engaged to find buyers or financing sources for potential sellers of assets, the seller may permit the Underlying Company CLOs or the Underlying Companies to act as a participant in such transaction (as a buyer or financing participant), which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price). Any of the foregoing restrictions on The Blackstone Group may (either directly, or indirectly via restrictions on the Underlying Companies' or Underlying Company CLOs' ability to participate in any relevant investments) result in a relative decrease in the performance of the Underlying Company CLOs, the Underlying Companies' and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Blackstone Group has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of the Underlying Company CLOs, in providing support to the applicable Underlying Companies or providing advice to the Company under the Advisory Agreement, DFME or DFM (as applicable) will consider those relationships, which may result in certain transactions that DFME or DFM (as applicable) will not undertake on behalf of the Underlying Company CLOs, will not assist any Underlying Companies in relation to or will not advise the Company in respect of, in view of such relationships. This may result in a lack of availability of the resources, support or advice to the Underlying Companies, the Underlying Company CLOs and the Company require to manage effectively their respective businesses and investments.

The Underlying Company CLOs, the Company or the Underlying Companies may also co-invest with clients of The Blackstone Group in particular investment opportunities, and the relationship with such clients could influence the decisions made by DFME or DFM (as applicable) with respect to such investments. The Underlying Company CLOs, the Company or the Underlying Companies may be forced to sell or hold existing investments as a result of various relationships that The BlackRock Group may have or transactions or investments The BlackRock Group may make or have made. Any such relationships may have an adverse relative effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The Blackstone Group is expected to participate from time to time in underwriting or lending syndicates with respect to actual or potential portfolio companies of the Underlying Company CLOs or, if applicable, the Underlying Companies or to otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, the Underlying Company CLOs' or the applicable Underlying Companies' portfolio companies or otherwise in arranging financing (including loans) for such issuers or advice on such transactions. Such underwritings and engagements may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. There may also be circumstances in which the Underlying Company CLOs or, if applicable, the Underlying Companies commit to purchase any portion of such issuance from the issuer that a broker-dealer of The Blackstone Group intends to syndicate to third parties and, in connection therewith and as a result thereof, The Blackstone Group may receive commissions or other compensation. In certain cases, a broker-dealer of The Blackstone Group will from time to time act as the managing underwriter or a member of the underwriting syndicate and purchase securities from Underlying Company CLOs or Underlying Companies or such issuers or advise on such

transactions. The Blackstone Group will also from time-to-time, on behalf of a client or other parties to a transaction involving a client, effect transactions, including transactions in the secondary markets where it will from time-to-time nonetheless have a potential conflict of interest regarding a client and the other parties to those transactions to the extent it receives commissions or other compensation from a client and such other parties. Subject to applicable law, The Blackstone Group may receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where The Blackstone Group or an Other Account is purchasing debt) or other compensation with respect to the foregoing activities, none of which are required to be shared with the Underlying Company CLOs, the Company, the Underlying Companies, DFME, DFM or their affiliates. In addition, management or similar fees paid by the applicable clients, if any, generally will not be reduced by such amounts. In addition, where The Blackstone Group serves as underwriter with respect to any of its portfolio company's securities, the Underlying Company CLOs or the Underlying Companies may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice such clients' ability to dispose of such securities at an opportune time.

From time to time employees of The Blackstone Group may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services and subject to applicable law, The Blackstone Group receives directors' fees or other similar compensation. Such amounts may, but are not expected to be, material, and will not be passed through to the Underlying Company CLO, the Underlying Companies or the Company.

The Blackstone Group may have ongoing relationships with, render services to or engage in transactions with, companies whose securities are pledged to secure the Underlying Company CLOs and may own equity or debt securities issued by issuers of and other obligors on the portfolio of an Underlying Company CLO. As a result, The Blackstone Group may possess information relating to issuers of the portfolio of an Underlying Company CLO which is not known to the individuals at DFM or DFME responsible for monitoring the portfolio of such Underlying Company CLO and performing the other obligations under the relevant collateral management and administration agreement. In addition, The Blackstone Group may invest in loans and securities that are senior to, or have interests different from or adverse to, the collateral obligations making up the portfolios Underlying Company CLOs. It is intended that all collateral obligations will be purchased and sold by the CLO issuers on terms prevailing in the market.

DFME and DFM's activities (including, without limitation, the holding of securities positions or having one of its employees on the board of directors of an obligor) could result in securities law restrictions on transactions in securities held by the Underlying Company CLOs or the Underlying Companies or affect the prices of such securities or the ability of such entities to purchase, retain or dispose of such investments.

The Blackstone Group may come into possession of material non-public information with respect to an issuer. Should this occur, GSO Affiliates may be restricted from buying, originating or selling securities, loans of, or derivatives with respect to the issuer on behalf of the Underlying Company CLOs or providing service support to the Underlying Companies (under any applicable portfolio service support agreement or similar document) in respect thereof until such time as the information became public or is no longer deemed material to preclude the Underlying Company CLOs or Underlying Companies from participating in an investment. As a result, the Underlying Company CLOs and/or the Underlying Companies may miss out on opportunities which could have resulted in greater returns on their investments. Disclosure of such information to DFME or DFM's personnel responsible for the affairs of the Underlying Company CLOs or providing service support to the Underlying Companies (in the case of BGCF, under the Portfolio Service Support Agreement) will be on a need-to-know basis only, and the Underlying Company CLOs or Underlying Companies may not be free to act upon any such information. Therefore, the Underlying Company CLOs or Underlying Companies may not have access to material non-public information in the possession of The Blackstone Group which might be relevant to an investment decision to be made by the Underlying Company CLOs or the Underlying Companies, and the Underlying Company CLOs or Underlying Companies may initiate a transaction or sell an asset which, if such information had been known to it, may not have been undertaken. Due to these restrictions, the Underlying Company CLOs or the Underlying Companies may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold, all of which could have a material adverse effect on the performance of the Underlying Company CLOs or the Underlying Companies and, by extension, on the Company's financial condition, results of operations, NAV and/or the market price of the Shares.

DFM or DFME may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of interests in the Underlying Company CLOs) in respect of obligations being considered for acquisition by a CLO issuer. Some of those same third parties may have interests adverse to those of the Underlying CLOs and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or securities.

DFME or DFM may hire, or advise to hire, as applicable, consultants, advisers or other professionals on behalf of the Underlying Companies, the Company or Underlying Company CLOs from time to time. There can be no assurance that the advice offered by any such professionals will not conflict with the interest of investors in the Company, the Underlying Companies or Underlying Company CLOs.

DFME, DFM and their members, partners, officers and employees will devote as much of their time to the activities of the Underlying Company CLOs (under the CLO Management Agreements), the Underlying Companies (under any applicable portfolio service support agreement or similar document), or the Company (under the Advisory Agreement) as they deem necessary and appropriate (as applicable), in accordance with the relevant agreement and reasonable commercial standards. Subject to the terms of the applicable offering and/or governing documents, The Blackstone Group is not restricted from forming additional investment funds, even though such activities may be in competition with the Underlying Company CLOs, the Underlying Companies or the Company and/or may involve substantial time and resources of DFME or DFM. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of DFME or DFM and their officers, managers, members and employees will not be devoted exclusively to the business of the Underlying Company CLOs, the Company or to the service it provides to the Underlying Companies but will be allocated between the business of the Underlying Company CLOs, the Company, the Underlying Companies and the management of the moneys of other advisees of DFME or DFM. In the event that sufficient DFME resources are not (or not able to be) devoted to the Underlying Company CLOs or the Underlying Companies, the Underlying Companies' ability to implement their investment policies may be adversely affected. This could have an adverse effect on the financial performance of the Underlying Company CLOs or the Underlying Companies and, by extension, the financial performance of the Company.

No provision in the collateral management and administration agreements or the Portfolio Service Support Agreement (as applicable) prevents either DFME, DFM or any member of The Blackstone Group from rendering services of any kind, including but not limited to acting as corporate services provider, to any person or entity, including the issuer of any obligation included in the portfolios of the Underlying Company CLOs or the Underlying Companies, transaction parties of any Underlying Company CLO or the holders of notes issued by any Underlying Company CLO. Without limiting the generality of the foregoing, The Blackstone Group and the directors, officers, employees and agents of The Blackstone Group may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any issuer of any obligation included in the portfolios of the Underlying Company CLOs; (b) receive fees for services rendered to the issuer of any obligation included in the portfolios of the Underlying Company CLOs or any affiliate thereof; (c) be retained to provide services unrelated to the relevant collateral management and administration agreement to the CLO issuer and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any obligation included in the portfolios of the Underlying Company CLOs; (e) sell or terminate any assets to, or purchase or enter into any assets from, the CLO issuer while acting in the capacity of principal or agent, subject to applicable law; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the portfolios of the Underlying Company CLOs which has become or may become a defaulted obligation. Services of this kind may lead to conflicts of interest with DFME, DFM or the relevant member of The Blackstone Group and the Underlying Company CLOs and may lead individual officers or employees of DFME, DFM or the relevant member of The Blackstone Group to act in a manner adverse to the Underlying Company CLOs.

The Blackstone Group may expand the range of services that it provides over time. Except as described in this Prospectus, The Blackstone Group will generally not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. The Blackstone Group has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by the Underlying Company CLOs or the Underlying Companies. These clients may themselves represent appropriate investment opportunities for the Underlying Company CLOs or the Underlying Companies or may compete with the Underlying Company CLOs or the

Underlying Companies for investment opportunities. As compared to a situation where members of The Blackstone Group were bound not to advise clients on similar (and potentially competing) interests as those held by the Underlying Company CLOs or the Underlying Companies, the relative performance of the Underlying Company CLOs and the Underlying Companies (and, by extension, the Company) may be lower.

Vulnerabilities of DFME's and DFM's information and technology systems

The information and technology systems of the GSO Affiliates and their service providers may be vulnerable to damage or interruption from cyber security breaches, computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorised persons and other security breaches, usage errors or malfeasance by their respective professionals or service providers. If unauthorised parties gain access to such information and technology systems, or if personnel abuse or misuse their access privileges, they may be able to steal, publish, delete or modify private and sensitive information, including non-public personal information related to Obligor (and their beneficial owners) and material non-public information. Although the GSO Affiliates have implemented, and portfolio entities and service providers may implement, various measures to manage risks relating to these types of events, such measures may be inadequate and, if compromised, information and technology systems could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. The GSO Affiliates do not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to the GSO Affiliates and/or the Obligors, each of whom could be negatively impacted as a result. Even with sophisticated prevention and detection systems, breaches such as those involving covertly introduced malware, impersonation of authorised users and industrial or other espionage may not be identified, potentially resulting in further harm and precluding appropriate remediation. The GSO Affiliates may have to make significant investments to fix or replace information and technology systems. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the GSO Affiliates, and/or their service providers and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, material non-public information and the intellectual property and trade secrets and other sensitive information of the GSO Affiliates. Such a failure could harm the reputation of the GSO Affiliates, subject any such entity and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity and other events that may affect their business and financial performance. When such issues are present with regard to an obligor in which the Company, the Underlying Companies or the Underlying Company CLOs invest, such investments may lose value.

Financial and Strategic Advisory Services

On 1 October 2015, The Blackstone Group spun off its financial and strategic advisory services, restructuring and reorganisation advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman. While the new combined business operates independently from The Blackstone Group and is not be an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving the Company, the Underlying Companies and the Underlying Company CLOs and the entities in which the Company, the Underlying Companies and the Underlying Company CLOs invest on the one hand and the spun-off firm on the other. Specifically, given the spun-off firm will not be an affiliate of The Blackstone Group, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by the new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of The Blackstone Group. It is expected that there will be substantial overlapping ownership between The Blackstone Group and the spun-off firm for a considerable period of time going forward. Therefore, conflicts of interest in doing transactions involving the spun-off firm will still arise. The pre-existing relationship between The Blackstone Group and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, co-investment and other continuing arrangements, may influence the CLO Managers in deciding to select or recommend such new company to perform such services for the Company, the Underlying Companies and the Underlying Company CLOs (or an entity in which the Company, the Underlying Companies and the Underlying Company CLOs invest), as applicable (the cost of which will generally be borne directly or indirectly by the Company, the Underlying Companies and the Underlying Company CLOs or such entity, as applicable).

Service Providers and Counterparties

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) to Underlying Companies, Underlying Company CLOs, The Blackstone Group and/or obligors or issuers of investments held by Underlying Companies or Underlying Company CLOs also provide goods or services to, or have business, personal, financial or other relationships with, The Blackstone Group, and its portfolio companies. Such advisors and service providers may be investors in The Blackstone Group, sources of investment opportunities or co-investors or commercial counterparties or entities in which The Blackstone Group and/or Other Accounts have an investment, and payments by Underlying Companies or Underlying Company CLOs may indirectly benefit The Blackstone Group and/or such Other Accounts.

Additionally, certain employees of The Blackstone Group may have family members or relatives employed by such advisors and service providers. These relationships may influence The Blackstone Group in deciding whether to select or recommend such service providers to perform services for Underlying Companies or Underlying Company CLOs (the cost of which will generally be borne directly or indirectly by the relevant Underlying Company or Underlying Company CLO). Notwithstanding the foregoing, transactions relating to Underlying Companies or Underlying Company CLOs that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that DFM or DFME (as applicable) believes to be of benefit to the relevant Underlying Company or Underlying Company CLO.

Because The Blackstone Group has many different businesses, including the Blackstone Capital Markets Group, which The Blackstone Group investment teams and portfolio companies may engage to provide underwriting and capital market advisory services, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would be subject if it had just one line of business. Service providers affiliated with The Blackstone Group, which are generally expected to receive competitive market rate fees with respect to certain investments, include, without limitation:

- Intertrust Group. In 2013, certain Other Blackstone Funds acquired Intertrust Group. From time to time, Intertrust Group is expected to perform corporate and trust services on an arms-length basis for the Underlying Companies, Underlying Company CLOs, other CLO vehicles managed by DFME and/or DFM and obligors and issuers of investments held by Underlying Company CLOs or such other vehicles.
- COE. The Blackstone Center of Excellence, located in Gurgaon, India (the "**COE**") is a captive center of resources administered by an entity within The Blackstone Group and ThoughtFocus Technologies LLC ("**ThoughtFocus**"), an independent firm in which The Blackstone Group holds a minority position and participates as a member of the board. The COE is expected to perform services for certain funds that may have historically been performed by personnel in The Blackstone Group, such as funds' administrative services, data collection and management services, and technology implementation and support services, which may be paid for by the funds that receive such services on a similar basis as a third party providing such services. An entity within The Blackstone Group, through its interest in ThoughtFocus, receives an indirect benefit resulting from the funds' payments for such services.
- Entic. Entic Inc. ("**Entic**") provides a cloud-based software that uses proprietary wireless sensors and advanced analytics to reduce energy consumption. Entic may provide such services to certain of the obligors and issuers of investments held by Underlying Companies and Underlying Company CLOs in exchange for fees at competitive market rates. An entity within The Blackstone Group, which holds a minority position in and participates as a member of the board of Entic, receives an indirect benefit resulting from payments for such services. Part of The Blackstone Group's investment includes performance-based warrants giving Other Blackstone Funds the ability to earn shares of stock based on usage of Entic.
- Equity Healthcare. Equity Healthcare LLC ("**Equity Healthcare**") is an entity within The Blackstone Group that negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, which include unaffiliated third parties, Equity Healthcare is able to negotiate pricing terms from providers that are believed to be more favorable than those that its clients, which may include obligors and issuers of

investments held by Underlying Companies and Underlying Company CLOs, could obtain on an individual basis.

- Optiv. Optiv is a portfolio company held by certain Other Blackstone Funds that provides a full slate of information security services and solutions and may provide goods and services for Underlying Companies, Underlying Company CLOs and for obligors and issuers of investments held by Underlying Companies, Underlying Company CLOs and Other Accounts.
- BTIG. In December 2016, certain Other Blackstone Funds made a strategic minority investment in BTIG. BTIG is a global financial services firm that provides institutional trading, investment banking, research and related brokerage services and may provide goods and services for Underlying Companies, Underlying Company CLOs and for obligors and issuers of investments held by Underlying Companies, Underlying Company CLOs or Other Accounts.
- Refinitiv. In October 2018, a consortium led by Blackstone acquired a 55 per cent. equity stake of Refinitiv, formerly the Financial & Risk division of Thomson Reuters, which includes the Evaluated Pricing Service (formerly known as Thomson Reuters Pricing Service). From time to time, Refinitiv is expected to provide valuation and other services to the fund on an arms-length basis.

Advisors and service providers, or their affiliates, often charge different rates, including below-market or no fee, or have different arrangements for specific types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by Underlying Companies or Underlying Company CLOs differ from those used by The Blackstone Group and Other Accounts, the relevant Underlying Company or Underlying Company CLO (as applicable) may pay different amounts or rates than those paid by the latter entities. However, The Blackstone Group has a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates (or no fee) or discounts than those available to Underlying Companies or Underlying Company CLOs for the same services. Furthermore, advisors and service providers may provide services exclusively to The Blackstone Group, Underlying Companies, Underlying Company CLOs, Other Accounts and to obligors or issuers of investments held by any of them, or to portfolio companies within The Blackstone Group, although such advisors and service providers would not be considered employees of The Blackstone Group. Similarly, The Blackstone Group, the Underlying Companies, the Underlying Company CLOs, the Other Accounts, obligors or issuers of investments held by any of them, and/or their portfolio companies may enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with The Blackstone Group) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation, volume of transactions entered into with such counterparty by The Blackstone Group, the Underlying Companies, the Underlying Company CLOs, the Other Accounts, obligors or issuers of investments held by any of them, and their portfolio companies in the aggregate.

In addition, certain advisors and service providers (including law firms) may temporarily provide their personnel to The Blackstone Group, Underlying Companies, Underlying Company CLOs, Other Accounts, obligors or issuers of investments held by any of them, or their portfolio companies pursuant to various arrangements including at cost or at no cost. While often Underlying Companies, Underlying Company CLOs, Other Accounts, obligors or issuers of investments held by any of them, and their portfolio companies are the beneficiaries of these types of arrangements, The Blackstone Group is from time to time the beneficiary of these arrangements as well, including in circumstances where the advisor or service provider also provides services to Underlying Companies or Underlying Company CLOs, in the ordinary course. Such personnel may provide services in respect of multiple matters, including in respect of matters related to The Blackstone Group, obligors or issuers of investments held by any of them, and/or their portfolio companies and any costs of such personnel may be allocated accordingly.

The Underlying Company CLOs or Underlying Companies' service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in Other Accounts and/or may be sources of investment opportunities or counterparties therein. This may influence DFME, DFM or an affiliate in deciding whether to select such a service provider or have other relationships with The Blackstone Group. In particular, an affiliate of DFME acts as the corporate services provider of the issuer of certain Underlying Company CLOs. The fact that the corporate services provider is an affiliate of DFME may have been a factor in influencing the selection decision in relation to the appointment of a corporate services provider for such transactions, notwithstanding the comparative terms offered by other corporate services providers in the

market. In situations where DFME, DFM or their affiliates were influenced to not use a particular service provider as a result of the above and it was considered that the refused service provider would have performed in a manner considered to be relatively better than the service provider actually chosen, this may be perceived to have an adverse relative effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. Notwithstanding the foregoing, investment transactions for the Underlying Company CLOs or the Underlying Companies that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that are believed to be of benefit for the Underlying Company CLOs or the Underlying Companies). The allocation is not guaranteed, however, and if an allocation was not able to be made on the basis of best execution, this could result in an adverse relative effect on the performance of the Underlying Company CLOs, the Underlying Companies and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. Advisers, such as DFME and DFM, and their service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. In addition, service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by clients (such as the Underlying Companies, the Company and the Underlying Company CLOs) as compared to Blackstone and its affiliates and the terms of such services, GSO or its affiliates may benefit to a greater degree from such vendor arrangements than the clients (such as the Underlying Companies, the Company and the Underlying Company CLOs).

Underlying Company CLOs may invest in the securities of companies affiliated with The Blackstone Group or companies in which DFM or DFME or its affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Underlying Company CLOs may enhance the profitability of The Blackstone Groups' own investments in such companies. It is possible that one or more affiliates of DFM or DFME may also act as counterparty with respect to one or more participations.

Sale Price of loans or other securities

Where an Underlying Company sells or commits to sell loans or other securities which are assets that such Underlying Company has itself purchased on the same day of such sale or commitment to sell to a CLO, the transfer price for such loans or other securities may be the Underlying Company's purchase price. The Underlying Companies may enter into Forward Purchase Agreements to sell loans or other securities to a CLO on or after the issue date of such CLO and the prices of such transactions will be the prices at the time that such Forward Purchase Agreements are entered into by the relevant Underlying Company and not the settlement date thereof.

Investments in securities by officers, directors, members, managers, and employees of The Blackstone Group for their own accounts

The officers, directors, members, managers, and employees of The Blackstone Group may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or the policies of The Blackstone Group, or otherwise determined from time to time by The Blackstone Group. Conflicts of interest may arise between such parties and the Underlying Company CLOs or the Underlying Companies' due to the fact that such parties could hold an interest in the same or similar assets as those held by the Underlying Company CLOs or the Underlying Companies. If such parties act in a way which differs from the strategies or approaches of the Underlying Company CLOs or the Underlying Companies', this could have an adverse effect on the financial performance of the Underlying Company CLOs or the Underlying Companies and, by extension, the financial performance of the Company.

Investment Company Act

The Investment Company Act may limit the ability of the Underlying Company CLOs and the Underlying Companies to undertake certain transactions with their affiliates that are registered under the Investment Company Act. Certain Other Accounts may be subject to the Investment Company Act or other regulations which, due to the role of GSO as CLO Manager, could restrict the ability of the Underlying Company CLOs and Underlying Companies to buy collateral obligations from, or sell collateral obligations, or to invest in the same securities as, such Other Accounts. These prohibitions may limit the scope of investment opportunities

that would otherwise be available to the Underlying Company CLOs or the Underlying Companies and this could have a material adverse effect on the Underlying Company CLOs' or the Underlying Companies' ability to find suitable investments, and consequently on the Underlying Company CLOs' or Underlying Companies' financial performance and, by extension, that of the Company.

Cross Transactions and Principal Transactions

Situations may arise where certain assets held by an Underlying Company CLO or Underlying Company may be transferred to Other Accounts and vice versa. A portion of the assets purchased by Underlying Company CLOs or Underlying Companies may be loans or other securities purchased from Other Accounts, including, without limitation, collateralised loan obligation vehicles for which DFME or DFM acted as collateral manager in connection with the redemption of such vehicles. Such transactions will be conducted in accordance with, and subject to the policies and procedures of DFME or DFM (as applicable).

A portion of the assets purchased by Underlying Company CLOs or Underlying Companies may be loans or other securities in respect of which The Blackstone Group or Other Accounts participated in the original lending group or that were structured or originated by The Blackstone Group, the GSO Affiliates or the Other GSO Accounts (an "**Affiliate Structured Loan**").

In the case of any transaction between BGCF and the issuer of an Underlying Company or Underlying Company CLO on which DFME acts as CLO Manager (provided no Blackstone Affiliate or GSO Affiliate has an ownership interest of 25 per cent. or more in BGCF at the time of such transaction), DFME may seek consent to such transactions from the issuer. If the issuer does not consent to one or more of such transactions, DFME will consult with the issuer on the appropriate course of action that should be taken with respect to the related asset(s).

An Underlying Company CLO or an Underlying Company may seek the prior consent to the terms of the purchase or sale of an Affiliate Structured Loan from an independent client representative that has been appointed by the Underlying Company CLO or Underlying Company (as applicable) as its agent to comply with the requirements of Section 206(3) of the Investment Advisers Act (an "**Independent Client Representative**"). The Independent Client Representative will be authorised by the Underlying Company CLO or Underlying Company (as applicable) to consent or decline to consent, on behalf of the Underlying Company CLO or Underlying Company (as applicable), to the terms of any transaction or other matter that the CLO Manager has determined should be presented to the Underlying Company CLO or Underlying Company (as applicable) for consent or approval where a potential conflict of interest may arise by reason of the involvement of The Blackstone Group or the Other Accounts such as a purchase or sale of a Collateral Obligation from The Blackstone Group or Other Accounts, including an Affiliate Structured Loan.

The CLO Manager may alternatively elect to comply with requirements of Section 206(3) of the Investment Advisers Act by notifying the board of directors of the relevant Underlying Company or issuer of an Underlying Company CLO in writing of any principal transaction and by obtaining the consent through the relevant board of directors before completion of such transaction.

Additional conflicts of interest

There is no limitation or restriction on DFME, DFM, the Underlying Companies or any of their respective affiliates with regard to acting as CLO Manager or retention holder (or in a similar role) to other parties or persons.

This and other future activities of DFME, DFM, the Underlying Companies and/or their respective Affiliates may give rise to additional conflicts of interest.

RISKS RELATING TO AN INVESTMENT IN THE SHARES

The Shares may trade at a discount to the Net Asset Value per Share (of the relevant class) and Shareholders may be unable to realise their Shares on the market at the Net Asset Value per Share (of the relevant class) or at any other price

The Issue Shares may trade at a discount to the Net Asset Value per Share (of the relevant class) for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Underlying Companies.

Subject to the Companies (Jersey) Law 1991 ("**Companies Law**"), under its articles of association ("**Articles**"), the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline.

Shareholders have no right to have the Issue Shares redeemed or repurchased by the Company

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Issue Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

The existence of a liquid market in the Ordinary Shares cannot be guaranteed

The Placing Shares are to be admitted to the Premium Segment of the Main Market of the London Stock Exchange and are listed on the Premium Segment of the Official List. However there can be no guarantee that a liquid market in the Shares will develop or be sustained or that the Shares will trade at prices close to Net Asset Value. The number of Shares to be issued pursuant to the Placing is not yet known, and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value or at all.

There may be limited demand for the Rollover Shares

The number of Rollover Shares to be issued is not yet known and there may be a limited number of C Shareholders. Limited numbers of C Shareholders may mean that there is limited liquidity in the Rollover Shares which may affect: (i) a C Shareholder's ability to realise some or all of their investment; (ii) the price at which such C Shareholder can effect such realisation; and/or (iii) the price at which C Shares trade in the secondary market.

C Shares may suffer greater volatility in discounts, may be more illiquid than Ordinary Shares and may not be admitted to trading any market

The shares of listed closed-ended funds may trade at a discount to the underlying net asset value per share. The Directors will consider using Ordinary Share buybacks to assist in limiting discount volatility and potentially providing an additional source of liquidity, if and when the Ordinary Shares trade at a level which makes their repurchase attractive. However, the Directors will not conduct buybacks of any C Shares prior to Conversion. Therefore, the Company will not assist C Shares in limiting discount volatility or provide an additional source of liquidity through repurchases of any C Shares. Therefore, until the C Share Realisation Process is complete and the C Shares are converted into Ordinary Shares, they may suffer greater volatility in discounts and may be more illiquid than Ordinary Shares.

Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.

Issuance of additional Shares could have a detrimental effect on the Net Asset Value and the market price of the Shares

Under the Companies Law, to which the Company is subject, there are no rules restricting the ability of the Directors to issue additional Shares on a non-pre-emptive basis at any time, or otherwise. However, the Company has elected to include pre-emption rights in its Articles (which are proposed to be disapplied at the Extraordinary General Meeting in relation to the Placing Shares to be issued pursuant to the Placing Programme).

Separately, following Shareholder approval at the Company's last annual general meeting, such pre-emption rights have been disapplied in respect of, in aggregate, up to 40,470,044 Ordinary Shares. This authority to issue the Shares on a non-pre-emptive basis will expire at the conclusion of its annual general meeting to be held in 2019 unless such authority is renewed, varied or revoked by the Company in a general meeting held prior to this.

Subject to the terms of issue of any such Shares, if the Directors were to issue further Shares in the future this could have a detrimental effect on the market price of the Shares.

Investors in Rollover Shares will not be afforded the same protections as holders of shares admitted to: (i) listing on the Premium Segment of the UKLA Official List; or (ii) trading on the Premium Segment of the Main Market of the London Stock Exchange, such as the Ordinary Shareholders

Investors in Rollover Shares should note that since the Rollover Shares will be admitted to trading on the Specialist Fund Segment, the Listing Rules applicable to the Ordinary Shares, which are admitted to: (i) listing on the Premium Segment of the UKLA Official List; and (ii) to trading on the Premium Segment of the Main Market of the London Stock Exchange do not apply to the Rollover Shares and therefore holders of Rollover Shares will not be entitled to the same protections afforded to holders of shares which are admitted to: (i) listing on the Premium Segment of the UKLA Official List; or (ii) trading on the Premium Segment of the Main Market of the London Stock Exchange, such as the holders of Ordinary Shares.

The Shares will be subject to purchase and transfer restrictions under the Placing Programme and in secondary transactions in the future

The Company intends to restrict the ownership and holding of its Shares so that none of its assets will constitute "plan assets" under the U.S. Plan Assets Regulations. The Company intends to impose such restrictions based on deemed representations in the case of a subscription of Shares. If the Company's assets were deemed to be "plan assets" of any U.S. Plan Investor, pursuant to the U.S. Plan Assets Regulations then: (i) the prudence and other fiduciary responsibility standards of ERISA would apply to investments made by the Company; and (ii) certain transactions that the Company or a subsidiary of the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code and might have to be rescinded. Governmental, certain church and non-U.S. plans, accounts or arrangements (each, an "**Other Plan**"), while not subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, may nevertheless be subject to other federal, state, local, non-U.S. or other laws or regulations that would have the same or similar effect as the U.S. Plan Assets Regulations so as to subject the Company (or other persons responsible for the investment and operation of the Company assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code (collectively, "**Similar Laws**").

Each purchaser and subsequent transferee of the Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the Shares constitutes or will constitute the assets of any U.S. Plan Investor or any Other Plan subject to Similar Laws. The Articles of the Company provide that the Board may refuse to register a transfer of Shares to any person they believe to be a Non-Qualified Holder (as defined in the Articles), including a U.S. Plan Investor. If any Shares are owned directly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring such person either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or a U.S. Plan Investor; or (ii) to sell or transfer their Shares to a person qualified to own the same within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or

transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited their Shares.

In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the purchase of the Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person). For more information, refer to "*Risks relating to regulation and taxation with respect to the Company, LuxCo, BGCF and BGUCF — The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules*" in this section of this Prospectus.

For more information on purchase and transfer restrictions, prospective investors should refer to the section entitled "*Purchase and Transfer Restrictions*" in Part V of this Prospectus.

Individual share classes may be exposed to currency risk

The Ordinary Shares will be denominated in Euros. The investments made by the Underlying Companies, may be denominated in U.S. Dollars, Euros or other currencies. The financial statements of the Company, however, will be prepared in Euros and the operational and accounting currency of the Company will be the Euro. Therefore, Ordinary Shareholders may be subject to foreign currency fluctuations between the Ordinary Shares (being Euro denominated) and the investments made by the LuxCo and the Underlying Companies. The Company will normally seek to hedge currency exposure between the Euro (being the Company's operational and accounting currency) and any other currency in which the Rollover Assets held by the Company, or the assets held by the Underlying Companies, may be denominated. However, hedging arrangements will be implemented on behalf of the Company only when suitable hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts, are available in a timely manner and on terms acceptable to the Directors, in their sole and absolute discretion. To the extent that the Company is unable to engage, or is unsuccessful, in hedging currency exposure, Shareholders will be subject to fluctuations between the Shares (being denominated in Euros) and the other currencies in which the assets and investments comprising the portfolio are denominated.

The Rollover Shares will be denominated in Euros. The Rollover Assets held by the Company may be denominated in U.S. Dollars or other currencies and, over time, the proceeds of realising the Rollover Assets will be re-invested (indirectly) into the Underlying Companies, whose investments may be denominated in U.S. Dollars, Euros or other currencies. As described in the section entitled "*Investment Objective and Policy*" in Part I of this Prospectus, the Rollover Shares will have a limited life. Due to the limited life of the Rollover Shares the Company does not intend to hedge the Rollover Shareholders exposure to the U.S. Dollar denominated Rollover Assets. Therefore, Rollover Shareholders may be subject to foreign currency fluctuations between the Rollover Shares (being Euro denominated) and the Company's portfolio attributable to the Rollover Shares from time to time.

The Company reserves the right to terminate any hedging arrangement in its absolute discretion, including, without limitation, if it considers it to be in the interests of Shareholders to do so or such arrangements may adversely affect the performance of the Company. In connection with any currency hedging transactions, the Company may be required to pledge some of its assets to the relevant counterparties to such transactions as collateral. Moreover, the agreements related to the Company's currency hedging transactions typically will give the counterparties the right to terminate the transactions upon the occurrence of certain termination events. Such events may include, among others, the failure to pay amounts owed when due, the failure to provide required reports or financial statements, a decline in the value of the Company's assets pledged as collateral, the failure to maintain sufficient collateral coverage, the failure to comply with the Investment Policy and any investment restrictions, key changes in the Company's management, a significant reduction in the Company's assets and material violations of the terms of, or representations, warranties or covenants under, the transaction agreements, as well as other events determined by counterparties. If a termination event were to occur, a counterparty would be entitled, in its sole discretion and without regard to the Investment Objective, to realise and liquidate pledged assets as collateral, and as a result, the Company's investment return and performance could be materially adversely affected and the Company could incur significant losses. Furthermore, in selecting pledged assets for liquidation, a counterparty will realise the most liquid investments, which could result in the remaining portfolio of investments being less diverse than would otherwise be the case.

As a result of currency exchange rate exposure and the profits, losses and expenses of hedging transactions being, where relevant, borne by the class of Shares subject to the hedging transaction, the performance of such Shares may differ from that of the other class of Shares. Furthermore, while the profits, losses and expenses relating to currency hedging transactions, if any, will, where relevant, be specifically allocated to and paid by the class of Shares to which such transactions are related, under the laws of Jersey, were the assets of the Company attributable to such class of Shares insufficient to pay any of its specific liabilities, including without limitation, their specific hedging expenses, such liabilities would be borne by the Company as a whole.

The use of derivatives and other instruments to reduce risk involves costs. Consequently, the use of hedging transactions might result in lower performance for the hedged Shares than if the Company had not sought to hedge exposure against foreign currency exchange risk.

There can be no assurance that appropriate hedging transactions will be available to the Company or that any such hedging transactions will be successful in protecting against currency fluctuations or that the performance of the Shares will not be adversely affected by the currency exchange rate exposure. In addition, the Company may concentrate its hedging activities with one or a few counterparty(ies) and the Company is subject to the risk that a counterparty may fail to fulfil its obligations under a hedging contract. To the extent that a counterparty fails to fulfil its obligations, the relevant Share class, and potentially the Company as a whole, could suffer loss.

RISKS RELATING TO THE REALISATION OF THE ROLLOVER ASSETS

The performance of the Rollover Shares has some dependence on the skills and the personnel of the Rollover Portfolio Manager

The performance of the Rollover Shares will be dependent on the Rollover Portfolio Manager's ability to realise the Rollover Assets and re-invest the proceeds of such realisations into CSWs issued by Luxco, thereby providing exposure to PPNs issued by BGCF to LuxCo.

There may be no liquid market for the Rollover Assets

There is no guarantee that there will be a liquid market for the Rollover Assets or that one will be sustained or develop.

There may be limited demand for the Rollover Assets

Limited demand for the Rollover Assets may mean the Rollover Portfolio Manager needs to sell CLO Income Notes or CLO Securities below market value in order to realise the Rollover Assets. Limited demand may also mean that realising the Rollover Assets takes longer than expected.

RISKS RELATING TO REGULATION AND TAXATION WITH RESPECT TO THE COMPANY, LUXCO, BGCF AND BGUCF

Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the respective businesses, investments and performance of the Company, LuxCo, BGCF and BGUCF

The Company, LuxCo, BGCF and BGUCF are subject to laws and regulations enacted by national and local governments.

The Company is subject to, and is required to comply with, certain regulatory requirements that are applicable to closed-ended investment companies which are domiciled in Jersey. These include compliance with any decision of the JFSC. In addition, the Company is subject to the continuing obligations imposed by the London Stock Exchange on all investment companies whose shares are listed on the Premium Segment of the Official List and whose shares are admitted to trading on the Premium Segment of the Main Market.

BGCF is subject to, and is required to comply with, certain tax requirements that are applicable to companies which are tax resident in Ireland and fall within the scope of Section 110 of the Taxes Consolidation Act 1997, as amended (the "**TCA**"). These include:

- (a) only acquiring "qualifying assets" within the meaning of Section 110 TCA (where "qualifying assets" includes financial assets such as loans, debts and securities);
- (b) acquiring qualifying assets with a value of at least €10 million on the day it first acquires qualifying assets;
- (c) carrying on only the business of holding or managing qualifying assets or activities ancillary thereto;
- (d) only entering into arrangements which are by way of a bargain made at arms-length (subject to certain limited exceptions); and
- (e) complying with certain anti-avoidance tests to ensure that payments in respect of its debt obligations are deductible and do not attract Irish withholding tax.

BGCF has notified the Irish Revenue within the specified time period of its intention to qualify as a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997.

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of BGUCF. There are also currently no taxes imposed in the Cayman Islands by withholding or otherwise on shareholders on profit, income, capital gains or appreciations in respect of their shares nor any taxes on the shareholders in the nature of estate duty, inheritance or capital transfer tax.

Further, BGUCF has obtained an undertaking from the Cayman Islands government that, for a period of twenty years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax on such profit, income, capital gains or appreciations will apply to BGUCF and that, for the same period of twenty years, no taxes on such profit, income, capital gains or appreciations nor any tax in the nature of estate duty or inheritance tax will be payable on the shares, debentures or other obligations of BGUCF.

BGUCF may be subject to anti-money laundering legislation in the Cayman Islands pursuant to the Proceeds of Crime Law (as amended) (the "**PCL**"). Pursuant to the PCL, the Cayman Islands government enacted The Money Laundering Regulations (as amended), which impose specific requirements with respect to the obligation to "know your client" Unless an exemption under the Money Laundering Regulations applies, BGUCF will require a detailed verification of each investor's identity and the source of the payment used by such investor for purchasing equity interests in a manner similar to the obligations imposed under the laws of other major financial centres. In addition, if any Person who is resident in the Cayman Islands knows or has a suspicion that a payment to BGUCF (by way of investment or otherwise) constitutes or is derived from the proceeds of criminal conduct, that Person must report such suspicion to the Cayman Islands authorities pursuant to the PCL. If BGUCF were determined by the Cayman Islands government to be in violation of the PCL or The Money Laundering Regulations (as amended), BGUCF could be subject to substantial criminal penalties. Such a violation could materially adversely affect the timing and amount of payments by BGUCF to the holders of equity interests.

LuxCo is incorporated as a fully taxable Luxembourg resident company. As such, LuxCo will be subject to corporate tax in Luxembourg at a rate of 26.01 per cent. (in 2018 for a company located in Luxembourg city) on its worldwide income unless it can benefit from a specific exemption provided by Luxembourg internal tax law or double tax treaties.

Luxembourg tax law permits the deduction of arm's length operating expenses incurred in the economic interest of the Luxembourg company when calculating taxable income (unless they relate to an exempt income).

In the case at hand, any income derived by LuxCo from the Profit Participating Notes issued by BGCF will be fully taxable in Luxembourg. However, given that the cash settlement warrants issued by LuxCo should be treated as debt for Luxembourg accounting and direct tax purposes, any expense under the cash settlement warrants should be tax deductible and not subject to withholding tax in Luxembourg (to the extent treated as debt for Luxembourg tax purposes and are at arm's length).

Considering that LuxCo should be viewed as carrying on intra-group financing activities, it will have to comply with Luxembourg transfer pricing regulations. This means that LuxCo will have to comply with certain economic and organisational substance requirements and an arm's length remuneration will also have to be earned on such financing activities. Such remuneration will have to be at arm's length (in line with the Organisation for Economic Co-operation and Development's ("**OECD**") general guidelines and the Luxembourg transfer pricing regulations) and properly documented from a transfer pricing perspective. A transfer pricing analysis has been performed by Deloitte Luxembourg dated April 2018 assessing the arm's length margin to be realised by LuxCo on its financing activities.

LuxCo will also be subject to an annual net wealth tax at a rate of 0.5 per cent. on its worldwide net wealth (provided the total net worth does not exceed EUR 500 million, otherwise net wealth tax of EUR 2.5 million plus 0.05 per cent. on the component of the net wealth tax base above EUR 500 million) unless a double tax treaty or a specific disposition provides otherwise. The net wealth is determined on 1 January of each year. The taxable basis is determined roughly as the market value of all the assets (including cash and receivables) less all the liabilities (unless they are connected to an exempt asset).

In the case at hand, the Profit Participating Notes issued by BGCF should be included in the net wealth tax basis of LuxCo whereas the cash settlement warrants – treated as a debt instrument for Luxembourg accounting and tax purposes – should be deductible from the latter.

The confirmation by the Luxembourg tax authorities of the above Luxembourg direct tax treatment applicable to LuxCo has been requested in writing through the filing of an advance tax analysis letter ("**ATA**") on 8 September 2015. To the extent accepted by the Luxembourg tax authorities, the ATA will have a binding effect on the tax authorities for a 5-year period unless the facts described in the ATA are incomplete, inaccurate or altered or the ATA appears to be no longer compliant with Luxembourg, European or international law.

In order to support the position that payments by BGCF on the Profit Participating Notes issued by BGCF are deductible and are not subject to withholding tax, BGCF will need certain confirmations from LuxCo as holder of the Profit Participating Notes. LuxCo will need to confirm to BGCF firstly that it is resident in Luxembourg and secondly that in respect of interest or other distributions it may receive on the Profit Participating Notes LuxCo is subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax in Luxembourg which generally applies to profits, income or gains received in Luxembourg by persons from sources outside Luxembourg.

LuxCo has confirmed these matters to BGCF. If however these circumstances were to change, this could potentially lead to LuxCo receiving a lower return from BGCF and the Company therefore receiving a lower return from LuxCo which would adversely affect the Company's business, financial condition, results of operations, NAV, the market price of the Shares and/or the after-tax return to its shareholders. The laws and regulations affecting the Company and BGCF are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company and/or BGCF to carry on their respective businesses. Any such changes may also have an adverse effect on the ability of the Company and/or BGCF to pursue the investment policies, and may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The European Directive on Alternative Investment Fund Managers may impair the ability of the Company to market its Shares to EU investors and gives rise to the risk that an EU regulatory authority may determine that the Company has a third party alternative investment fund manager. The timing of any resulting licensing requirements could be problematic for the on-going operation of the Company and the regulatory obligations applicable to the relevant third party may create significant additional compliance costs

The AIFM Directive, which was due to be transposed by EU Member States into national law by July 2013 (and was so transposed by, *inter alia*, Ireland and the United Kingdom), seeks to regulate alternative investment fund managers (in this paragraph, "**AIFM**") and imposes obligations on managers who manage alternative investment funds (in this paragraph, "**AIF**") in the EU or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various obligations in relation to the AIF, which may create significant additional compliance costs, some of which may be passed to investors in the AIF.

The Company is a non-EU AIF for the purposes of the AIFM Directive and related regimes in relevant EU Member States. The Company operates as a self-managed AIF and has not appointed a third party as its AIFM. As the Company is a self-managed non-EU AIF, only a limited number of provisions of the AIFM Directive apply.

There is a risk that a relevant regulatory authority may determine that the Company is not a self-managed AIF and that a particular third party which assists the Company in various functions is its AIFM. If a relevant regulatory authority determines that the Company is not a self-managed AIF and that a particular third party, which is established in the EU, is its AIFM, that AIFM may be subject to the full range of requirements of the AIFM Directive. Subject to the availability of transitional or grandfathering provisions in the AIFM Directive, the AIFM might be required to apply for a license in an EU Member State, and until it has obtained such authorisation, it may not be able to act as the AIFM of the Company. As a result, the Company may not be able to utilise the relevant third party for the services it had been providing to the Company.

Following national transposition of the AIFM Directive in a given EU Member State, the marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that EU Member State will be prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Jersey) and the relevant EU Member State entering into regulatory co-operation agreements with one another. The Company cannot guarantee that such conditions will be satisfied. In cases where the conditions are not satisfied, the ability of the Company to market Shares or raise further equity capital in the EU may be limited or removed. In that event the Company may be required to consider a re-domiciliation to an EU Member State or to another third country which has satisfied the relevant conditions.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to carry on its business or to market future issues of its Shares may materially adversely affect the Company's ability to carry out its Investment Policy successfully and to achieve its Investment Objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

The potential effects of the AIFM Directive as explained herein could also apply in respect of BGCF, being Ireland domiciled, were it to fall to be considered an EU AIF. Based on current guidance issued by the Central Bank of Ireland, BGCF should not constitute an EU AIF.

However, if BGCF were to constitute an AIF (either because it does not satisfy the conditions set down by the Central Bank of Ireland or because of a change in the guidance from the Central Bank of Ireland or ESMA), then it would be necessary for BGCF to appoint an AIFM which would be subject to the AIFM Directive and would need to be appropriately regulated. The AIFM would be subject to certain duties and responsibilities in respect of its management of BGCF's investments, which could result in significant additional costs and expenses being incurred which may be reimbursable by BGCF and which may materially adversely affect BGCF's ability to carry on its business.

Final regulations implementing the "Volcker Rule" in the United States have become effective. Full conformance with the Volcker Rule was required by 21 July 2015, and the sponsorship activities and covered fund investments that were not in place on or before 31 December 2013 of all banking entities (and their affiliates) subject to the Volcker Rule must now comply with the requirements of the Volcker Rule. If the Volcker Rule applies to an investor's ownership of Shares, the investor may be forced to sell its shares, or the continued ownership of such shares may be subject to certain restrictions

The "Volcker Rule" was enacted in 2010 in the United States as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Implementing regulations were promulgated in final form in December 2013 by the relevant U.S. regulatory authorities (which includes the Board of Governors of the Federal Reserve Board (the "FRB") and the SEC) and became effective on 1 April 2014. Full conformance with the Volcker Rule was required by 21 July 2015, and the sponsorship activities and covered fund investments that were not in place on or before 31 December 2013 of all banking entities (and their affiliates) subject to the Volcker Rule must now comply with the requirements of the Volcker Rule. In general, the Volcker Rule prohibits a "banking entity" as defined therein (which definition includes all U.S. banks and their affiliates and all non-U.S. banks which engage in the banking business in the United States (and all of such non-U.S. banks' affiliates))

from acquiring or retaining directly or indirectly as principal any "ownership interest" in, and from "sponsoring", a "covered fund", except as otherwise permitted by the Volcker Rule.

U.S. regulators, including the FRB and the SEC, charged with responsibility for implementing and enforcing the Volcker Rule may conclude that the Company is a "covered fund" and that the acquisition of Placing Shares in the Company constitutes the acquisition of "ownership interests" in a "covered fund" under the Volcker Rule.

If the U.S. regulatory authorities charged with implementing and enforcing the Volcker Rule conclude that the Company is a covered fund and that the Placing Shares constitute "ownership interests", then (in the absence of an applicable exemption or exclusion from the Volcker Rule) no U.S. or non-U.S. banking entity (or its affiliates) would be permitted to sponsor the Company and/or acquire and/or continue to hold (as applicable) Placing Shares and all such entities will be required to bring any such sponsorships and/or investments into compliance with the Volcker Rule by terminating such sponsorships and/or divesting of such Placing Shares (as the case may be), subject to any extensions that might be granted at the discretion of such U.S. regulatory authorities. Banking entities which desire to acquire Placing Shares should consult with their own attorneys before investing in such Placing Shares to determine whether or not such investments can be made in compliance with the Volcker Rule.

On 30 May 2018, the five United States federal agencies responsible for implementing the Volcker Rule approved for issuance a notice of proposed rulemaking which would amend certain aspects of the implementing regulations. It is unclear at this time what changes ultimately will be made to the Volcker Rule's implementing regulations arising from this public comment process, and whether any such changes will affect the market for or value of any CLO securities, including any held by an Underlying Company.

If the Company becomes subject to tax on a net income basis in any tax jurisdiction, or BGCF becomes subject to tax on a net income basis in any tax jurisdiction other than Ireland, the Company's financial condition and prospects could be materially and adversely affected

The Company intends to continue to conduct its affairs so that it will not be treated as Irish resident for taxation purposes, or as having a permanent establishment or otherwise being engaged in a trade or business, in the UK or Ireland. BGCF intends to conduct its affairs so that it will not be treated as UK resident for taxation purposes, or as having a permanent establishment or being engaged in a trade or business in the UK or the US.

The Company and BGCF intend that they will not be subject to tax on a net income basis in any country, excluding Ireland in the case of BGCF. There can be no assurance, however, that the net income of the Company or BGCF will not become subject to income tax in one or more countries, including Jersey, the United Kingdom, the United States and, in the case of the Company, Ireland, as a result of unanticipated activities performed by the Company, adverse developments or changes in law, contrary conclusions by the relevant tax authorities, changes in the Directors' personal circumstances or management errors, or other causes. The imposition of any such unanticipated net income taxes could materially reduce the post-tax returns available for distributions on the Shares, and consequently may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

CFTC Regulation; Commodity Pool Registration

The Company and/or an Underlying Company may enter into hedges to hedge interest rate or FX risk associated with its portfolio of loans or CLO Securities. Pursuant to the Dodd-Frank Act, the U.S. Commodity Futures Trading Commission ("**CFTC**") has promulgated a range of new regulatory requirements (the "**CFTC Regulations**") that the Company and/or an Underlying Company may be subject to, and that may affect the pricing, terms and compliance costs associated with the entry into any hedge transaction by the Company or an Underlying Company and the availability of such hedge transactions. Some or all of the hedge transactions that the Company or an Underlying Company may enter into may be affected by: (i) the requirement that certain swaps be centrally cleared and in some cases traded on a designated contract market or swap execution facility; (ii) initial and variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation requirements as may otherwise be required by law with respect to uncleared swaps; (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may significantly increase the cost to the Company and/or Underlying

Company of entering into hedge transactions such that the Company and/or Underlying Company may be unable to purchase certain types of investments, have unforeseen legal consequences on the Company and/or Underlying Company or have other material adverse effects on the Company, Underlying Company and/or the Shareholders.

In addition, the Company's and the Underlying Companies' ability to enter into hedge transactions may cause the Company and/or an Underlying Company to be a "commodity pool" as defined in the United States Commodity Exchange Act of 1936, as amended ("**CEA**") and DFM and/or DFME to be a "commodity pool operator" ("**CPO**") and/or a "commodity trading advisor" ("**CTA**"), each as defined in the CEA. The CEA, as amended by the Dodd-Frank Act, defines a "commodity pool" to include certain investment vehicles operated for the purpose of trading in "commodity interests" which term includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption from registration is available.

Registration of the Company or an Underlying Company as a CPO could cause the Company or Underlying Company to be subject to extensive compliance and reporting requirements that would involve material costs. The scope of such compliance costs is uncertain but could adversely affect the amount of funds available to make payments to the Shareholders. In addition, in the event an exemption from registration were available and the Company or Underlying Company elected to file for an exemption, the Company or Underlying Company would not be required to deliver certain CFTC mandated disclosure documents or a certified annual report to investors or satisfy on-going compliance requirements under Part 4 of the CFTC Regulations, as would be the case for a registered CPO. Further, the conditions of such exemption may constrain the extent to which the Company or Underlying Company may be able to enter into swap transactions to hedge its interest rate or FX exposure. In particular, the limits imposed by such exemptions may prevent the Company or Underlying Company from entering into a hedge transaction that the Company or Underlying Company believes would be advisable or result in the Company or Underlying Company incurring financial risks that would have been hedged pursuant to swap transactions absent such limits.

The Company and/or any Underlying Company may be able to rely on a certain exemption from registration as a CPO available to commodity pools that only engage in a minimal amount of hedge transactions. If any such exemption is obtained, investors will not have the benefit of the disclosure and other regulatory protections that would have applied had the relevant entity been subject to regulation as a CPO.

Further, if the Company or Underlying Company determines that additional hedge transactions should be entered into by the Company or Underlying Company in excess of the trading limitations set forth in any applicable exemption from registration as a "commodity pool operator", the Company or Underlying Company may elect to withdraw its exemption from registration and instead register with the CFTC as a CPO. The costs of obtaining and maintaining these registrations and the related compliance obligations would reduce the amount of funds available to make payments to the Shareholders. These costs are uncertain and could be materially greater than the Company or Underlying Company anticipated when deciding to enter into the transaction and register as a CPO. In addition, it may not be possible or advisable for the Company or Underlying Company to withdraw from registration as a CPO after any relevant swap transactions terminate or expire. The costs of CPO registration and the ongoing CPO compliance obligations of the Company or Underlying Company could exceed, perhaps significantly, the financial risks that are being hedged pursuant to any hedge transaction.

The Company may be unable to maintain its non-Irish tax resident status, which would adversely affect its financial and operating results, the value of the Shares and the after-tax return to Shareholders

In order to maintain its non-Irish tax resident status, the Company is required to be controlled and managed outside Ireland. The composition of the Board, the place of residence of the individual Directors and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-Irish tax resident status of the Company. Although the Company is established outside Ireland and a majority of the Directors live outside Ireland, continued attention must be given to ensure that major decisions are not made in Ireland or the Company may lose its non-Irish tax resident status. As such, changes in Directors' personal circumstances or management errors could potentially lead to the Company being considered Irish tax resident which would adversely affect the Company's business, financial condition, results of operations, NAV, the market price of the Shares and/or the after-tax return to its shareholders.

Changes in taxation legislation, or the rate of taxation, may adversely affect the Company, LuxCo, BGCF and BGUCF

Any change in the tax status of the Company, LuxCo, BGCF or BGUCF, or in taxation legislation or practice in Jersey, the United Kingdom, Ireland, the Cayman Islands, the United States, Luxembourg or elsewhere could affect the value of the investments held by the Company, BGCF or BGUCF or the Company's ability to achieve its Investment Objective or alter the post-tax returns to shareholders. Statements in this Prospectus concerning the taxation of Shareholders and/or the Company are based upon current Jersey, United Kingdom, Luxembourg, United States and Irish law and published practice as at the date of this Prospectus, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its Investment Objective and which could adversely affect the taxation of shareholders and/or the Company.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

The OECD and other government agencies in jurisdictions where the Company, BGCF, BGUCF and LuxCo do business have had an extended focus on issues related to the taxation of multinational corporations and the taxation of cross-border transactions. One example is in the area of "base erosion and profit shifting" ("**BEPS**"), where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The OECD has released its final reports on its comprehensive plan to create an agreed set of international rules for fighting base erosion and profit shifting. As a result, the tax laws in Jersey, Ireland, the Cayman Islands and Luxembourg and other countries in which the Company, BGCF, BGUCF and LuxCo do business could change on a prospective or retroactive basis, and any such changes could adversely affect the Company, BGCF, BGUCF and LuxCo. Certain changes have already been enacted in some countries and other changes continue to evolve.

Further, on 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**FTT**") requested by Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal Spain, Slovakia and Slovenia, (the "**Participating Member States**"). Discussions between Participating Member States are on-going.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to financial transactions where at least one party is a financial institution and: (i) one party is established in a participating Member State; or (ii) the financial instrument which is subject to the transaction is issued in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including by transacting with a person established in a participating Member State. The FTT will be payable by each financial institution established or deemed established in a participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, will become jointly and severally liable for the payment of the FTT due.

The issuance and subscription of the Placing Shares should, in principle, not be subject to the FTT. There are no broad exemptions for financial intermediaries or market makers. While the FTT proposal remains subject to negotiation between the Member States, and may therefore be altered, if adopted in its current proposed form any investments BGCF may make may be affected by the FTT and it may have an adverse effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Placing Shares.

At this stage, it is too early to say whether the proposed FTT will be adopted and in what form. Additional Member States may also decide to participate. Certain aspects of the current proposal are controversial and, if the FTT is progressed, may be altered prior to implementation. While the proposal for a Council Directive identified the date of introduction of the FTT across the Participating Member States as being 1 January 2014, a subsequent joint statement by the finance ministers of the Participating Member States (except for Slovenia) published on 6 May 2014 identified the revised date of introduction of the FTT as being 1 January 2016 at the latest.

The meeting of the European Union Economic and Financial Affairs Council on 7 November 2014 confirmed the aim among the Participating Member States of implementing the first phase of the FTT with effect from 1 January 2016. In a further joint statement by the finance ministers of the Participating Member States (except for Greece) published on 27 January 2015 reiterated that the anticipated implementation date remained 1 January 2016.

However, a publication by the Luxembourg Presidency of the Council of the European Union (the "**Luxembourg Presidency**") on 3 December 2015 set out the 'state of play' in relation to the FTT. In that publication, the Luxembourg Presidency concluded that further work was required on a number of open questions that constitute the 'building blocks' of the design of the FTT. A meeting of the European Finance Ministers on 8 December 2015 took note of a statement made by 10 of the Participating Member States (excluding Estonia) relating to the scope and timetable for introduction of the FTT. In that statement, the Participating Member States (excluding Estonia) announced agreement on a number of features of the FTT which had been considered in the publication by the Luxembourg Presidency on 3 December 2015, but indicated that a decision on the remaining open issues would only be made at some point before the end of June 2016. The anticipated implementation date for the FTT of 1 January 2016 was not met and the FTT is still yet to be implemented.

Prospective holders of Placing Shares are strongly advised to seek their own professional advice in relation to the FTT.

In addition, as part of its anti-tax avoidance package, and to provide a framework for a harmonised implementation of the BEPS conclusions across the EU, the EU Council adopted Council Directive (EU) 2016/1164 (the "**Anti-Tax Avoidance Directive**") on 12 July 2016.

The EU Council adopted Council Directive (EU) 2017/952 (the "**Anti-Tax Avoidance Directive 2**") on 29 May 2017, amending the Anti-Tax Avoidance Directive, to provide for minimum standards for counteracting hybrid mismatches involving EU Member States and third countries.

EU Member States have until 31 December 2018 to implement the Anti-Tax Avoidance Directive (subject to derogations for EU member states which have equivalent measures in their domestic law) and until 31 December 2019 to implement the Anti-Tax Avoidance Directive 2 (except for measures relating to reverse hybrid mismatches, which must be implemented by 31 December 2021).

The Directives contain various measures that could, depending on their implementation in various EU Member States, potentially result in certain payments made by BGCF and LuxCo ceasing to be fully deductible for tax purposes, and otherwise impact the Company, BGCF, BGUCF and LuxCo. The exact scope of these two measures, and impact on the tax position of the Company, BGCF, BGUCF and LuxCo, will depend on the implementation of the measures in Ireland, Luxembourg and other Member States.

BGUCF is not currently subject to Cayman Islands tax. However, there can be no assurance that BGUCF will not in the future be subject to tax by the Cayman Islands or some other jurisdiction as a result of a change in law.

Different regulatory, tax or other treatment of the Company or the Shares in different jurisdictions, or changes to such treatment in different jurisdictions, may adversely impact shareholders in certain jurisdictions

For regulatory, tax and other purposes, the Company and the Shares may be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as more akin to holding units in a collective investment scheme. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. The Company may be subject, therefore, to financially and logistically onerous requirements to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain jurisdictions. The Company may elect not to disclose such information or prepare such information in a form which satisfies such authorities. Therefore Shareholders in such jurisdictions may be unable to satisfy the regulatory requirements to which they are subject.

The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, does not intend to so register and may be unable to so register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the purchase of the Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person). For more information, prospective investors should refer to the section entitled "*Purchase and Transfer Restrictions*" in Part V of this Prospectus.

Certain payments to the Company will in the future be subject to 30 per cent. withholding tax unless the Company agrees to certain reporting and withholding requirements and certain Shareholders will be required to provide the Company with required information so that the Company may comply with its obligations under FATCA

Under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), Financial Institutions are required to use enhanced due diligence procedures to identify U.S. persons who have invested in either non-U.S. financial accounts or non-U.S. entities. Pursuant to FATCA, certain payments of (or attributable to) U.S.-source income and, beginning in 2019, the proceeds of sales of property that give rise to U.S.-source payments will be subject to 30 per cent. withholding tax unless the Company agrees to certain reporting and withholding requirements.

The United States and Jersey have entered into an Intergovernmental Agreement ("**U.S. IGA**") to implement FATCA. Under the terms of the U.S. IGA, the Company may be obliged to comply with the provisions of FATCA as enacted by the Jersey legislation implementing the U.S. IGA (the "**Jersey IGA Legislation**"), rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the terms of the U.S. IGA, Jersey resident entities that comply with the requirements of the Jersey IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**") on payments they receive and will not be required to withhold under FATCA on payments they make.

As a Jersey resident financial institution, the Company therefore will be required to comply with the requirements of the Jersey IGA Legislation.

Pursuant to the Jersey IGA Legislation, the Company has registered with the United States Internal Revenue Service ("**IRS**") and is required to report to the Jersey Minister for Treasury and Resources certain holdings by and payments made to certain U.S. investors in the Company, as well as to non-U.S. financial institutions that do not comply with the terms of the Jersey IGA Legislation. Under the terms of the U.S. IGA, such information will be onward reported by the Jersey Minister for Treasury and Resources to the United States under the general information exchange provisions of the United States-Jersey Agreement for the Exchange of Information Relating to Taxes.

Note that Shareholders may be required to provide any information that the Company determines necessary in order to allow the Company to satisfy its obligations under FATCA.

Additional intergovernmental agreements similar to the U.S. IGA have been entered into or are under discussion by other jurisdictions with the United States. Different rules than those described above may apply depending on whether a payee is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

In addition to the U.S. IGA, Jersey and the United Kingdom have entered into the UK IGA, based on FATCA, whereby relevant financial information held in Jersey in respect of a person or entity who is resident in the UK for tax purposes will be reported to Jersey Minister for Treasury and Resources for onward reporting to the UK's HM Revenue and Customs. Under the UK IGA, the Company may be required to provide information to the Jersey authorities about investors and their interests in the Company in order to fully

discharge its reporting obligations and, in the event of any failure or inability to comply with the proposed arrangements, may suffer a financial penalty or other sanction under Jersey law.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs are subject to review by the United States, the United Kingdom, Jersey and other IGA governments, and the rules may change. Although the UK IGA and U.S. IGA have been ratified by Jersey's parliament, guidance published to date has been in draft format only and therefore, while the Company intends to comply with applicable law, it cannot be predicted at this time what the full impact on the Company and the Company's reporting responsibilities pursuant to the UK IGA and U.S. IGA will be. Shareholders should consult with their own tax advisors regarding the application of FATCA to their particular circumstances.

In addition to FATCA, the OECD has developed a global standard for the automatic exchange of financial information between tax authorities (the "**Common Reporting Standard**"). The Common Reporting Standard has been implemented in the European Union through the European Union Council adopting Council Directive 2014/107/EU on December 9 2014, amending Council Directive 2011/16/EU regarding mandatory automatic exchange of information in the field of taxation. Jersey is a signatory jurisdiction to the Common Reporting Standard and the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015 came into force on 1 January 2016 (the "**Jersey CRS Legislation**"). Broadly the Jersey CRS Legislation place an obligation on "reporting financial institutions" in Jersey ("**Jersey RFI**") to identify, review and report on "financial accounts" maintained by them and which are held by residents for tax purposes (whether individuals or entities) of jurisdictions with which Jersey has agreed to exchange information. Reports will be made to the Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident. Although the Company will attempt to satisfy any obligations imposed on it by the Common Reporting Standard, no assurance can be given that it will be able to satisfy such obligations. Implementation of the Common Reporting Standard may require the Company to conduct additional due diligence and report upon accounts held with it by Shareholders who are reportable persons in other participating jurisdictions. The Company may require certain additional financial information from Shareholders to comply with its diligence and reporting obligations under the Common Reporting Standard. Failure by the Company to comply with the obligations under the Common Reporting Standard may result in fines being imposed on the Company and in such event, the target returns of the Company may be materially affected.

IMPORTANT NOTICES

Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Issue other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, BGCF, BGUCF, Fidante or N+1 Singer. No representation or warranty, express or implied, is made by Fidante or N+1 Singer as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Fidante or N+1 Singer as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any acquisition or proposed acquisition of Issue Shares.

Investment in the Company is only suitable for institutional, professional, professionally advised and knowledgeable investors and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. Investment in the Rollover Shares, in particular, is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment. An investment in the Issue Shares should constitute part of a diversified investment portfolio. Accordingly, typical investors in the Issue Shares are expected to be institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares, in particular, are expected to be institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rollover or Placing Programme, as applicable, including the merits and risks involved. Investors who acquire Issue Shares will be deemed to have acknowledged that: (i) they have not relied on Fidante or N+1 Singer or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Fidante or N+1 Singer.

In connection with the Placing Programme, each of Fidante and N+1 Singer and any of their affiliates acting as an investor for its or their own account(s), may subscribe for the Placing Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Placing Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Fidante, N+1 Singer and any of their affiliates acting as an investor for its or their own account(s). None of Fidante, N+1 Singer or any of their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

General

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Issue Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption

or other disposal of Issue Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Issue Shares. Prospective investors must rely on their own representatives, including their own legal advisers, financial advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force and are subject to changes therein. This Prospectus should be read in its entirety before making any election to participate in the Rollover or any application for Issue Shares.

An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**Rollover Admission**"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "**Rollover Admission Date**"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.

Applications will also be made to the London Stock Exchange and the UK Listing Authority for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "**Subsequent Admission**"). It is expected that Subsequent Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion (each such date being a "**Subsequent Admission Date**").

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates and are subject to change without further notice.

Capitalised terms contained in this Prospectus shall have the meanings set out in Part XIV of this Prospectus, save where the context indicates otherwise.

Restrictions on distribution and sale

The distribution of this Prospectus and the offering and sale of securities offered hereby in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and observe any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or solicitation to purchase, any such securities in any jurisdiction in which solicitation would be unlawful.

For a description of restrictions on offers, sales and transfers of Shares, please refer to the sections entitled "*Selling Restrictions*" below and "*Purchase and Transfer Restrictions*" in Part V of this Prospectus. Save as set out in these sections, there are no restrictions on the transfer of Shares under the Articles.

No incorporation of Company's website

The contents of the Company's website do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Issue Shares.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements typically can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "projects", "targets", "aims", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number

of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and BGCF (as applicable) concerning, amongst other things, the investment objective and investment policy, investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects, target return, target dividend yield and dividend/distribution policy of the Company, BGCF, and the markets in which BGCF, and their respective portfolios of investments, invest and/or operate. By their nature, forward-looking statements involve risks (including those set out in the section entitled "Risk Factors" in this Prospectus) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's and BGCF's actual investment performance, results of operations, financial condition, dividend policy and the development of its investment strategy financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company and BGCF, and the development of its financing strategies, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- changes in economic conditions generally and the Company's ability to achieve its investment objective and target returns and target dividends for investors;
- the ability of BGCF and BGUCF to invest the cash on its balance sheet and the proceeds of any Placing on a timely basis within the investment objective and investment policy;
- foreign exchange mismatches with respect to exposed assets;
- changes in the interest rates and/or credit spreads, as well as the success of the Company's, BGCF's and BGUCF's investment strategy in relation to such changes and the management of the uninvested proceeds of the Placing Programme;
- impairments in the value of the investments;
- the availability and cost of capital for future investments;
- the departure of key personnel employed by the Service Support Provider or the BGUCF Manager;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company, BGCF, U.S.MOA or LuxCo; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the "Risk Factors" section of this Prospectus before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. Although the Company undertakes no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Rules or Disclosure Guidance and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Company's expectations with regard thereto or otherwise, prospective investors are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through a RIS announcement.

Selling Restrictions

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Issue Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Issue Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Issue Shares, including obtaining any requisite governmental or other

consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Issue Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required.

Bailiwick of Jersey

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly.

You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this fund you should not invest in the Company.

Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org.

This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds — Prospectuses) (Jersey) Order 2012.

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 Prospectus.

The applicant is strongly recommended to read and consider this Prospectus before completing an application.

Bailiwick of Guernsey

This Prospectus has not been authorised or approved by any regulatory body in Guernsey. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Placing Shares may only be promoted in or from within the Bailiwick of Guernsey either by persons who are (a) licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "**POI Law**") or (b) exempt from the requirement to be so in compliance with section 29(1)(c) of the POI Law.

The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus is available, and may be made, in or from within the Bailiwick of Guernsey, and this Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey:

- (i) by persons licensed to do so under the POI Law; or
- (ii) by persons permitted to do so under the laws of a country specified in the Schedule to the Investor Protection (Designated Countries and Territories) (Bailiwick of Guernsey) Regulations, 2017 (as amended) provided such person has its main place of business in that country and does not carry on any restricted activity from a permanent place of business in the Bailiwick of Guernsey.

The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus is not available in or from within the Bailiwick of Guernsey other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs. None of the Company or the Joint Financial Advisers are approved, supervised or regulated by the GFSC and the GFSC does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

Isle of Man

The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus is available, and may be made, in or from within the Isle of Man and this Prospectus is being provided in or from within the Isle of Man only: (i) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or (ii) to persons: (a) licensed under Isle of Man Financial Services Act 2008; or (b) falling within exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (c) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business. The offer or sale, or invitation for subscription or purchase, of Placing Shares referred to in this Prospectus and this Prospectus are not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

European Economic Area

In relation to each member state of the European Economic Area (other than the UK) which has implemented Directive 2003/71/EC (and the amendments thereto, including the relevant provision of Directive 2010/73/EU (the "**2010 PD Amending Directive**"), to the extent implemented in the Member State) and includes any relevant implementing measure in each Member State (the "**Prospectus Directive**") (each, a "**Relevant Member State**"), no Issue Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Issue Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Issue Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of Directive 2010/73/EU (the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Issue Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State (other than the UK) and each person who initially acquires any Issue Shares or to whom any offer is made under the Issue will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Issue Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Issue Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Issue Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In relation to each member state of the European Economic Area, the Issue Shares will only be offered in a member state to the extent that the Company: (i) is permitted to be marketed into the Relevant Member State pursuant to Article 42 of the AIFM Directive (as implemented into local law); or (ii) can otherwise be lawfully offered or sold (including at the initiative of investors). Each person who initially acquires Issue Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with the entity placing such shares and the Company that: (i) it is a "qualified investor" within the meaning of the law in that relevant member state implementing Article 2.1(e) of the Prospectus Directive; and (ii) it is a person to whom Issue Shares in the Company may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that Relevant Member State.

United States

The Company has not been and will not be registered under the U.S. Investment Company Act and as such holders of the Issue Shares will not be entitled to the benefits of the U.S. Investment Company Act. The Issue Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States or with any securities regulatory authority of any state or other jurisdiction of the

United States and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, any U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act. There will be no public offer of the Issue Shares in the United States.

The Shares have not been approved or disapproved by the U.S. SEC, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Issue Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In connection with the Issue, offers and sales of the Issue Shares will be made only: (i) outside the United States in "offshore transactions" to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act; and (ii) in the United States, or to U.S. Persons, only to persons who are both Qualified Institutional Buyers and Qualified Purchasers pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

In addition, prospective investors should note that the Issue Shares may not be acquired by: investors using assets of: (i)(a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to Section 4975 of the U.S. Tax Code; or (c) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or "plan" described in preceding clause (a) or (b) in such entity pursuant to the U.S. Plan Assets Regulations (a "**U.S. Plan Investor**"); or (ii) a governmental, church, non-U.S. or other plan, account or arrangement that is subject to any federal, state, local or non-U.S. law that would have the same or similar effect as the U.S. Plan Asset Regulations so as to subject the Company (or other persons responsible for the investment and operations of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code.

If 25 per cent. or more of any class of equity in the Company is owned, directly or indirectly, by U.S. Plan Investors that are subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, the assets of the Company will be deemed to be "plan assets", subject to the constraints of ERISA and Section 4975 of the U.S. Tax Code. This would result, among other things, in: (i) the application of the prudence and fiduciary responsibilities standards of ERISA to investments made by the Company; and (ii) the possibility that certain transactions that the Company and its subsidiaries might enter into, or may have entered into in the ordinary course of business, might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the U.S. Tax Code and might have to be rescinded. A non-exempt prohibited transaction may also result in the imposition of an excise tax under the U.S. Tax Code upon a "party in interest" (as defined in ERISA) or "disqualified person" (as defined in the U.S. Tax Code), with whom a plan engages in the transaction. The Company will use commercially reasonable efforts to limit ownership by U.S. Plan Investors of equity in the Company. However, no assurance can be given that investment by U.S. Plan Investors will not exceed 25 per cent. or more of any class of equity in the Company.

Each purchaser and subsequent transferee of Issue Shares will be deemed to represent, warrant and agree, that it is not and will not be (and is not and will not be acting on behalf of an entity or other person that is or will be) a U.S. Plan Investor. In addition, each purchaser and subsequent transferee will be deemed to represent, warrant and agree, that it is not exercising and will not exercise control over the assets of the Company or provide investment advice with respect to such assets for a fee, directly or indirectly, and that it is not and will not be an Affiliate of any such person or entity.

For a description of restrictions on offers, sales and transfers of Issue Shares, please refer to the section entitled "*Purchase and Transfer Restrictions*" in Part V of this Prospectus.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

EXPECTED TIMETABLE*

Publication of Prospectus	23 November 2018
Latest time for submission of Proxy Forms	10.00 a.m. on 10 December 2018
Extraordinary General Meeting of the Company	10.00 a.m. on 12 December 2018
Results of the Extraordinary General Meeting of the Company	12 December 2018
Latest time for TTE Instruction pursuant to the Rollover	9.00 a.m. (Irish time) on 21 December 2018
Latest time for receipt of the Rollover Election Forms	9.00 a.m. (Irish time) on 21 December 2018
Announcement of the results of the Rollover	21 December 2018
Rollover Date	4 January 2019**
Rollover Share Admission and unconditional dealings in the Rollover Shares to commence on the SFS	4 January 2019**
CREST accounts credited with Rollover Shares in respect of the Rollover	4 January 2019**
Share certificates in respect of the Rollover Shares dispatched (if applicable)	week commencing 21 January 2019
Placing Programme opens	4 January 2019
Publication of Placing Price in respect of each Placing	As soon as practicable following the closing of each Placing
Subsequent Admission and crediting of CREST accounts in respect of each Placing	As soon as practicable following the closing of each Placing
Share certificates in respect of Placing Shares dispatched (if applicable)	Approximately one week following the Admission of any Placing Shares
Last date for Placing Shares to be issued pursuant to the Placing Programme	22 November 2019

* The dates and times specified are subject to change without further notice. References to times are London times unless otherwise stated.

** If, following the announcement of the results of the Rollover, the Company considers, at its sole and absolute discretion, that it would be appropriate and feasible to seek to complete the Rollover and obtain Rollover Admission at an earlier date, the Rollover Date and/or Rollover Admission (as appropriate) may be brought forward. Any such amendment to the timetable shall be announced by the Company by an RIS announcement.

PLACING PROGRAMME STATISTICS

Maximum size of Placing Programme		400 million Placing Shares
Placing Price	Ordinary Share	At a premium to the latest published NAV per Ordinary Share to be determined by Directors, in their absolute discretion, from time to time

DEALING CODES

	<i>Ordinary Shares</i>		<i>C Shares</i>
	<i>Euro Share</i>	<i>GBP Share</i>	
ISIN	JE00BNCB5T53	JE00BNCB5T53	JE00BF8Q3P09
SEDOL	BNCB5T5	BYXL0Y1	BF8Q3P0
Ticker	BGLF	BGLP	BGLC

DIRECTORS, ADVISERS AND SERVICE PROVIDERS

Directors

Charlotte Valeur (*Chair*)
Gary Clark
Heather MacCallum
Steven Wilderspin

Registered Office

IFC 1
The Esplanade
St Helier,
Jersey
JE1 4BP

All c/o the Company's registered office

Adviser, Service Support Provider and CLO Manager (to European CLOs)

Blackstone / GSO Debt Funds Management Europe Limited
30 Herbert St
Grand Canal Dock
Dublin 2
Ireland

BGUCF Manager and CLO Manager (to U.S. CLOs) and Rollover Portfolio Manager

GSO / Blackstone Debt Funds Management LLC
345 Park Avenue
New York
NY 10154
United States

Joint Sponsor, Financial Adviser, Bookrunner and Global Co-Ordinator

Fidante Partners Europe Limited (trading as Fidante Capital)
1 Tudor Street
London
EC4Y 0AH
United Kingdom

Joint Sponsor, Financial Adviser, Bookrunner and Global Co-Ordinator

Nplus1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX
United Kingdom

Legal Adviser to the Company (as to English and U.S. securities law)

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG
United Kingdom

Legal Adviser to the Company (as to Jersey law)

Carey Olsen
47 Esplanade
St Helier
Jersey
JE1 0BD
Channel Islands

Legal Adviser to BGCF (as to Irish law)

Arthur Cox
Ten Earlsfort Terrace
Dublin 2
Ireland

Legal Adviser to DFME and DFM (as to English law)

Weil, Gotshal & Manges (London) LLP
110 Fetter Lane
London
EC4A 1AY
United Kingdom

Legal Adviser to DFME and DFM (as to U.S. law)

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
United States

Legal Adviser to the Joint Sponsors, Financial Advisers, Bookrunners and Global Co-Ordinators (as to English law)

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH
United Kingdom

Reporting Accountant and Auditor

Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey
JE4 8WA
Channel Islands

Administrator/Company Secretary

BNP Paribas Securities Services S.C.A.,
Jersey Branch
IFC 1
The Esplanade
St Helier
Jersey
JE1 4BP

Custodian

BNP Paribas Securities Services S.C.A.,
Jersey Branch
IFC 1
The Esplanade
St Helier
Jersey
JE1 4BP

BGUCF Administrator

Intertrust SPV (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Registrar

Link Market Services (Jersey) Limited
12 Castle Street
St Helier
Jersey
JE2 3RT

Corporate Services Provider

Intertrust Management Ireland Limited
2nd Floor, 1-2 Victoria Buildings
Haddington Road
Dublin 4
Ireland

BGCF Custodian

Citibank, N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB
United Kingdom

PART I

THE COMPANY

INTRODUCTION

Blackstone / GSO Loan Financing Limited (the "**Company**") was incorporated on 30 April 2014 and is registered under the laws of Jersey (registration number 115628) pursuant to the Companies Law. The Company is an investment company providing investors with exposure to a loan investment company, Blackstone / GSO Corporate Funding Designated Activity Company ("**BGCF**"), incorporated under the laws of Ireland on 16 April 2014 (registration number 542626). The Company is invested indirectly, through BGCF, in a portfolio of assets comprising predominantly: (i) senior secured loans and bonds; (ii) CLO Securities and (iii) investments in Loan Warehouses. CLO Income Notes, which form part of the CLO Securities to which the Company is indirectly exposed through BGCF, are the most subordinated tranche of debt issued by a CLO (which is an entity that issues notes backed by a pool of collateral consisting primarily of loans). The Company invests in BGCF through Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. ("**LuxCo**"), its wholly owned subsidiary.

BGCF purchases floating rate senior secured loans and bonds and, subsequently, on the availability of appropriate market opportunities, may establish new CLOs, invest in existing CLOs through secondary purchases or invest capital into other companies with portfolios of CLO Securities and/or investments in Loan Warehouses, including Blackstone / GSO US Corporate Funding Limited, a Cayman Islands company ("**BGUCF**"). The CLOs to which the Company is indirectly exposed are managed by Blackstone / GSO Debt Funds Management Europe Limited ("**DFME**") and GSO / Blackstone Debt Funds Management LLC ("**DFM**") (or any affiliates). DFME (in its capacity as the Service Support Provider) also provides human resources, service support and certain other assistance to BGCF.

The Company, BGCF and LuxCo are self-managed, and investment decisions for each of these entities are taken by the board of directors, managers or human resources provided by the service support provider (in the case of BGCF, acting under delegated authority and within a set of pre-determined parameters) of the relevant entity (as applicable). BGUCF is managed by DFM.

At the time of its IPO in July 2014, the Company's Ordinary Shares were admitted to trading on the Specialist Fund Segment ("**SFS**") (then known as the "**Specialist Fund Market**") of the London Stock Exchange and to listing on official list of The International Stock Exchange ("**TISE**") (then known as the "**Channel Islands Securities Exchange**" or "**CISE**"). In June 2017, the Ordinary Shares were successfully migrated from the SFS and were admitted to listing on the Premium Segment of the Official List. Subsequently, in September 2017, the Company cancelled its dual listing on TISE; the Ordinary Shares remain listed on the Official List and continue to trade on the Main Market.

ROLLOVER OPPORTUNITY

On 28 August 2018, the Company announced a proposal to issue Rollover Shares to those Carador Shareholders wishing to participate in the Rollover Opportunity, in consideration for the transfer of the Rollover Assets from Carador to the Company. The Company has published this Prospectus, inter alia, to make the Rollover Opportunity available to Carador Shareholders.

In respect of any Carador Shareholder that validly elects to participate in the Rollover Opportunity, the Carador U.S. Dollar Shares or Carador Repurchase Shares (as the case may be) held by such Carador Shareholder will be converted into a new class of shares in Carador (the "**Carador Rollover Shares**"). The Carador Rollover Shares shall not be transferable and will be created by allocating to such class a pro rata amount of Carador's assets and liabilities attributable to each of the Carador U.S. Dollar Shares and Carador Repurchase Shares (based on Carador's latest published NAV as at the Rollover Date).

Each Carador Share in respect of which a Carador Shareholder elects to participate in the Rollover Opportunity will be converted into Rollover Class Shares on the following basis:

- each Carador U.S. Dollar Share will be converted into one Carador Rollover Share; and

- each Carador Repurchase Share will be converted into such proportion of Carador Rollover Shares as is pro rata to the respective NAV per Carador U.S Dollar Share compared with the NAV per Carador Repurchase Share (based, in each case, on Carador's latest published NAV as at the Rollover Date).

The Company intends that, immediately after the conversion of the relevant Carador Shares into Carador Rollover Shares as set out above on the Rollover Date, Carador will repurchase all of the Carador Rollover Shares and transfer the assets attributable to the Carador Rollover Shares (the "**Rollover Assets**") to the Company in consideration for the Company issuing C Shares (the "**Rollover Shares**") to the holders of Carador Rollover Shares (the "Rollover"). Each holder of Carador Rollover Shares will receive one Rollover Share in respect of each Carador Rollover Share it holds as at the Rollover Date. Following the Rollover, the Rollover Assets will be held by the Company in a separate portfolio attributable only to the Rollover Shares. The reason for issuing C Shares rather than Ordinary Shares in connection with the Rollover is to enable the Rollover Assets to be segregated from the Company's portfolio attributable to the Ordinary Shares. For the avoidance of doubt, the Company will not acquire any Carador Shares or Carador Rollover Shares pursuant to the Rollover.

An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**Rollover Admission**"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "**Rollover Admission Date**"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.

The Rollover Portfolio Manager will have responsibility for realising the Rollover Assets and facilitating the re-investment of the proceeds of such realisations by the Company into CSWs issued by LuxCo, thereby providing exposure to PPNs issued by BGCF to LuxCo. Once the Rollover Assets have been realised and the proceeds substantially invested into CSWs issued by LuxCo (thereby providing exposure to PPNs issued by BGCF to LuxCo), the Board intends to mandatorily convert the Rollover Shares into Ordinary Shares on a NAV for NAV basis in accordance with the Articles.

Further details on the rights attaching to the Rollover Shares are set out in paragraph 4.28 of Part VII of this Prospectus.

The Rollover is conditional on the approval of the existing Shareholders. Accordingly, on or around the date of this Prospectus, the Company has published a shareholder circular convening the Extraordinary General Meeting at which the approval of existing Shareholders will be sought for the implementation of the Rollover and certain other related matters.

PLACING PROGRAMME

In addition to the Rollover, with a view to satisfying ongoing investor demand for Ordinary Shares and to raise further funds for investment in accordance with the Investment Objective and Policy, the Company intends, in line with the Company's growth strategy, to issue up to 400 million Ordinary Shares pursuant to the Placing Programme ("**Placing Shares**"). The maximum number of Placing Shares available should not be taken as an indication of the number of Placing Shares finally to be issued.

The Placing Programme will open on or around 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) (such date being the "**Final Closing Date**"). The Placing Programme is flexible and may have a number of closing dates (each, an "**Interim Closing Date**") in order to provide the Company with the ability to issue Placing Shares as and when the Board determines that the market conditions are appropriate, and taking into any realisations of the Rollover Assets and the re-investment of the proceeds of such realisations by the Company into CSWs issued by LuxCo.

Applications will also be made to the London Stock Exchange and the UK Listing Authority for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "**Subsequent Admission**"). It is expected that Subsequent

Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion (each such date being a "**Subsequent Admission Date**").

Investment in the Company is only suitable for institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares in particular is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the SFS.

BACKGROUND AND PORTFOLIO

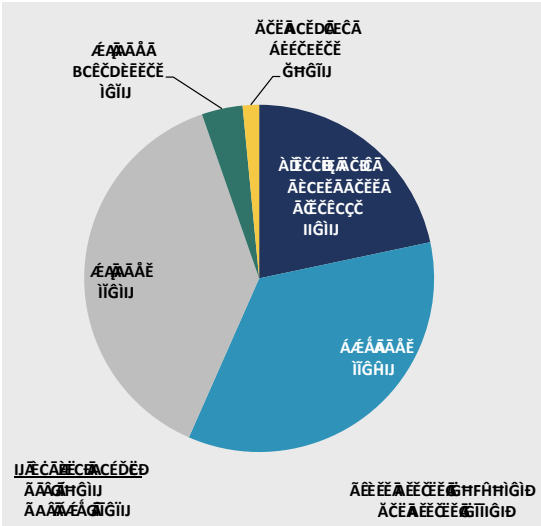
As at the Latest Practicable Date, the Company's portfolio comprises: 2,000,000 class A shares, 1 class B share and 301,269,226 cash settlement warrants ("**CSWs**") issued by LuxCo, its wholly owned subsidiary. The Company's NAV, as at 31 October 2018, was €363,447,077.

As at the Latest Practicable Date, LuxCo holds Profit Participating Notes issued by BGCF in the aggregate amount of €414,282,561 (together with any accrued but unpaid interest thereon), with a maturity date of 1 June 2044. All the Profit Participating Notes held by LuxCo are limited recourse and are admitted to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market.

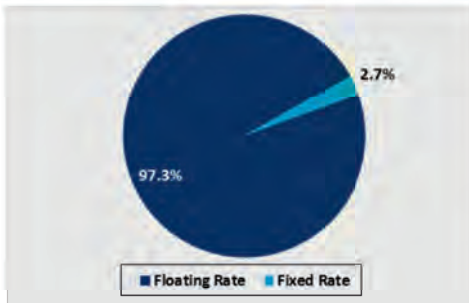
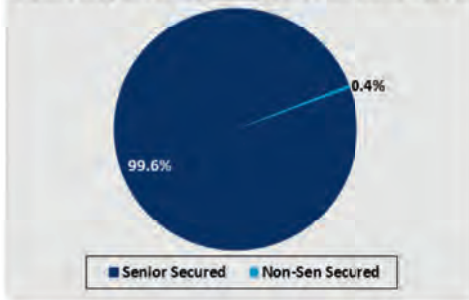
As at 31 October 2018, BGCF, either directly or through BGUCF, had established and invested in CLO Income Notes issued by 28 CLOs, of which 16 were European CLOs and 12 were U.S. CLOs. BGCF's gross and net assets, as at 31 October 2018, are €1.0 billion and €882.2 million respectively. As at 31 October 2018, 75.3 per cent. of BGCF's investment portfolio comprised CLO Income Notes while 22.3 per cent. comprised loans, net of leverage drawn (each calculated as a percentage of BGCF's NAV).

The diversity and credit quality of BGCF's 692 investments, as indicated by market values and ratings, remain strong, as set out below (as at 31 October 2018):

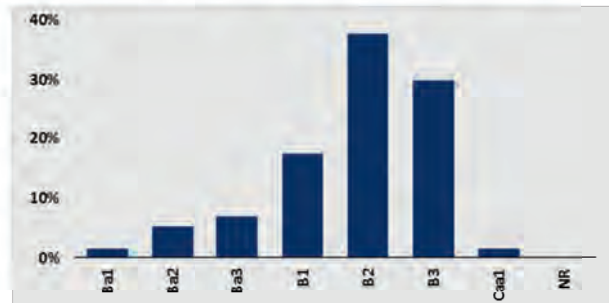
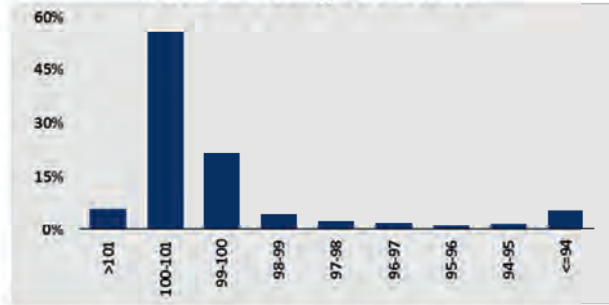
BGCF Portfolio Allocation (% of NAV)



Seniority and Floating Rate Distribution



Price and Rating Distribution



Top 10 Holdings	
Thomson Reuters (Refinitiv)	1.1%
Euro Garages	1.0%
Paysafe	1.0%
Amaya Gaming	1.0%
BMC Software	1.0%
Ineos Finance	0.9%
Numericable	0.8%
Avantor	0.8%
Ion Trading	0.8%
Xella International	0.8%

Top 5 Countries	
United States of America	55.4%
France	8.0%
Luxembourg	7.7%
United Kingdom	6.5%
Netherlands	5.7%

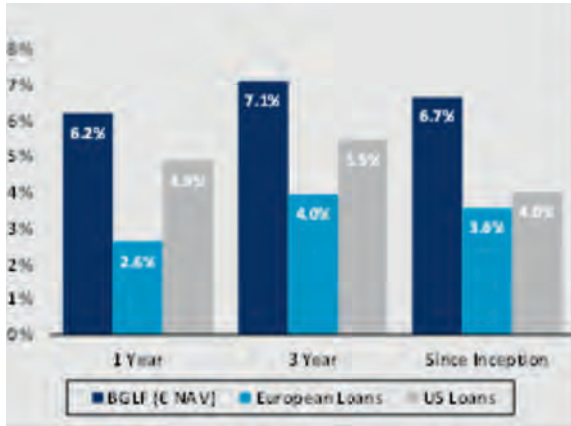
Top 5 Industries	
Healthcare & Pharma	15.8%
High Tech Industries	10.0%
Banking, Finance, Insurance and Real Estate	9.6%
Services Business	9.3%
Hotels, Gaming & Leisure	7.2%

BGLF's cumulative EUR NAV return from inception to 31 October 2018 is 31.80 per cent.

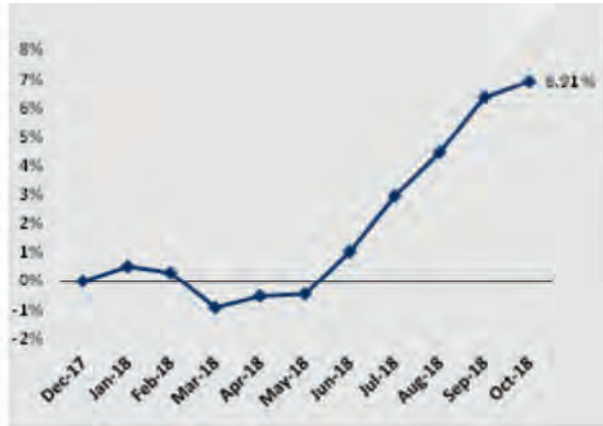
The historical EUR NAV performance of BGLF (in percentage terms) since IPO is as set out below:

	2018 YTD	2017	2016	2015	2014
BGLF (€ NAV)	6.91	1.38	13.28	8.11	-0.73
European Loans (Gross)	2.57	3.30	6.52	3.14	-0.16
US Loans (Gross)	4.36	4.25	9.88	-0.38	-0.65

Annualised NAV Returns

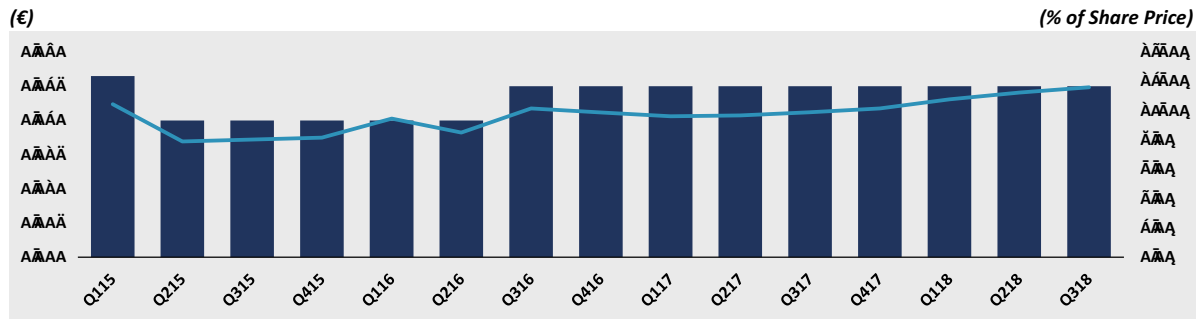


2018 Cumulative Return

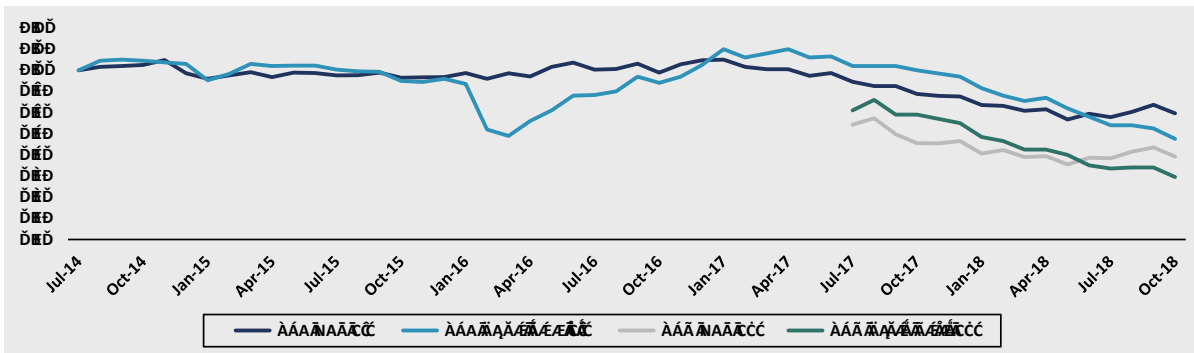


(Source: Credit Suisse, as at 31 October 2018)

BGLF (€) Stable Dividend Distributions



Historical BGLF Share Price and NAV Per Share



To the extent the Company is aware, there has been no material change in the portfolio since 31 October 2018 requiring disclosure in this Prospectus.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Investment Objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds 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 companies or entities established from time to time ("**Underlying Companies**").

Investment Policy

Overview

The Company's investment policy is to invest (directly, or indirectly through one or more Underlying Companies) in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Underlying Companies directly or through investments in Loan Warehouses), bonds and 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 subsidiaries) in profit participating instruments (or similar securities) issued by one or more Underlying Companies.

Each Underlying Company will use the proceeds from the issue of the profit participating instruments (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest in: (i) senior secured loans, bonds, CLO Securities and Loan Warehouses; or (ii) other Underlying Companies which, themselves, invest in senior secured loans, bonds, CLO Securities and Loan Warehouses. The Underlying Companies may invest in European or U.S. senior secured loans, bonds, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Underlying Companies. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks, will typically be in the form of an obligation to purchase preference shares or a subordinated loan.

There is no limit on the maximum U.S. or European exposure. The Underlying Companies are not expected to invest substantially directly in senior secured loans or bonds domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

The Company's investment strategy is to implement its investment policy by investing directly or indirectly through the Underlying Companies, in a portfolio of senior secured loans and bonds or in Loan Warehouses containing senior secured loans and bonds and, in connection with such strategy, to own debt and equity tranches of CLOs and, in the case of European CLOs and certain U.S. CLOs, to be the risk retention provider in each.

The Underlying Companies may periodically securitise a portion of the loans, or a Loan Warehouse in which they invest, into CLOs which may be managed either by such Underlying Company itself or by DFME or DFM (or one of their affiliates), in their capacity as the CLO Manager.

Where compliance with the European Risk Retention Rules is sought (which, with certain exceptions, will not be the case for the U.S. CLOs) the Underlying Companies will retain exposures of each CLO, which may be held as:

- (a) CLO Income Notes equal to: (i) between 51 per cent. and 100 per cent. of the CLO Income Notes issued by each such CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the CLO in the case of U.S. CLOs (each of (i) and (ii), (the "**horizontal strip**"); or
- (b) not less than 5 per cent. of the principal amount of each of the tranches of CLO Securities in each such CLO (the "**vertical strip**").

In the case of deals structured to be compliant with the European Risk Retention Rules, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the U.S. Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules. In such a scenario, the Underlying Company will retain exposures to such transactions for the purpose of complying with the U.S. Risk Retention Regulations, which may be held as:

- (a) CLO Income Notes representing at least 5 per cent. of the fair market value of the CLO Securities (including CLO Income Notes) issued by such CLO (the "**U.S. horizontal strip**");
- (b) a vertical strip; or
- (c) a combination of a vertical strip and U.S. horizontal strip.

To the extent attributable to the Company, the value of the CLO Income Notes retained by Underlying Companies in any CLO will not exceed 25 per cent. of the NAV of the Company at the time of investment.

Further, to the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in vertical strips of CLOs (net of any directly attributable financing) will not exceed 15 per cent. of the NAV of the Company at the time of investment. This limitation shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

Loan Warehouses may eventually be securitised into CLOs managed either by an Underlying Company itself or by DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager. To the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20 per cent. of the NAV of the Company at the time of investment, and in all externally financed warehouses taken together (net of any directly attributable financing) shall not exceed 30 per cent. of the NAV of the Company at the time of investment. These limitations shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

The following limits (the "**Eligibility Criteria**") apply to senior secured loans and bonds (and, to the extent applicable, other corporate debt instruments) directly held by any Underlying Company (and not through CLO Securities or Loan Warehouses):

<i>Maximum exposure</i>	<i>% of an Underlying Company's gross asset value</i>
Per obligor	5
Per industry sector	15
	(with the exception of one industry which may be up to 20 per cent.)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these Eligibility Criteria, "**gross asset value**" shall mean gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the "**maximum exposures**" set out in the Eligibility Criteria shall apply on a trade date basis.

Each of these Eligibility Criteria will be measured at the close of each Business Day on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by an Underlying Company).

In addition, each CLO in which an Underlying Company holds CLO Securities and each Loan Warehouse in which an Underlying Company invests will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such CLO; or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a CLO or Loan Warehouse may include the following:

- a limit on the weighted average life of the portfolio;
- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio.

CLOs in which an Underlying Company may hold CLO Securities or Loan Warehouses in which an Underlying Company may invest are also expected to have certain other criteria and limits, which may include:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or Loan Warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO or Loan Warehouse.

Company Borrowing Limit

The Company will not utilise borrowings for investment purposes. However, the Directors will be permitted to borrow up to 10 per cent. of the Company's NAV for day to day administration and cash management purposes. For the avoidance of doubt, this limit only applies to the Company and not the Underlying Companies.

The Company may use hedging or derivatives (both long and short) for the purposes of efficient portfolio management. It is intended that up to 100 per cent. (as appropriate) of the Company's exposure to non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms. Further details relating to the Company's hedging and currency risk management are set out below.

Changes to Investment Policy

Any material change to the investment policy of the Company would be made only with the approval of Ordinary Shareholders.

It is intended that the investment policy of each Substantial Underlying Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a Substantial Underlying Company from time to time. The Company will receive periodic reports from each Substantial Underlying Company in relation to the implementation of such Substantial Underlying Company's investment policy to enable the Company to have oversight of its activities. If a Substantial Underlying Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek Ordinary Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If Ordinary Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such Substantial Underlying Company, the Directors will redeem the Company's investment in such Substantial Underlying Company (either directly or, if the Company's investment in a subsidiary is invested by such subsidiary in such Substantial Underlying Company (either directly or through one or more other Underlying Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such Substantial Underlying Company (either directly or through one or more other Underlying Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

Rollover Shares

The Company's Investment Objective and Policy with respect to the Rollover Shares is identical to the above except that until all the Rollover Assets have been realised and the proceeds invested in BGCF, holders of Rollover Shares will retain investment exposure to any Rollover Assets held by the Company (directly or indirectly, through a wholly owned subsidiary).

The Rollover Portfolio Manager, on behalf of the Company, will seek to realise the Rollover Assets over time, with the proceeds of the realisation being re-invested into LuxCo, thereby providing exposure to PPNs issued by BGCF to LuxCo. The time it will take to realise the Rollover Assets and, therefore, to re-invest the realisation proceeds indirectly into PPNs will depend on: (i) market conditions and how quickly the Rollover Portfolio Manager is able to sell the Rollover Assets at prices it considers to be reasonable in the circumstances; (ii) the remaining maturity of the investments; and (iii) any early redemption of the investments. Based on advice received from the Rollover Portfolio Manager, the Directors currently expect that in normal circumstances it should be possible to realise the Rollover Assets within six to twelve months of the Rollover Date. However, this may take significantly longer in the case of certain Rollover Assets or in less favourable market conditions. Accordingly, holders of Rollover Shares should be prepared for a scenario in which a proportion of the Rollover Assets may not be capable of realisation for an indefinite period that may be significantly longer than twelve months following the Rollover Date. Any change to the anticipated timing for realisation will be notified by the Company through a Regulatory Information Service.

INVESTMENT STRATEGY

Whether the senior secured loans, bonds or other assets are held directly by an Underlying Company or via CLO Securities or Loan Warehouses, it is intended that, in all cases, the portfolios will be actively managed (by the Underlying Companies or the CLO Manager, as the case may be) to minimise default risk and potential loss through comprehensive credit analysis performed by the Underlying Companies or the CLO Manager (as applicable).

Vertical strips in CLOs in which Underlying Companies may invest are expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by the relevant Underlying Company investing in such CLO. This term financing may be full-recourse, non-mark to market, long-term financing which may, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO. In particular, and although not forming part of the Company's investment policy, the following levels of, or limitations on, leverage are expected in relation to investments made by Underlying Companies:

- senior secured loans and bonds may be levered up to 2.5x with term finance;
- investments in "first loss" positions or the "warehouse equity" in Loan Warehouses will not be levered;
- CLO Income Notes will not be levered;
- investments in CLO Securities rated B- and above at the time of issue may be funded entirely with term finance; and
- investments in a vertical strip may be levered 6.0-7.0x, with term finance as described above.

To the extent that they are financed, vertical strips are anticipated to require less capital than horizontal strips, which is expected to result in more efficient use of the Underlying Companies' capital. In addition, since the return profile on financed vertical strips is different to retained CLO Income Notes, GSO believes that vertical strips may be more robust through a market downturn, although projected IRRs may be slightly lower. However, an investment in vertical strips is not expected to impact the Company's stated target return, based on current market conditions, of an annualised mid-teen total return over the medium term.

From time to time, as part of its ongoing portfolio management, the Underlying Companies may sell positions as and when suitable opportunities arise. Where not bound by risk retention requirements, it is the intention that the Underlying Companies would seek to maintain control of the call option of any CLOs securitised.

With respect to investments in CLO Securities, while the Underlying Companies maintain a focus on investing in newly issued CLOs, it will also evaluate the secondary market for sourcing potential investment opportunities in CLO Securities.

Whilst the intention is to pursue an active, non-benchmark total return strategy, the Company will be cognisant of the positioning of the loan portfolios against relevant indices. Accordingly, the Underlying Companies will track the returns and volatility of such indices, while seeking to outperform them on a consistent basis. In-depth, fundamental credit research dictates name selection and sector over-weights/under-weights relative to the benchmark, backstopped by constant portfolio monitoring and risk oversight. The Underlying Companies will typically look to diversify their portfolios to avoid the risk that any one obligor or industry will adversely impact overall returns. The Underlying Companies will also place an emphasis on loan portfolio liquidity to ensure that if their credit outlook changes, they are free to respond quickly and effectively to reduce or mitigate risk in their portfolio. The Company believes this investment strategy will be successful in the future as a result of its emphasis on risk management, capital preservation and fundamental credit research. The Directors believe the best way to control and mitigate risk is by remaining disciplined in market cycles, by making careful credit decisions and maintaining adequate diversification.

Over the medium term, it is expected that the portfolio of the Underlying Companies in which the Company invests (through its wholly owned subsidiary) will remain broadly divided between European CLOs and U.S. CLOs.

The Company will operate with Euro as its functional currency. The Rollover Assets and a significant proportion of the portfolio of assets held by Underlying Companies to which the Company has exposure may, from time to time, be denominated in currencies other than Euro. In accordance with the Company's investment policy, it is intended that up to 100 per cent. (as appropriate) of the Company's exposure to such non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.

STRUCTURE

Overview

As at the Latest Practicable Date, the Company holds: 2,000,000 class A shares, 1 class B share and 301,269,226 CSWs in LuxCo, its wholly owned subsidiary. LuxCo, the Company's wholly owned subsidiary, holds Profit Participating Notes issued by BGCF pursuant to the terms of the NPA through which the economic benefit from the investment in BGCF accrues to LuxCo and, consequently, the Company. The proceeds of the issue of new Profit Participating Notes may be invested by BGCF, at its discretion, in BGUCF or otherwise in accordance with BGCF's investment policy.

BGCF currently uses the proceeds from the issue of profit participating notes (to LuxCo or other investors) and the financing it receives from any Senior Financing Facility in accordance with its investment objective and policy (which mirrors the Company's investment objective and policy) to invest in senior secured loans, bonds, CLO Securities and/or Loan Warehouses. BGCF invests directly into European CLOs and U.S. CLOs and currently holds indirect investments in certain U.S. CLOs through BGUCF. Investment may also be made through other Underlying Companies from time to time.

C Shares and Rollover Assets

As stated above, pursuant to the Rollover, the Company is proposing to issue Rollover Shares to Qualifying Shareholders in Carador. The number of Rollover Shares to be issued will be determined by the elections made by Qualifying Shareholders in Carador to receive Rollover Shares in consideration for the redemption of Carador Shares held by them as at the Rollover Date.

Immediately following the Rollover Date, the share capital of the Company will comprise:

- Ordinary Shares, which will have exposure to PPNs issued by BGCF to LuxCo; and
- C Shares, which will have exposure to the Rollover Assets.

Pursuant to the Rollover Portfolio Management Agreement, the Company has delegated portfolio management in respect of the Rollover Assets to DFM (the "**Rollover Portfolio Manager**"). The Rollover Portfolio Manager will have responsibility for realising the Rollover Assets and facilitating the re-investment of the proceeds of such realisations by the Company into CSWs issued by LuxCo, thereby providing exposure to PPNs issued by BGCF to LuxCo. Once a substantial majority of the Rollover Assets have been realised and the proceeds substantially invested into CSWs issued by LuxCo (thereby providing exposure to PPNs issued by BGCF to LuxCo), the Board may convert the Rollover Shares into Ordinary Shares on a NAV for NAV basis in accordance with the Articles.

The Rollover Portfolio Manager will not be entitled to any performance or management fees in connection with the performance of its obligations under the Rollover Portfolio Management Agreement.

Unless terminated in accordance with its terms, the Rollover Portfolio Management Agreement will continue until such time as the Rollover Assets have been realised and the proceeds of such realisations have been re-invested indirectly into PPNs issued by BGCF.

Further information on the conversion process can be found in paragraph 4.28(F) in Part VII of this Prospectus.

BGCF and Service Providers

BGCF was incorporated in Ireland on 16 April 2014 with company registered number 542626, and has its registered office at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The ordinary shares in the share capital of BGCF ("**BGCF Shares**"), which are participating and voting shares, are held on trust by Intertrust Nominees (Ireland) Limited (the "**Share Trustee**"), a professional trust company, under the terms of a discretionary trust for the benefit of one or more charities. The terms of the Share Trust Deed pursuant to which the BGCF Shares are held in trust by the Share Trustee are set out in the section entitled "Share Capital" in Part VIII of this Prospectus. Further information relating to the portfolio of BGCF as at the date of this Prospectus and related financing arrangements, is set out in Part VIII of this Prospectus.

Pursuant to the Portfolio Service Support Agreement, DFME (in its capacity as the Service Support Provider) provides certain support services to BGCF. BGCF is self-managed but the Service Support Provider is responsible for ensuring that BGCF has the required human resources available to it in order to make necessary business decisions and to carry on the day-to-day management of BGCF's business.

Investment

Newly issued broadly syndicated CLO managed by DFM, DFME or an affiliate where CLO Securities are purchased by BGCF or another Underlying Company

Rebate Position

Where the holding is in the CLO Income Notes (e.g. horizontal strip), up to 20 per cent. of the management fee that the CLO Manager earns, *pro rata* to the CLO Income Notes held by BGCF or the relevant Underlying Company (as applicable) in such CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

After the deduction (where applicable) of all costs (calculated at arm's length) attributable to BGCF or the relevant Underlying Company (including fees and costs payable to DFME and/or DFM as described herein), it is expected that the net rebate will be at least 10 per cent. of the CLO Management Fee earned by the CLO Manager, *pro rata* to the CLO Income Notes held in the CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

Where the holding is in the CLO Securities (e.g. vertical strip), up to 100 per cent. of the aggregate management fee that the CLO Manager earns, *pro rata* to the CLO Income Notes held by BGCF or the relevant Underlying Company (as applicable) in such CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

After the deduction (where applicable) of all costs (calculated at arm's length) attributable to BGCF or the relevant Underlying Company (including fees and costs payable to DFME and/or DFM as described herein), it is expected that the net rebate will be at least 5 per cent. of the CLO Management Fee earned by the CLO Manager, *pro rata* to the CLO Income Notes held in the CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

Newly issued BGUCF CLOs (Broadly Syndicated)

Similar fee rebate arrangement to those described above have been, and it is expected that similar fee rebate arrangements will be, entered into between DFME, DFM or one of their affiliates and BGUCF in relation to BGUCF CLOs.

An Underlying Company has purchased CLO Income Notes or CLO Securities in the secondary market

No rebates will be provided.

In addition, in certain circumstances where: (i) a European CLO is seeking risk retention compliance, (ii) the retention holding method is solely through CLO Retention Income Notes; and (iii) where the retention holding method is through CLO Retention Securities, in relation only to such of these CLO Retention Securities as are CLO Retention Income Notes, BGCF may also be entitled to receive an upfront fee (the "**Upfront Fee**") on the closing of each of the relevant CLO. Such Upfront Fee, where able to be negotiated, is generally (i) where the retention holding method is through CLO Retention Income Notes, between 1 per cent. and 5 per cent. of the value of the CLO Retention Income Notes it retains in such CLO; and (ii) where the retention holding method is through CLO Retention Securities, 5 per cent. of the value of such of the CLO Retention Securities as are CLO Retention Income Notes. The Upfront Fee generally takes the form of a rebate of part of the arranger's placing fee which relates to the CLO Retention Income Notes. The receipt of such fees by BGCF results in increased returns on the PPNs issued by BGCF.

Investment in BGCF, including an indirect investment through an investment in the Company, is only suitable for institutional, professional, professionally advised and knowledgeable investors. Investment in the Rollover Shares, in particular, is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the Specialist Fund Segment.

Investment Objective and Policy of BGCF

It is expected that the investment objective and policy of BGCF shall, at all times, mirror the investment objective and policy of the Company, subject to such additional restrictions as may be adopted by BGCF from time to time.

BGCF has access to a committed Senior Financing Facility which equals 250 per cent. of: (i) its NAV; plus (ii) retained net income from time to time; less (iii) the aggregate amount invested in CLO Retention Securities at cost. It is expected that the maximum funding amount under the Senior Financing Facility may be adjusted from time to time to reflect the Net Placing Programme Proceeds or the net proceeds from any additional Share issues, less the value of any Shares repurchased and the value of any further investments in CLO Income Notes (at cost). As such, there are no limits on the level of BGCF's borrowings.

Any loans which are sold to a CLO having been purchased using such borrowings will typically have been held by BGCF for no more than 12 months. Except in relation to the CLO Retention Income Notes or CLO Retention Securities it holds, BGCF may enter into hedging and derivatives transactions pursuant to its investment activities, for the purposes of efficient portfolio management.

Although not a profit forecast, BGCF expects, at the time of investment, to generate gross annual cash returns of 9-10 per cent. from loans before deducting the cost of leverage through the term Senior Financing Facility, 15-20 per cent. from CLO Income Notes with the risk adjusted IRRs on CLO Income Notes being in the range of 12-15 per cent. per annum and 5-6 per cent. from CLO Securities (in either case, on an unleveraged basis and before any fee rebates are taken into account). BGCF also benefits from: (i) the ability to evaluate the best time to establish a new CLO; and (ii) where CLO Income Notes are BGCF's investment in a CLO, call rights over the relevant CLO, thereby having the ability to maximise IRRs.

Until such time that BGCF is unable to purchase further CLO Securities, no CLO established by GSO which is investing in European loans will be structured outside of BGCF (or other Underlying Company to which the Company has exposure). For such period, unless the board of directors of BGCF consent otherwise or provide a waiver, BGCF (or such other Underlying Company) will also have most favoured status over the terms relating to CLO Securities in European CLOs it purchases, which will ensure that no other holder of CLO Securities in such CLOs will benefit from any economic or material contractual terms more favourable than those offered to BGCF (or such other Underlying Company).

Any proposed changes to BGCF's investment objective and policy will be subject to the process described in the section entitled "*Changes to Investment Policy*" above in Part I of this Prospectus.

NPA and the Profit Participating Notes

The NPA provides, *inter alia*, that BGCF shall not engage in any business other than in accordance with its investment policy (as amended from time to time), and that, if requested by the Company or LuxCo, BGCF shall provide all information and/or assistance in connection with any listing or proposed listing by the Company of securities, the proceeds of which have been or may be used by LuxCo to fund the subscription by LuxCo of Profit Participating Notes. In addition, BGCF has agreed to provide certain other information to assist the Company and LuxCo, including information which they might require in order to comply with the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules and other applicable laws or regulations. The Profit Participating Notes issued by BGCF are subject, at all times, to the terms and conditions set out in the NPA.

Cash in respect of interest accrued or to be accrued on the Profit Participating Notes on a quarterly basis (subject to availability of funds) shall be in an amount to enable the Company to make payments due under the Company's dividend policy and to cover the Group's ongoing costs and expenses. Such accrued interest will be paid on the Profit Participating Notes and, to the extent that the holder of the Profit Participating Notes is LuxCo, LuxCo will utilise such proceeds to repurchase a portion of the CSWs (or other similar securities) the Company may hold in LuxCo from time to time. In circumstances where the holders of the Profit Participating Notes wish to receive an amount of cash in respect of such interest which is less than the amount of interest which has accrued for the account of such holders, the holders are entitled to notify BGCF of such lesser amount of cash in respect of interest which they wish to receive. The remainder of such accrued interest which is not paid to the holders of the Profit Participating Notes shall be reinvested at the discretion of BGCF.

The failure of BGCF to comply with the terms and conditions of the NPA and/or the Profit Participating Notes will constitute an event of default which would permit LuxCo, to the extent that the holder of the Profit Participating Notes is LuxCo, to elect for such Profit Participating Notes to become immediately due and repayable in accordance with clause 11 of Schedule 2 of the NPA, subject to (A) any legal, regulatory or contractual restrictions, including, where applicable, those committing BGCF to: (i) retain its interest in CLO Income Notes or CLO Securities (as applicable); and (ii) during the relevant CLO's reinvestment period, originate and sell the required percentage of each CLO's total securitised exposures to it (such percentage calculated including the principal proceeds received by the relevant CLO in respect of any BGCF sourced assets), (B) certain permitted payments covenants in BGCF's Senior Financing Facility and (C) availability of funds for any redemption ((A), (B) and (C) together, the "**Payment/Redemption Conditions**").

Further information in relation to the NPA and the Profit Participating Notes is set out in paragraph 5.1 of Part VII of this Prospectus.

Listing of the Profit Participating Notes

The Profit Participating Notes are admitted to listing on the Official List of the GEM.

BGUCF and Service Providers

BGUCF was incorporated in the Cayman Islands on 6 January 2016 with company registered number 307238, and has its registered office at 190 Elgin Avenue; George Town; Grand Cayman KY1-9005; Cayman Islands. BGUCF has issued one class, and may issue additional classes, of preferred shares in connection with investments made in BGUCF by BGCF and by an affiliate of DFME, or any transferee thereof.

Pursuant to the BGUCF Management Agreement, DFM, in its capacity as the BGUCF Manager, is responsible for supervising and directing the investment, sale and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing, on behalf of BGUCF, the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof. Further details of the BGUCF Management Agreement are set out in paragraph 6.1 of Part IX of this Prospectus.

Investment in BGUCF, including an indirect investment through an investment in the Company, is only suitable for institutional, professional, professionally advised and knowledgeable investors.

Investment Objective and Policy of BGUCF

Substantially all of BGUCF's portfolio comprises U.S. CLO Income Notes.

BGUCF may put in place borrowing arrangements as set out above in the section entitled "*Investment Strategy*" of this Part I of this Prospectus. BGUCF may also seek other financing from time to time, at its discretion. As such, there are no limits on the level of BGUCF's borrowings. BGUCF may enter into hedging and derivatives transactions pursuant to its investment activities, for the purposes of efficient portfolio management.

Although not a profit forecast, BGUCF expects, at the time of investment, to generate gross annual cash returns of 15-20 per cent. from CLO Income Notes with the risk adjusted IRRs on CLO Income Notes being in the range of 12-15 per cent. per annum; and generate gross annual cash returns of 13-17 per cent. from CLO Securities with the risk adjusted IRRs on CLO Securities being in the range of 10-13 per cent. per annum (in both cases after giving effect to leverage and fee rebates are taken into account). BGUCF also benefits from: (i) the ability to evaluate the best time to establish a new CLO; and (ii) where CLO Income Notes are BGUCF's investment in a CLO, call rights over the relevant CLO, thereby having the ability to maximise IRRs.

Any proposed changes to BGUCF's investment objective and policy will be subject to the process described in the section entitled "*Changes to Investment Policy*" above in this Part I of this Prospectus.

TARGET RETURN AND DIVIDEND POLICY

Target Total Return

Whilst not forming part of the investment objective or policy of the Company, on the basis of current market conditions as at the date of this Prospectus, the Company is targeting an annualised mid-teen total return over the medium-term (the "**Target Total Return**"). The Company intends to seek to deliver this return through a combination of dividend payments and capital appreciation.

Target Dividend Yield and Policy

Ordinary Shares

Whilst not forming part of the investment objective or policy of the Company, dividends on Ordinary Shares will be payable in respect of each calendar quarter, payable within two months following the end of such quarter. On the basis of current market conditions as at the date of this Prospectus, the Company will target a dividend of 2.5 per cent. per quarter equating to an 11.9 per cent. annualised return based on, for the Ordinary Shares, the share price of €0.8375 as at 31 October 2018 (the "**Target Dividend**").

The actual dividend generated by the Company in pursuing its investment objective will, however, depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the investments made by the Company and the risks highlighted in the "Risk Factors" section of this Prospectus. Furthermore, the yield generated by the Company with respect to the Ordinary Shares will be impacted by the extent to which the Company is able to, and is successful in, hedging currency exchange risk between the currency in which the Ordinary Shares are denominated and the currencies in which the assets comprised in the Company's portfolio are denominated and the costs, profits and losses resulting from any such currency hedging activity.

Excess cash or interest from the portfolio will be reinvested by the Underlying Companies with the objective of growing the NAV.

The Target Total Return and the Target Dividend should not be taken as an indication of the Company's expected future performance or results. The Target Total Return and the Target Dividend are targets only and there is no guarantee that they can or will be achieved and should not be seen as an indication of the Company's expected or actual return. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Actual events and conditions may differ materially from the assumptions used to establish the Target Total Return and Target Dividend. Accordingly, investors should not place any reliance on the Target Total Return or the Target Dividend in deciding whether to invest in Shares.

Furthermore, the future performance of the Company may be materially adversely affected by the risks discussed in the "*Risk Factors*" section of this Prospectus.

The Articles permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Ordinary Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered in future, an electing Ordinary Shareholder would be issued new, fully paid up Ordinary Shares (or Ordinary Shares reissued from treasury) pursuant to the scrip dividend alternative calculated by reference to the higher of: (i) the prevailing average mid-market quotation of the Shares over the five trading days following and including the relevant ex-dividend date; or (ii) the Net Asset Value per Ordinary Share, at the date selected by the Directors for such purposes. The scrip dividend alternative would be available only to those Ordinary Shareholders to whom Ordinary Shares might lawfully be marketed by the Company.

C Shares

It is the Directors' current intention that quarterly dividends will be declared in respect of the C Shares prior to the conversion of the C shares into Ordinary Shares. The C Share dividends will be paid in relation to the C Share asset pool, which initially comprises Rollover Assets pending their sale and subsequently, as the sale proceeds are reinvested, in Profit Participating Notes issued by BGCF. The effect of this policy is to bring about a transition from the dividends payable in respect of the Rollover Assets under Carador's dividend policy to paying dividends in line with those payable on the Ordinary Shares as the C Share asset pool increasingly comprises PPNs.

In respect of the C Shares, the Directors seek to adopt Carador's dividend policy with regards to the Rollover Assets. Accordingly, the Directors will distribute all or part of the net income received from the underlying Rollover Assets investments (after reasonable expenses and retaining an element of cashflow receipts on Income Notes of CLOs). The Directors will also have the discretion to make distributions out of realised and unrealised capital gains net of realised and unrealised capital losses.

As defined in Carador's dividend policy, the purchase price of Income Notes reflects both income and capital receipts to maturity. Under that approach an element of each quarterly cashflow receipt is treated as capital which is capable of reinvestment. This policy seeks to avoid the funding of dividends from potential capital receipts. Each quarter's capital retention seeks to ensure that, on maturity, assuming a reinvestment rate on such retained capital, the Company has assets which equal the original purchase price. After the capital retention, the balance of cash receipts are treated as income; however, where the total cash receipt exceeds 20 per cent. per annum of the cost of an Income Note position only 20 per cent. is treated as income and the balance is treated as capital, thereby accelerating the capital retention. Once capital has been retained equal to 100 per cent. of the future value at maturity of an Income Note position, all future cash receipts revert to the income account.

It is also the Directors' intention to enable the Company to continue to meet the 85 per cent. income distribution requirement for its continued treatment as an excluded security under the rules on Non Mainstream Pooled Investments.

The dividends payable in respect of the Profit Participation Notes issued by BGCF held in the Rollover Assets will be determined on the same basis as the dividends paid to holders of Ordinary Shares.

Dividend payments will be made to C Shareholders in respect of each calendar quarter, payable within two months following the end of such quarter. The Board currently intends that the holders of the C Shares will receive a dividend payment in February 2019, which would be broadly equivalent to the dividend payment they would have received had they elected not to participate in the Rollover Opportunity and instead remained holders of Carador Shares. The Board further intends that future dividend payment dates in relation to the C Shares over the course of 2019 will be aligned with the dividend payments in relation to the Ordinary Shares, subject in each case to the usual Board discretion in relation to dividend payments.

HEDGING TRANSACTIONS AND CURRENCY RISK MANAGEMENT

The Ordinary Shares will be denominated in Euros. The investments made by the Underlying Companies, may be denominated in U.S. Dollars, Euros or other currencies. The financial statements of the Company, however, will be prepared in Euros and the operational and accounting currency of the Company will be the Euro. Therefore, Ordinary Shareholders may be subject to foreign currency fluctuations between the Ordinary Shares (being Euro denominated) and the investments made by the LuxCo and the Underlying Companies. The Company will normally seek to hedge currency exposure between the Euro (being the Company's operational and accounting currency) and any other currency in which the assets held by the Underlying Companies, may be denominated.

However, hedging arrangements will be implemented on behalf of the Company only when suitable hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts, are available in a timely manner and on terms acceptable to the Directors, in their sole and absolute discretion. To the extent that the Company is unable to engage, or is unsuccessful, in hedging currency exposure, Shareholders will be subject to fluctuations between the Shares (being denominated in Euros) and the other currencies in which the assets and investments comprising the portfolio are denominated.

The Rollover Shares will be denominated in Euros. The Rollover Assets held by the Company may be denominated in U.S. Dollars or other currencies and, over time, the proceeds of realising the Rollover Assets will be re-invested (indirectly) into the Underlying Companies, whose investments may be denominated in U.S. Dollars, Euros or other currencies. As described in the section entitled "*Investment Objective and Policy*" in Part of this Prospectus, the Rollover Shares will have a limited life. Due to the limited life of the Rollover Shares the Company does not intend to hedge the Rollover Shareholders exposure to the U.S. Dollar denominated Rollover Assets. Therefore, Rollover Shareholders may be subject to foreign currency fluctuations between the Rollover Shares (being Euro denominated) and the Company's portfolio attributable to the Rollover Shares from time to time.

The Company reserves the right to terminate any hedging arrangement in its absolute discretion, including, without limitation, if it considers it to be in the interests of Shareholders to do so or such arrangements may adversely affect the performance of the Company.

To the extent that a currency hedging transaction relates to a specific class of Shares, the profits, losses and expenses of such transaction will be allocated solely to the relevant class of Shares.

SHARE BUY-BACKS

The Directors have been granted general authority for the Company to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue as at the date of the Company's last annual general meeting. The Directors intend to seek annual renewal of this authority from the Ordinary Shareholders at the Company's next annual general meeting to be held in 2019.

The Directors may, at their absolute discretion, use available cash to purchase in the market Ordinary Shares of a class in issue at any time, subject to having been granted authority to do so, should the Ordinary Shares of such class trade at an average discount to NAV per Share (calculated monthly 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. Subject to any legal, regulatory or contractual restrictions applicable to the Underlying Companies, in accordance with the terms of the profit participating notes (or similar securities) or equity capital issued by such Underlying Companies, LuxCo will be entitled to receive cash from the Underlying Companies, which may then be paid to the Company (through redemptions of the CSWs) to fund the Company's discount management policy.

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 share price and the NAV per Ordinary Share announced for that month.

"Available cash", in this context, is expected to comprise cash held by the Underlying Companies which is received in respect of interest income on loans, CLO Securities, Loan Warehouses and other cash not required to meet the applicable U.S. Risk Retention Regulations or European Risk Retention Requirements, after taking account of working capital requirements of the Underlying Companies, LuxCo and the Company and any requirements under any Senior Financing Facilities.

In exercising their powers to buy back Ordinary Shares, the Directors have complete discretion as to the timing, price and volume of Ordinary 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 Shares purchased at all times will be subject to compliance with the Articles, the Listing Rules, the Companies Law and all other applicable legal and regulatory requirements.

In the event that the Board decides to repurchase Ordinary Shares, purchases will only be made through the market for cash at prices not exceeding the estimated prevailing NAV per Ordinary Share where the Directors believe such purchases will result in an increase in the NAV per Ordinary Share. Such purchases will only be made in accordance with: (i) the Listing Rules, which currently provide that the maximum price to be paid per share must not be more than the higher of: (a) five per cent. above the average of the mid-market value of shares for the five Business Days before the purchase is made; or (b) the higher of the last independent trade or the highest current independent bid for shares; and (ii) 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.

Ordinary 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 Ordinary Shares in issue at any particular time.

FURTHER ISSUES OF SHARES

The proposed Rollover Opportunity to acquire C Shares available to Qualifying Shareholders in Carador requires the approval of the existing Shareholders. Accordingly, on or around the date of this Prospectus,

the Company has published a shareholder circular convening a general meeting at which the approval of existing Shareholders will be sought for the following proposals:

- to amend the Existing Articles to provide for the issue of C Shares, by replacing them in their entirety with the New Articles; and
- to disapply pre-emption rights in respect of any C Shares and/or Ordinary Shares to be issued pursuant to the Rollover or the Placing Programme

The implementation of the Rollover and the Placing Programme are conditional on the existing Shareholders approving the above proposals at the general meeting. It is also conditional on Carador obtaining the requisite approvals from the Carador Shareholders.

Save as set out below, the Directors have the authority to allot unlimited further Shares in the share capital of the Company following the Final Closing Date. Further issues of Shares would only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include net asset performance, share price rating and perceived investor demand. In the case of further issues of Shares (or sales of Shares from treasury), such Shares will only be issued at prices which are not less than the then prevailing relevant Net Asset Value per Share (as estimated by the Directors).

There are no provisions of Jersey law which confer rights of pre-emption in respect of the allotment of Shares. The Articles, however, contain pre-emption rights in relation to allotments of Shares for cash.

The Directors intend to request the general authority to allot Ordinary Shares for cash on a non-pre-emptive basis at the next annual general meeting of the Company to be held in 2019, to be renewed at each subsequent annual general meeting of the Company.

NET ASSET VALUE

Publication of Net Asset Value

The Company publishes the Net Asset Value per Share, as calculated in accordance with the process described below, on a monthly basis (within 15 Business Days following the relevant month-end). Such Net Asset Value per Share is published by RIS announcement and is available on the website of the Company. BGCF is obliged, pursuant to the terms and conditions of the Profit Participating Notes, to provide the Company, LuxCo and the Administrator with such information as they may reasonably require in order to facilitate such calculations and announcements.

Following the issue of the Rollover Shares, the Company intends to publish the Net Asset Value per Share of each class on a monthly basis, as described above.

In order to calculate the Net Asset Value of each class of Shares, it is intended that a separate class account will be established in the books of the Company in respect of each class of Shares. Each such class account will be maintained in Euro (being the Company's operational and accounting currency). An amount equal to the proceeds of issue of Shares of each class will be credited to the relevant class account. Any decrease in the Net Asset Value of the Company arising from the redemption or repurchase of Shares of a particular class or any dividend or other distribution paid by the Company in respect of Shares of a particular class will be debited to the relevant class account. Any increase or decrease in the Net Asset Value of the Company which is attributable to the Shares (disregarding for these purposes any increases or decreases in Net Asset Value arising from issues, repurchases or redemptions of Shares or any dividends or other distribution paid by the Company or any class specific adjustments (as defined below)) will be allocated among the relevant class accounts based on the previous relative Net Asset Values of each such class account. There will then be allocated to each class account the "class specific adjustments" such as, but not limited to, placing and distributor fees or commissions, other fees, costs, liabilities, expenses, losses, assets, profits, gains and income which the Directors determine relate to a single separate class.

Valuation of the Portfolio

For the purposes of the valuation of the portfolio, each of Markit Partners, Thomson Reuters, Valuation Research Corporation and IDC (and any replacement entity appointed from time to time) is an Approved Pricing Source.

Rollover Assets

Rollover Assets, which primarily constitute CLO Income Notes, carry no risk retention requirements, and the investment strategy of the Company is to sell such positions as the opportunities arise. As such, the Rollover Assets will be valued according to their mid-market price as determined by Thomson Reuters ("**CLO Mark to Market Methodology**"). The CLO Mark to Market Methodology will incorporate the same loan-level and structural analysis performed by Thomson Reuters as discussed below; however, the scenario assumptions and discount rates used in the CLO Mark to Market Methodology will be market-based, dynamic assumptions. In order to develop such assumptions, Thomson Reuters will take into account market observations derived from market clearing levels, market fundamentals, broker quotations and bids wanted in competition.

BGCF Assets

The BGCF Administrator values assets held by BGCF and provides the detail of such asset valuations, together with any expense items, to the Administrator of the Company. The BGUCF Administrator will value the assets held by BGUCF and provide the detail of such asset valuations, together with any expense items, to the BGCF Administrator. The Administrator is responsible for the NAV calculation of the Company and of the Shares.

It is intended that, in accordance with its investment objective and policy set out above, BGCF (either directly or indirectly, including through BGUCF) will invest in: (i) senior secured loans, bonds and other debt securities; (ii) CLO Securities; and (iii) Loan Warehouses, and will value such instruments in the following manner:

(a) *Loans and other corporate debt instruments*

Loans and other corporate debt instruments will be valued according to their mid-market price as determined by, in relation to loans, Markit Partners or any other entity appointed from time to time, in relation to CLO Securities, Thomson Reuters or any other entity appointed from time to time and in relation to private debt assets, Valuation Research Corporation or any other entity appointed from time to time (an "**Approved Pricing Source**") on the relevant NAV Calculation Date or, where a loan has been contracted for sale to a CLO as part of a Forward Purchase Agreement, the sale price. Any loan sold by way of such a Forward Purchase Agreement will be valued at the mid-market rate as determined by an Approved Pricing Source on the date it becomes subject to the Forward Purchase Agreement which may in some instances be the cost price of the loan to BGCF or BGUCF (as the case may be). If a price cannot be obtained from an Approved Pricing Source for any loan, BGCF or BGUCF (as the case may be) will source mid-prices as at the close of the relevant trading day from third party broker/dealer quotes for any such loan. In addition, assets which are acquired by BGCF or BGUCF (as the case may be) as part of a primary issuance may be valued as the principal balance thereof net of original issuance discount and fees paid to BGCF or BGUCF (as the case may be). Where a loan becomes subject to a Forward Purchase Agreement, BGCF will (subject to certain conditions as set out in paragraph 6.10 of Part VIII of this Prospectus) neither receive the gain nor bear the loss that occurs between the date when the loan is added to the Forward Purchase Agreement and the date when the transfer occurs.

In cases where no third party price is available, or where BGCF or BGUCF (as the case may be) determines that the provided price is not an accurate representation of the fair value of the investment, BGCF or BGUCF (as the case may be) will determine the valuation based on BGCF's or BGUCF's (as the case may be) fair valuation policy. The overall criterion for fair value is a price at which a round lot, being the minimum amount that may be sold of a particular loan or other debt instrument, of the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria will be considered when applicable:

- valuation of other securities by the same issuer for which market quotations are available;
- reasons for the absence of market quotations;
- the soundness of the security, its interest yield, the date of maturity, the credit standing of the issue and current general interest rates;
- recent sales prices and/or bid and ask quotations for the loan;
- value of similar loans/securities of issuers in the same or similar industries for which market quotations are available;
- economic outlook of the relevant industry;
- an issuer's position in the relevant industry;
- the financial statements of the issuer; and
- the nature and duration of any restriction on disposition of the security.

(b) *CLO Securities (other than Rollover Assets) and Loan Warehouses*

(i) **CLO Securities (other than Rollover Assets):** CLO Securities will be valued by an Approved Pricing Source on the relevant NAV Calculation Date using CLO Intrinsic Calculation Methodology. This methodology incorporates the following CLO-specific information and modelling techniques:

- *Granular loan level data:* The Approved Pricing Source provider will assess the concentration and quality of various loan level buckets such as second liens, covenant lites and other structured product assets. Particular emphasis will also be placed on the assessment of the CCC rated and defaulted loan buckets, which can greatly affect the performance triggers and cash flows in a CLO.
- *Structural analysis on a deal by deal basis:* The Approved Pricing Source will perform thorough checks on all structural features of each CLO such as the credit enhancement of each bond and various performance triggers (including overcollateralisation tests, interest coverage and diversion tests, as well as any turbo features). Furthermore, the Approved Pricing Source will carefully analyse the reinvestment language specific to each deal, as well as the collateral manager's performance and capabilities.
- *Scenario assumptions and discount rate as agreed upon by valuation agent and the retention holder:* BGCF or BGUCF (as the case may be) will provide the Approved Pricing Source with scenario assumptions (e.g., prepayments, defaults, recoveries) to project future cash flows. Scenario assumptions and the discount rate used will be agreed upon the closing of a CLO by BGCF or BGUCF (as the case may be) and the Approved Pricing Source and will remain static unless it is subsequently agreed by both BGCF or BGUCF (as the case may be) and the Approved Pricing Source to update the scenario assumptions.

For the avoidance of doubt, no other market clearing levels, market fundamentals, broker quotations or bids wanted in competition will be reflected in the modelled price for valuations of CLO Securities. In addition, the Approved Pricing Source has a veto right over any of the scenario assumptions or discount rate used in the model. These investments will be classified within Level III of the fair value hierarchy.

(ii) **Loan Warehouses:** Whilst each investment in a Loan Warehouse can be individually customised it is expected that a subordinate loan or preference share exposure will be priced at cost less any impairment should there be any material defaults in the portfolio or other consequential loss of par resulting in the cushion of overcollateralisation to the warehouse senior lender being reduced. If the exposure to a Loan Warehouse is obtained via a TRS, BGCF may be required to mark-to-market the TRS on each valuation date. It is expected such TRS exposures will be within Level II of the fair value hierarchy as long as there are no significant unobservable inputs used in such valuation.

(c) *Private Debt Assets*

The fair value of debt assets for which no liquid trading market exists should be based on the transaction price on the initial investment date. Thereafter, private debt assets may be marked, in a

manner that is consistent with an Approved Pricing Source's valuation methodology that applies generally accepted valuation methods, which may include market transaction and comparable public company multiples based on financial performance and discounted cash flow analysis. Valuations may be adjusted based on business risk and applicable non-financial related metrics. These investments will be classified within Level III of the fair value hierarchy.

Suspension of the calculation of Net Asset Value

The Directors of the Company may at any time, but are not obliged to, temporarily suspend the calculation of the NAV and NAV per Share during:

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the portfolio is, in the opinion of the Directors, not reasonably practicable without this being seriously detrimental to the interests of the Company or if, in the opinion of the Directors, the NAV and/or NAV per Share, as the case may be, cannot be fairly calculated; or
- (b) any breakdown in the means of communication normally employed in determining the value of the Company's investment in LuxCo, LuxCo's investment in BGCF, or BGCF's investment in BGUCF.

Similarly, BGCF's or BGUCF's directors or manager, as applicable, may also, at any time, but are not obliged to, temporarily suspend the calculation of BGCF's NAV or BGUCF's NAV during:

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of BGCF's or BGUCF's directors, disposal or valuation of a substantial part of the portfolio is, in the opinion of BGCF's or BGUCF's directors or manager, as applicable not reasonably practicable without this being seriously detrimental to the interests of BGCF or (as the case may be) or if, in the opinion of BGCF's or BGUCF's directors or manager, as applicable, BGCF's NAV or BGUCF's NAV (as the case may be) cannot be fairly calculated; or
- (b) any breakdown in the means of communication normally employed in determining the value of BGCF's or BGUCF's investments.

Shareholders will be informed by an RIS announcement in the event that the calculation of the NAV per Share is suspended as described above, and trading in the Shares on the Premium Segment of the Main Market and the Specialist Fund Market may also be suspended.

MEETINGS, REPORTS AND ACCOUNTS

The accounting period of the Company ends on 31 December in each year. The audited annual accounts will be made available to Shareholders within four months of the year-end to which they relate. Unaudited half-yearly reports made up to 30 June in each year will be announced within three months of that date. The Company shall report its results of operations and financial position in Euro. The audited annual accounts and half-yearly reports will be available at the registered office of the Administrator and the Company and on the website, www.blackstone.com/bglf.

The financial statements of the Company are prepared in accordance with IFRS as adopted by the EU, and the annual accounts are audited by the Auditors using auditing standards in accordance with International Standards on Auditing (UK and Ireland). The Company's financial statements, which are the responsibility of its Board, consist of a statement of comprehensive income, statement of financial position and statement of cash flows, statement of changes in equity, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

In circumstances where BGCF owns a majority of the CLO Income Notes in a CLO, it is expected that the CLOs established by BGCF will be consolidated in BGCF's IFRS financial statements, although such assessment will depend on the facts and circumstances. The Company does not currently consolidate BGCF in its IFRS financial statements as the Directors' judgment is that the Company does not control BGCF.

Similarly, in circumstances where BGUCF owns a majority of the CLO Income Notes in a CLO, it is not expected that the CLOs established by BGUCF will be consolidated in BGCF's IFRS financial statements, although such assessment will depend on the facts and circumstances. BGCF does not currently consolidate BGUCF in its IFRS financial statements as the BGCF's Directors' judgment is that BGCF does not control BGUCF. Notwithstanding that no BGUCF's financial statements are consolidated by BGCF, BGCF does account for its interests in the CLOs and other assets held by BGUCF and its liabilities.

Any disclosures required to be made to Shareholders pursuant to the AIFM Directive are contained in this Prospectus, and any subsequent updates will be contained either in the Company's periodic reports, on the website www.blackstone.com/bglf, or communicated to Shareholders in written form.

All general meetings of the Company shall be held in Jersey.

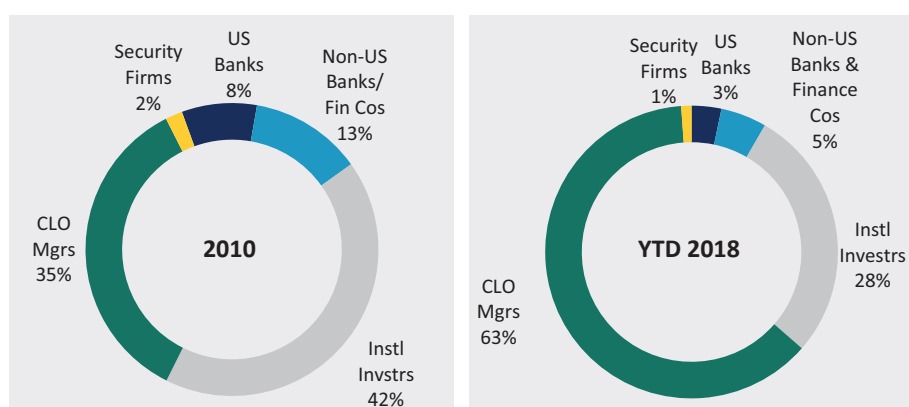
PART II: THE MARKET OPPORTUNITY

BACKGROUND

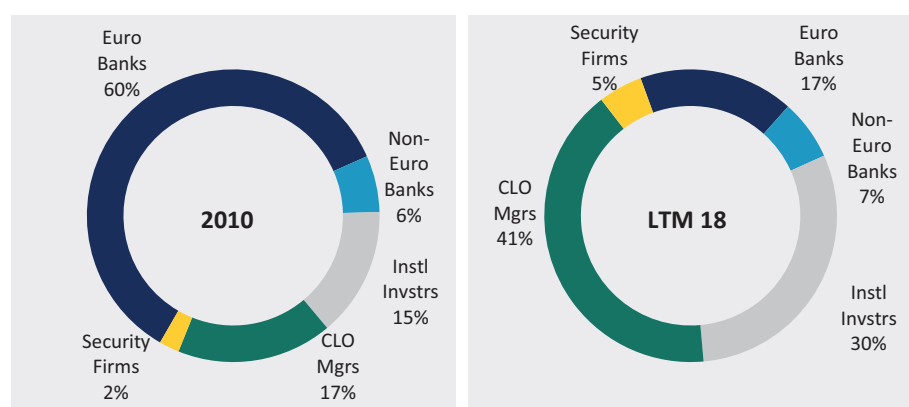
The global leveraged loan market has continued to develop as investors seek yield and protection from rising rates. Currently, the global leveraged loan market has €1,110 billion of loans outstanding. In addition, the leveraged loan investor base is generally more diverse than in the past, with inflows into U.S. mutual funds, separately-managed institutional accounts, and credit hedge funds supplementing the traditional bank and CLO buyers. Combined with an increasingly diverse investor base, secondary trading volumes have grown due to the development of standardised distribution and settlement and reliable third party pricing. The stability of the favourable economics seen by institutional investors in the European loan market in particular are further supported by the absence of retail-oriented loan funds in Europe.

DFME and DFM expect these factors will continue to influence the leveraged loan market, resulting in a strong technical backdrop supporting the asset class. Fundamentals are also helpful with a benign default environment expected to continue over the medium term. As the charts below illustrate, the loan market has been shifting away from a bank-centric model to a more institutional capital market model over time.

Investor Share of U.S. Bank Loan Primary Market



Investor Share of European Bank Loan Primary Market



(Source: S&P LCD, as at 30 September 2018)

TECHNICALS

As the end of the current market's low interest rates approaches, DFME and DFM expect the loan asset class to garner significant attention from investors concerned about protecting their fixed-income portfolios from duration risk. This demand could be realised through mutual fund inflows, new separately managed mandates, CLO origination, or other channels. DFME and DFM have seen the recent rate hikes in the U.S. lead to retail inflows. In addition, U.S. CLO issuance totalled \$118.1 billion in 2017, breaking the pre-crisis record of \$97.0 billion set in 2006 and almost surpassing the post-crisis record \$124.1 billion set in 2014. European CLO issuance experienced a robust 2017 with €20.9 billion, the strongest year since

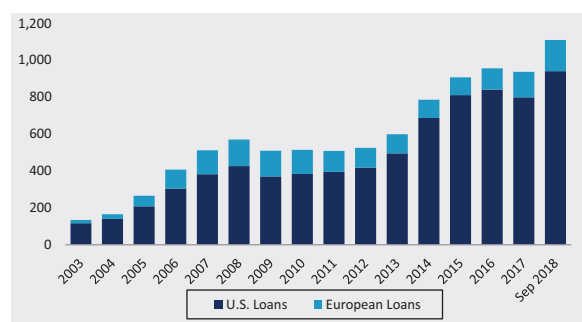
2007. Total global issuance in 2017 was €124.7 billion, well ahead of 2016, with year-to-date 2018 global CLO issuance of €115.7 billion, as at 31 October 2018 (€23.3 billion in Europe and \$110.0 billion in the U.S.).

As for supply, loan new issuance continues to increase with total loans outstanding increasing year-over-year. Consistent issuance combined with decent demand from CLOs and institutional investors should help support secondary market prices.

U.S. and European Loan Issuance (€bn)



U.S. and European Loans Outstanding (€bn)

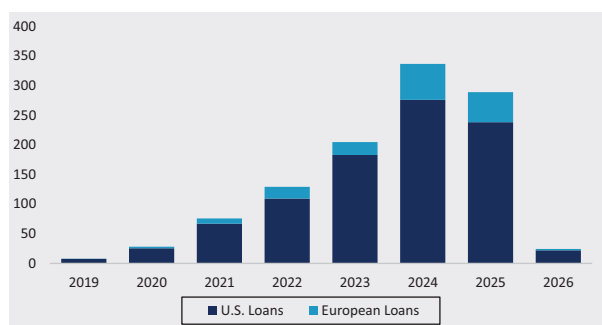


(Source: S&P LCD, as at 30 September 2018)

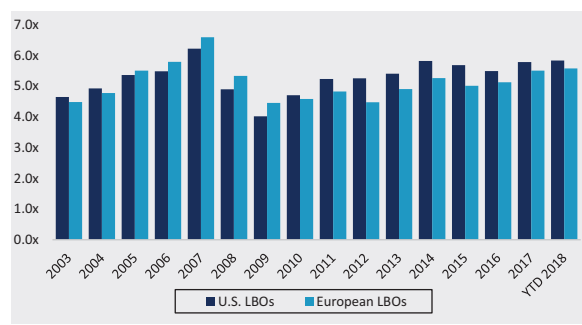
FUNDAMENTALS

Also supporting the leveraged loan market are healthy corporate credit fundamentals. Total debt used to fund large U.S. and European LBOs year-to-date 2018 (8x and 6x, respectively) remain well below their 2007 peaks of 6.2x and 6.6x, respectively. Sponsors are also contributing more equity to their LBOs as equity now represents 40 per cent. of LBOs compared to 31 per cent. in 2006 and 2007 in the U.S. and 47 per cent. now versus 33 per cent. in 2006 and 2007 in Europe. Companies have taken advantage of receptive capital markets by cutting interest costs and pushing out their liabilities. DFME and DFM believe that interest coverage ratios are high and the loan maturity wall is manageable with 89 and 92 per cent. of loans outstanding maturing in 2022 or later in the U.S. and Europe, respectively.

Loan Maturity Wall by Year (€bn)



Leverage of Large LBO Loans



(Source: S&P LCD, as at 30 September 2018)

Against this backdrop, default rates continue to be low and the outlook for the next several years is benign, compared to recent years. The LTM U.S. loan par default rate was 1.9 per cent. and the LTM European loan par default rate was 0.8 per cent. at 31 October 2018.

INVESTMENT OPPORTUNITY

European Risk Retention Requirements

It is intended that BGC F will continue to invest in certain CLOs which are intended to be compliant with the European Risk Retention Requirements. In this connection, and pursuant to the European Commission Delegated Regulation (EU) No 625/2014 of 13 March 2014 supplementing the CRR, and, for CLOs issued

or refinanced on or after 1 January 2019, the Securitisation Regulation and the related regulatory technical standards for risk retention, BGCF will need to, amongst other things:

- (a) on the closing date of a CLO it establishes, commit to purchase: (i) an amount of the CLO Income Notes equal to at least 5 per cent. of the collateral principal amount of the assets in the CLO; or (ii) CLO Securities of no less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors; and
- (b) undertake that, for so long as any securities of the CLO remain outstanding (including the CLO Retention Income Notes or CLO Retention Securities (as applicable)), it will retain its interest in the CLO Retention Income Notes or CLO Retention Securities (as applicable) and will not (except to the extent permitted by the European Risk Retention Requirements, the accompanying regulatory technical standards or any other related guidance published by the European Securities and Markets Authority) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Income Notes or CLO Retention Securities (as applicable).

The European Risk Retention Requirements prohibit most European investors from investing in any securitisation which does not comply with the European Risk Retention Requirements and additionally from 1 January 2019, will place a direct obligation on the originator or sponsor of a European CLO to ensure that it complies with the European Risk Retention Requirements.

In addition, with the intention of achieving classification as an "originator" (as defined in the CRR and, from 1 January 2019, in the Securitisation Regulation) and complying with the European Risk Retention Requirements, BGCF will be required to commit to:

- (a) establishing the relevant CLO;
- (b) selling investments to the relevant CLO which it has: (i) purchased for its own account initially; or (ii) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations; and
- (c) during the relevant CLO's reinvestment period, agreeing to sell investments to the relevant CLO from time to time so that, for so long as the securities of that CLO are outstanding, over the required percentage of the total securitised exposures held by the relevant CLO issuer have come from BGCF (such percentage calculated including the principal proceeds received by the relevant CLO in respect of any BGCF sourced assets).

DFME believes there is a continuing opportunity for investors to participate on a "wholesale" basis in a loan investment company that has adopted the "originator" model in Europe to address the European Risk Retention Requirements for CLOs which DFME or its affiliates manage.

It is intended that BGCF will continue to buy floating rate senior secured loans and bonds from the primary and secondary market and may sell such assets on to one or more CLOs that BGCF establishes. For the purposes of the European Risk Retention Requirements, BGCF will act as a retention provider on all European CLOs it establishes. The Company will offer investors wholesale access to senior secured loans and bonds acquired by BGCF and retained CLO Securities and investments in Loan Warehouses.

BGCF will be responsible for selecting and monitoring the performance of the investments. Under delegated authority from the directors of BGCF and within a set of pre-determined parameters, BGCF's sale and purchase decisions (with certain exceptions) will be taken by the human resources made available to BGCF by the Service Support Provider pursuant to the Portfolio Service Support Agreement.

In situations where an Underlying Company will hold the CLO Retention Income Notes or CLO Retention Securities in a U.S. CLO intended to be compliant with the European Risk Retention Requirements and the U.S. Risk Retention Regulations, in addition to the requirements of the "originator" model outlined above, such Underlying Company may be the manager of the U.S. CLOs, with the intention of achieving classification as an "originator" (as defined in the CRR and, from 1 January 2019, in the Securitisation Regulation). With certain exceptions, it is not expected that BGCF U.S. CLOs will comply with the European Risk Retention Requirements and they will not be structured with the intention of seeking such compliance.

U.S. Risk Retention Regulations

The U.S. Risk Retention Regulations generally require "sponsors" of securitisation transactions, including collateral managers of CLOs, or their "majority-owned affiliates" (each as defined in the U.S. Risk Retention Regulations) to retain not less than 5 per cent. of the credit risk of the assets collateralising such securitisation transactions unless an exemption applies. On 9 February 2018, the Appellate Court ruled in favour of an appeal by the Loan Syndications and Trading Association (the "**LSTA**") against the United States Securities and Exchange Commission and the Board of Governors of the Federal Reserve System (the "**Applicable Governmental Agencies**") that managers of so-called "open market CLOs" are not "securitisers" under Section 941 of the Dodd- Frank Act and, therefore, are not subject to risk retention (such ruling, the "**LSTA Decision**"). In the LSTA Decision, the Appellate Court held that the nature of the activities performed by CLO collateral managers does not fall within the Congressional authorization set forth in Section 941 of Dodd-Frank. As a result, the Appellate Court concluded that the Applicable Governmental Agencies cannot impose risk retention upon the collateral manager of an open-market CLO under the U.S. Risk Retention Regulations.

Prior to the LSTA decision, BGCF invested in BGUCF, which purchased and retained CLO Securities and/or CLO Income Notes as a majority-owned affiliate of DFM, in order to cause DFM to be in compliance with the U.S. Risk Retention Regulations with respect to CLOs that it manages. In light of the LSTA Decision, BGUCF is no longer required to retain such CLO Retention Securities or CLO Retention Income Notes for the purposes of complying with the U.S. Risk Retention Regulations. However, despite the LSTA Decision and the inapplicability of the U.S. Risk Retention Regulations to "open market CLOs" the Company believes that there may be opportunities for the Company to invest in the CLO Securities of U.S. CLOs and intends to continue to invest in such CLO Securities.

While the LSTA Decision provided that the U.S. Risk Retention Regulations are not applicable to "open market CLOs" generally, it did not address whether or not the U.S. Risk Retention Regulations are applicable to CLOs for which there is an "originator" for the purpose of complying with the European Risk Retention Requirements, such as any CLOs for which BGCF is acting as an "originator" as described above in "European Risk Retention Requirements". Accordingly, in CLOs for which BGCF serves as an "originator" and retention provider, as described above in "European Risk Retention Requirements", BGCF may hold the applicable CLO Income Notes or CLO Securities for the purpose of complying with the U.S. Risk Retention Regulations (to the extent they may be applicable) as well as the European Risk Retention Requirements.

In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, that are not exempt from the U.S. Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with the U.S. Risk Retention Regulations.

THE LOAN MARKET STRUCTURE

Loans made by banks to corporate borrowers can be divided into two classes: investment grade and leveraged loans. Investment grade loans, on the one hand and as the name implies, are loans to borrowers that are rated Baa3/BBB-/BBB- or higher by Moody's Investor Services, Inc. ("**Moody's**"), Standard & Poor's Financial Services LLC ("**S&P**") or Fitch Group, Inc. ("**Fitch**"), respectively. These loans are typically revolving lines of credit used to supplement commercial paper programmes for immediate working capital needs. Because of the revolving nature of these loans (i.e. they are drawn down and paid back sporadically), they have little application to the institutional market. Leveraged loans, on the other hand, are unregistered loans to borrowers that are rated sub-investment grade and who have already have taken on a significant amount of debt. These are longer-term loans, typically with floating rates.

A bank loan is generally classified as a "leveraged loan" if:

- the company to which the loan is being made has outstanding debt rated below investment grade, meaning it has a rating below Baa3/BBB-/BBB- from Moody's, S&P or Fitch, respectively; or
- the company's debt/EBITDA ratio is 3.0 times or greater; or
- the loan bears a coupon of +125 basis points ("**bps**") or more over EURIBOR/LIBOR.

Typically the terms "leveraged loan" and "bank loan" refer, collectively, to senior secured loans, second lien loans (which benefit from a second priority interest in security, behind the senior secured loan), and

mezzanine loans. Senior secured loans, as the name suggests, benefit from a first priority interest in the security that collateralises a leveraged loan. Such security typically includes pledges over shares, bank accounts, receivables, and also mortgages over property. Senior secured loans rank prior to second lien loans and mezzanine loans in right of repayment in the event of a default by the borrower and are generally viewed as carrying lower risk than second lien loans and mezzanine loans.

The senior secured bank loan market typically allows investors to move higher up the capital structure, enhancing capital preservation and achieving attractive yield levels relative to other short duration instruments. As senior secured bank loans are floating rate by nature, such loans can provide protection from rising interest rates.

LOAN MARKET CREDIT SPREADS

Senior secured bank loans are floating rate instruments that pay a stated "spread" (margin), reflecting the obligor's risk over a widely accepted base rate such as "EURIBOR" or "LIBOR". The floating rate on bank loans typically resets every 30 to 90 days in line with the prevailing base rate. Senior secured loans offer attractive risk-adjusted yields with low duration when compared to high yield and investment grade bonds. The floating rate nature of senior secured bank loans should provide some interest rate protection against rising rates as the coupons on the loans are directly linked to an applicable base rate and will rise in line with interest rate increases; whereas, with traditional fixed rate assets such as investment grade or high yield bonds, a rise in interest rates typically leads to a fall in price of the bonds.

Although offer spreads are short-lived and subject to change, DFME and DFM believe that the primary market currently offers spreads in excess of 3.5 per cent. (European and U.S. loans) and can offer potential for capital appreciation as most loans are issued at a discount to par value or "OID" ("**Original Issue Discount**"). Current market spreads continue to remain at or above historical averages, despite the general improvements in macro outlook and market sentiment. DFME and DFM believe new-issue loan spreads should remain attractive due to a reduction in lending capacity, as banks de-lever, pre-financial crisis CLO reinvestment periods end and the loan market moves from a bank centric to an institutional market model.

The secondary market also offers attractive investment opportunities and the potential for capital appreciation, with the average bid price of European loans currently standing at 99.14 and U.S. loans at 98.14. Market nominal spreads have continued to widen and now stand at 3.97 per cent. (European loans) and 3.32 per cent. (U.S. loans). Loans have also experienced widening in the discounted spread to three-year life globally. As of the end of October, discounted spreads were EURIBOR+430bp for European loans and LIBOR+389bp for U.S. loans.¹

LOAN MARKET RETURNS

DFME and DFM believe bank loans have historically demonstrated an attractive risk/return profile over credit cycles. In the view of DFME and DFM, with the exception of the period during the financial crisis in late 2008 and 2009, when significant deleveraging from mark to market finance and bank liquidations resulted in a period of market dislocation, loan market returns have been relatively consistent over the past 15 years. Due to the floating rate nature of senior secured banks loans, DFME and DFM believe bank loans can provide an attractive hedge against interest rates, which hedge significantly differentiates bank loans from other fixed income asset classes.

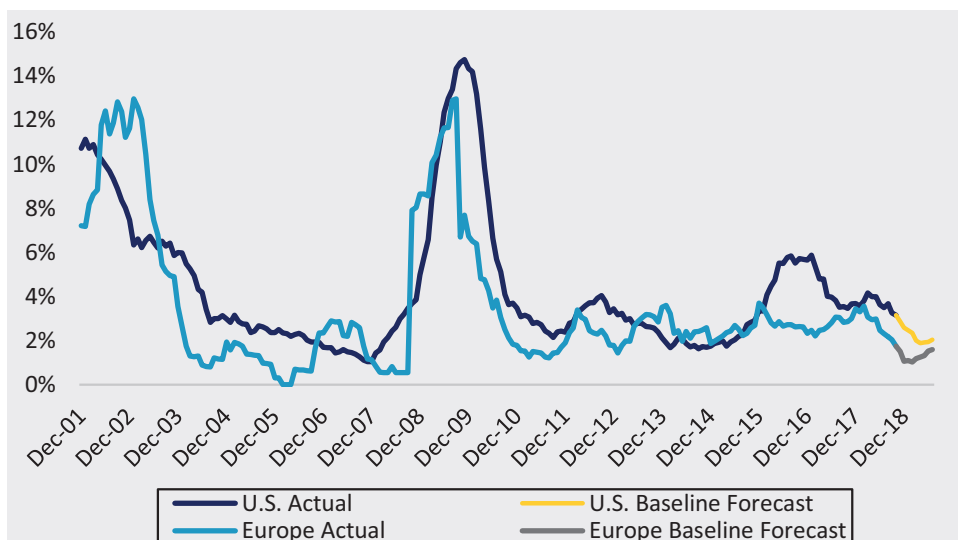
SPECULATIVE GRADE DEFAULT RATES

Senior secured bank loans are sub-investment grade loans that offer first lien security interest over assets of a company and first priority claim in insolvency. The senior secured nature of such loans means that they have the ability to protect against downside risk and preserve capital, moreover demonstrating robust performance in periods of stress. European and U.S. default rates also remain low, with baseline forecasts projecting defaults to remain below historical averages. DFME and DFM believe that current default rates are driven by certain pre-financial crisis vintage loans that have been underperforming since 2009. However, with the more conservative capital structures and the reduction in leverage ratios from pre-crisis levels that

¹ S&P European Leverage Loan Index and S&P/LSTA Leveraged Loans Index, 31 October 2018.

are currently prevalent, DFME and DFM see the potential for a more benign default environment with higher recovery rates on newer vintage issues.

Moody's LTM Speculative Grade Default Rate and Forecast



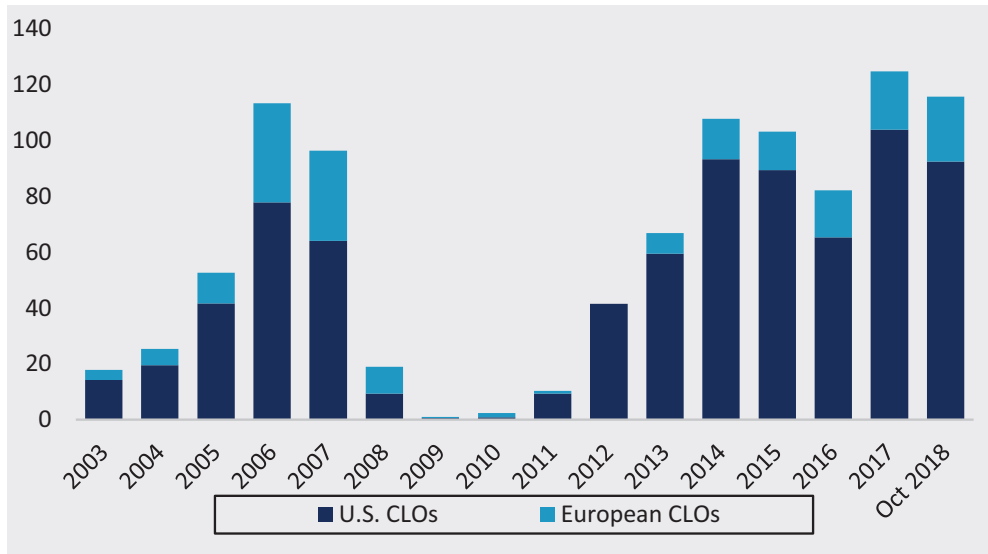
(Source: Moody's Investor Services, October 2018)

THE CLO MARKET

In 2006, prior to the financial crisis, the European primary CLO market annual issuance was approaching €40 billion and the U.S. CLO market crossed U.S.\$97 billion. However the market largely closed during the financial crisis to re-emerge only in 2013 with strong issuance in the U.S. (\$83 billion) and over €7 billion in European CLO issuance. The resurgence in the CLO market has continued over the past few years, including the occurrence of CLO warehousing, which helps facilitate loan accumulation in advance of a CLO's issuance. In 2014, the U.S. CLO market surpassed its 2006 peak to price U.S.\$124 billion and the European market reached its third highest post-crisis issuance year (€14 billion). The number of CLO managers issuing deals fell in 2015 as CLO Income Note investors became increasingly focused on risk-retention compliant vehicles, and the placing of CLO equity was challenging given the sell-off in the secondary CLO market. In 2016, the global CLO issuance slowed, though 2017 was the strongest year since before 2003 with €125 billion (\$118 billion in the U.S. and €21 billion in Europe).

European CLO issuance in 2018 is projected to be slightly improved versus 2017 with a target of €25 billion, benefitting from a benign credit environment supported by an accommodative ECB policy. Strategists anticipate a similar trend for U.S. CLO issuance with \$130 billion of issuance forecast in the U.S.

CLO Primary Issuance (€bn)



(source: S&P LCD, as at 31 October 2018)

CONCLUSION

DFME and DFM believe improved corporate credit fundamentals and a low interest and default environment will continue to support corporate credit as an asset class. From a technical perspective, DFME and DFM expect the new issuance calendar to remain relatively healthy over the short to medium term as the market absorbs corporate refinancing needs and private equity uninvested funds. While rate expectations may bring more retail investors into the U.S. loan market which may also bring more volatility, CLOs with their non-mark to market long-term financing may be better positioned than retail investors to take advantage of the opportunity.

PART III

INVESTMENT PROCESS, DFME AND DFM

THE COMPANY, BGCF AND BGUCF

Overview

As at the date of this Prospectus, the Company holds shares and CSWs in LuxCo, its wholly owned subsidiary. LuxCo, the Company's wholly owned subsidiary, holds Profit Participating Notes issued pursuant to the terms of the NPA, through which the economic benefit from the investment in BGCF accrues to LuxCo and, consequently, the Company.

The Company will use the Net Placing Programme Proceeds to either seek additional exposure to BGCF or to seek exposure to one or more new Underlying Companies which may be established in due course. Additional exposure to BGCF will be sought by investing in LuxCo, which will use the proceeds to subscribe for and hold additional Profit Participating Notes issued by BGCF.

BGCF currently invests the proceeds from: (i) the issue of the Profit Participating Notes; (ii) the Company's equity investment; and (iii) in certain circumstances, any financing it receives from any Senior Financing Facility, in:

- senior secured loans;
- bonds;
- CLO Securities; and
- Loan Warehouses.

BGCF invests directly into European CLOs and U.S. CLOs and currently holds indirect investments in certain U.S. CLOs through BGUCF. Investment may also be made through other Underlying Companies from time to time.

The Company and BGCF are self-managed, with independent non-executive boards of directors. BGUCF is managed by DFM (in its capacity as the BGUCF Manager). Further details of the Directors, BGCF's directors and BGUCF's directors are set out in Parts IV, VIII and IX (respectively) of this Prospectus.

DFME, acting as the Service Support Provider, provides personnel and certain other service support and assistance to BGCF pursuant to the terms of the Portfolio Service Support Agreement entered into between BGCF and the Service Support Provider (further details of which are set out in paragraph 6.1 of Part VIII of this Prospectus).

DFME, acting as the Adviser, also provides advice and assistance in connection with the Company's exposure to the Profit Participating Notes (through the Company's investment in LuxCo), evaluates prospective CLOs to which BGCF may sell its assets from time to time and monitors the performance of Underlying Company CLOs, in each case pursuant to the Advisory Agreement (further details of which are set out in paragraph 5.2 of Part VII of this Prospectus).

DFM, acting as the BGUCF Manager, is responsible for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof; provided that the BGUCF Manager has no obligation thereunder to perform any duties other than as specified therein, in each case pursuant to the BGUCF Management Agreement (further details of which are set out in paragraph 6.1 of Part IX of this Prospectus). To the extent necessary or appropriate to perform such duties, the BGUCF Manager has the power to negotiate, execute and deliver all necessary and appropriate documents and instruments on behalf of BGUCF with respect thereto.

DFM will also provide portfolio management services in relation to the Rollover Assets.

Master Feeder Structure

The Company is structured as a feeder fund into BGCF, which acts as a master fund (for the purposes of the Listing Rules). Pursuant to the NPA, DFME has covenanted to the Company, BGCF and LuxCo that, for so long as any Profit Participating Notes remain outstanding, DFME will not engage any bank to arrange a European CLO unless BGCF acts as originator to such European CLO or BGCF has otherwise consented to a third party acting as sponsor or other retention holder in respect of such European CLO.

As at 30 September 2018, DFME and DFM had €7.1 billion and U.S.\$18.0 billion of CLO assets under management, respectively, making GSO the largest CLO manager globally.²

DFME AND DFM

Introduction

DFME acts as Service Support Provider to BGCF (pursuant to the Portfolio Service Support Agreement), as Adviser to the Company (subject to the Advisory Agreement) and (either itself or through an affiliate) as CLO Manager to certain Underlying Company CLOs.

Pursuant to the Portfolio Service Support Agreement, the Service Support Provider is responsible, *inter alia*, for ensuring BGCF has the required human resources and credit research available to it in order to make necessary business decisions and carry on the day-to-day management of BGCF's business and to implement its investment objective and policy.

Pursuant to the Advisory Agreement, DFME will also, *inter alia*, provide advice and assistance in connection with the Company's exposure (through its wholly owned subsidiary) to the Profit Participating Notes, evaluation of CLOs to which BGCF intends to transfer its assets from time to time and to monitor the performance of the Underlying Company CLOs and compliance by both the Company and BGCF with their respective investment policies

Pursuant to the BGUCF Management Agreement, DFM is responsible, *inter alia*, for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof.

The Company has delegated portfolio management in respect of the Rollover Assets to DFM (the "**Rollover Portfolio Manager**"). The Rollover Portfolio Manager will have the responsibility of realising the Rollover Assets and re-investing the proceeds of such realisations into PPNs issued by BGCF to LuxCo, thereby providing exposure to PPNs issued by BGCF to LuxCo.

In addition, DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager, also manages the Underlying Company CLOs pursuant to CLO Management Agreements to be entered into from time to time. The CLO Manager's objective in managing the CLOs is principal preservation through credit analysis and portfolio diversification. In order to achieve these objectives, the CLO Manager typically maintains a defensive approach towards its investments by emphasising risk control through: (i) undertaking comprehensive due diligence and credit analysis; (ii) careful portfolio construction with an emphasis on diversification; (iii) maintaining on-going monitoring of credits and sectors by research analysts; and (iv) portfolio managers' monitoring of portfolios, market conditions and transaction structure with a view towards anticipating positive and negative credit events.

Each of DFME and DFM considers it a priority in meeting its objectives, as the Service Support Provider (in the case of DFME), the BGUCF Manager (in the case of DFM) and the CLO Manager (in the case of DFME and DFM), that it has and maintains a strong and experienced management team that understands investing in credit within structural constraints.

² Creditflux, 30 September 2018.

Comprehensive Due Diligence and Credit Analysis

DFME and DFM's credit research and, where applicable investment decisions, are based on rigorous credit review and relative value analysis performed by its research analysts, portfolio managers and traders. Potential investments are analysed on the merits of the individual company relative to its position in the industry and the general strength of the industry within the context of the overall economy. Credit analysis includes, but may not be limited to, an analysis of the key drivers of revenue, expense, cash flow, and sources and uses of working capital. Research analysts typically prepare a formal credit memorandum that documents an investment hypothesis and supporting information on, among other things, due diligence performed, review of historical operational and financial information and the industry status of such potential investment, information presented in bank meetings, offering memoranda, management meetings and modelling of "down-side" financial scenarios. When deemed appropriate, the due diligence process include interviews with management and controlling shareholder(s), review of external and proprietary research and on-site visits.

Investment Process

The Company intends to utilise DFM's and DFME's disciplined and time-tested loan and CLO securities investment processes. GSO's investment process is rigorous and has an acute focus on downside protection. GSO's credit investment approach is based on bottom up, fundamental analysis and ongoing credit risk monitoring, which is intended to proactively detect credit deterioration. This strategy is designed with the intention of maximizing risk-adjusted total returns and current yield, generating high current income and minimizing the risk of capital loss. Each CLO investment must be approved by GSO's Global Structured Credit Investment Committee and each loan must be approved by GSO's U.S. or European Syndicated Credit Investment Committee. Once approved, DFM and DFME will determine if the risk profile, liquidity and term of the proposed investment, among other factors, are consistent with BGCF's investment objectives. If consistent, BGCF may receive an allocation of the investment in accordance with GSO's allocation policy.

DFME and DFM seek to employ a disciplined and repeatable investment process designed to rigorously analyse individual investments while maintaining the flexibility to capitalize on attractive market opportunities. The portfolio construction process is a function of top-down allocation and bottom-up credit decisions. The top-down allocation decision seeks to identify the asset categories with the best risk-adjusted return prospects while fundamental credit research will dictate security selection within each asset category. The top-down allocation framework will be driven by market, macroeconomic, technical, fundamental credit, and relative value factors. It is the responsibility of the portfolio management team to implement allocation changes and optimize the portfolio within the allocation framework. Unique features of each investment will be considered on a bottom-up fundamental basis, including credit risk, upside potential, downside risk, valuations, and return objectives.

GSO expects BGCF's target allocation between CLO securities and loans will be adjusted based on the market environment. Loans are expected to provide a source of liquidity and diversification to BGCF.

DFM and DFME will look to construct a diversified portfolio of investments by investable asset category and within each asset category. With respect to CLO securities, the team will focus on diversification by CLO manager, tranche, duration, transaction, among other factors. With respect to loans, the team typically looks to diversify the portfolio to mitigate the risk that any one issuer or industry will adversely impact portfolio returns. We expect to invest in a range of stable sectors and avoid the more cyclical industries.

In respect of BGCF, new investment opportunities are generally initially reviewed by the personnel made available to BGCF by DFME (in conjunction with the services of DFME under the Portfolio Support Services Agreement) or to BGUCF by DFM acting in its capacity as the BGUCF Manager or, in the case of DFME and DFM acting in the capacity as CLO Manager, are pre-reviewed by a combination of investment committee members, and, in each case the relevant research analyst, followed by, in the case of assets that are viewed favourably, the preparation of a formal credit memorandum. In the case of investment opportunities relating to BGCF, the personnel provided by DFME under the Portfolio Service Support Agreement then make the investment decisions, under delegated authority from the directors of BGCF and within a set of pre-determined parameters, based on these recommendations. The personnel made available to BGCF by DFME (pursuant to the Portfolio Service Support Agreement), or the investment committee in the case of DFM acting in its capacity as the BGUCF Manager, or DFME and DFM acting in the capacity as CLO Manager, also take into consideration information from DFME or DFM's traders (as applicable) who

will be responsible for contact with the primary and secondary desks within the dealer community and for providing an opinion to the personnel regarding the investments under consideration. As part of this process, these personnel also take into consideration an analysis of a potential investment's impact on the applicable portfolio's structure.

Investment Monitoring and Risk Management

DFME and DFM's research analysts and portfolio managers maintain the credit monitoring process and, with respect to BGCF, provide inputs to the personnel made available to BGCF by DFME (pursuant to the Portfolio Service Support Agreement). Individual investment performance is compared to the initial investment hypothesis, giving consideration to new financial information, market news, price or other events. As part of an overall risk management strategy, a "Credit Watch List" is maintained and monitored, which is derived from general market information including security prices, company press releases, news and statements and ongoing due diligence. Data from the "Credit Watch List" is also used as part of the process to forecast the occurrence of specific credit events and model the impact of credit events on a portfolio. When deemed appropriate, ongoing monitoring includes: (i) meetings with management and advisors; (ii) obtaining a seat on committees; and (iii) seeking new investors/capital. In performing credit monitoring processes, various software, publications and third party monitoring services may be used. Based on these inputs, the personnel made available to BGCF by DFME (pursuant to the Portfolio Service Support Agreement) provide updates to BGCF's directors in relation to the performance of BGCF's investments; and the relevant personnel at DFM provide updates to BGUCF in relation to the performance of BGUCF's investments.

The third party and proprietary models of DFME and DFM have been designed to monitor ongoing performance of both individual investments and the overall portfolio, and are available to the personnel made available to BGCF by DFME (pursuant to the Portfolio Service Support Agreement) in performing their functions.

Allocation Policy

While DFME, DFM and the Underlying Companies (as applicable in their relevant roles) will seek to manage actual and potential conflicts of interest in an equitable manner, the portfolio strategies employed by The Blackstone Group in managing its respective Other Accounts could conflict with the transactions and strategies employed: (i) by DFME or DFM in managing the portfolio of an Underlying Company CLO; (ii) by DFM or DFME in providing services to any Underlying Company; (iii) by the Underlying Companies in managing their own portfolio; and/or (iv) by DFME in advising the Company under the Advisory Agreement. The portfolio strategies employed by The Blackstone Group may also affect the prices and availability of the securities and instruments in which the Underlying Company CLOs invest and in which the Underlying Companies themselves may invest.

Conversely, participation in specific investment opportunities may be appropriate, at times, for the Underlying Companies, the Underlying Company CLOs and/or Other Accounts, as applicable. In any event it is the policy of DFME, DFM and the applicable Underlying Companies to allocate investment opportunities and sale opportunities on a basis deemed by DFME, DFM or the applicable Underlying Company (as appropriate), in its sole discretion, to be fair and equitable over time. It is the policy of The Blackstone Group to generally share appropriate investment opportunities (including purchase and sale opportunities) with the Other Accounts (and by association, with the applicable Underlying Companies and Underlying Company CLOs).

Each of DFME, DFM and the applicable Underlying Companies is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. In allocating investment opportunities, each of DFME, DFM and the applicable Underlying Companies determine which clients' investment mandates are consistent with the investment opportunity (such clients, which may include applicable Other Accounts, "**Relevant Clients**"), taking into account each client's risk/return profile, investment guidelines and objectives, and liquidity objectives.

As a general matter, investment opportunities will be allocated *pro rata* among Relevant Clients based on their respective targeted acquisition size (which may be based upon available capacity or, in some cases,

a specified maximum target size of such client) or targeted sale size (which is generally based upon the position size held by selling clients), in a manner that takes into account the applicable factors listed below.

In addition, each of DFME, DFM and, if applicable, the Underlying Companies complies with specific allocation procedures set forth in the documents governing its relationship with its clients and described during the marketing process. While no client will be favoured over any other client, in allocating investment opportunities certain clients may have priority over other clients consistent with disclosures made to the applicable investors.

Consistent with the foregoing, each of DFME, DFM and, if applicable, the Underlying Companies will generally allocate investment opportunities pursuant to certain allocation methodologies as appropriate depending on the nature of the investment. Notwithstanding the foregoing, investment opportunities may be allocated in a manner that differs from such methodologies but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation).

In instances where the clients target different strategies but overlap with respect to certain investment opportunities, DFME, DFM or, if applicable, the Underlying Companies may determine that a particular investment most appropriately fits within the portfolio and strategy focus of particular Relevant Clients and may allocate the investment to those clients. Any such allocations (i) must be documented in accordance with their procedures; and (ii) must be undertaken with reference to one or more of the following considerations (in each case as applicable):

- (a) the risk-return and target-return profile of the investment opportunity relative to the Relevant Client's current risk profile;
- (b) the Relevant Client's investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of their respective portfolio's overall holdings;
- (c) the need to re-size risk in the Relevant Clients' portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within a Relevant Client's portfolio) and taking into account any existing non-*pro rata* investment positions in such portfolios;
- (d) liquidity considerations of the Relevant Client, including during a ramp-up or wind-down of one or more of such clients, proximity to the end of such client's specified term, any period, redemption/withdrawal requests from or with respect to a client, anticipated future contributions into a client and available cash;
- (e) tax consequences;
- (f) regulatory or contractual restrictions or consequences;
- (g) operational and/or reporting considerations;
- (h) avoiding de minimis or odd lot allocations;
- (i) availability and degree of leverage and any requirements or other terms of any existing leverage facilities;
- (j) the Relevant Client's investment focus on a classification attributable to an investment or issuer of an investment, including, without limitation, investment strategy, geography, industry or business sector;
- (k) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the applicable Relevant Client;
- (l) managing any actual or potential conflict of interest;
- (m) whether investments are made available to DFME, DFM or the Underlying Companies by counterparties pursuant to negotiated trading platforms (e.g., ISDA contracts) which may not be available for all Relevant Clients in the absence of such relationships; and
- (n) any other considerations deemed relevant by DFME (including certain of the personnel provided by DFME under the Portfolio Service Support Agreement), DFM, the Underlying Companies or the applicable member of The Blackstone Group in good faith.

Because of these and other factors, certain Relevant Clients may effectively have priority in investment allocation over the Underlying Company CLOs, the Underlying Companies or the Company, notwithstanding DFM's, DFME's and, if applicable, the Underlying Companies' policies of *pro rata* distribution.

Orders may be combined for DFME, DFM, the Underlying Companies and all other participating Other Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among different accounts on a basis that GSO Affiliates consider equitable.

From time to time, the Underlying Company CLOs, the Underlying Companies and the Other Accounts may make investments at different seniority levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or issuer's securities. When making such investments, DFME, DFM, or any employees assigned to the applicable Underlying Companies each expect its clients to have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities.

No member of The Blackstone Group is under any obligation to offer investment opportunities of which they become aware to the Underlying Company CLOs or the Underlying Companies or to share with the Underlying Company CLOs or the Underlying Companies or to inform the Underlying Company CLOs or the Underlying Companies of any such transaction or any benefit received by it from any such transaction, or to inform the Underlying Company CLOs or the Underlying Companies of any investments before offering any investments to Other Accounts. Furthermore, any member of The Blackstone Group may make an investment on their own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the portfolios of the Underlying Company CLOs or the Underlying Companies. Affirmative obligations may exist or may arise in the future, whereby The Blackstone Group may be obligated to offer certain investments to Other Accounts before or without DFME or DFM offering those investments to the Underlying Company CLOs or the Underlying Companies. Any member of The Blackstone Group may make investments that it or any other member of The Blackstone Group has declined to invest for its own account, the account of any other member of The Blackstone Group or the account of any Other GSO Account.

Credit Investment and CLO Origination Committee Member Biographies

The European Syndicated Credit Investment Committee comprises Alex Leonard, Fiona O'Connor, David Cunningham, Louise Somers, and John Wrafter. Of these, Alex Leonard, Fiona O'Connor, David Cunningham, and John Wrafter (and such other personnel as may be determined from time to time) will be made available (as human resources) by DFME to BGCF pursuant to the Portfolio Service Support Agreement. The U.S. Syndicated Credit Investment Committee comprises Daniel H. Smith, Jr., Daniel T. McMullen, Robert Zable, Colleen Longobardi, Alex Zarzhevsky, and Gordon McKemie. Some of the individuals listed below (and such other personnel as may be determined by DFM from time to time) will be responsible for the services to be provided by DFM to BGUCF pursuant to the BGUCF Management Agreement. The CLO Origination Committee comprises Daniel H. Smith, Jr., Robert Zable, David Cunningham, Graham Jones, Jane Lee, Alex Leonard, and Michael Sobol.

Daniel H. Smith, Jr.

Mr. Smith is a Senior Managing Director and oversees the global Customized Credit Strategies ("**CCS**") business. He is also a member of GSO's Management Committee and GSO's CCS Management Committee. Mr. Smith sits on CCS's U.S. Syndicated Credit Investment Committee, Global Structured Credit Investment Committee, Global Dynamic Credit Asset Allocation Committee, and CLO Origination Committee. In addition, he serves as Chairman and Chief Executive Officer of the closed-end investment companies managed by CCS. Mr. Smith joined GSO from RBC in 2005. At RBC, Mr. Smith was a Managing Partner and Head of RBC Capital Partners Debt Investments business, RBC's alternative investments unit responsible for the management of \$2.5 billion in capital and a portfolio of merchant banking investments. Prior to joining RBC, Mr. Smith worked at Indosuez Capital, a division of Crédit Agricole Indosuez, where he was a Co-Head and Managing Director responsible for management of the firm's \$4.0 billion in collateralized loan obligations and a member of the investment committee responsible for a portfolio of private equity co-investments and mezzanine debt investments. Previously, Mr. Smith worked at Van Kampen and Frye Louis Capital Management. He began his career in investment management in 1987 at Van Kampen American Capital (f/k/a Van Kampen Merritt), a mutual fund company in Chicago where he held a variety of positions including co-head of the firm's high-yield investment group and head of the firm's equity fund complex. Mr. Smith received a B.S. in Petroleum Engineering from the University of Southern California and a Master's Degree in Management from the J.L. Kellogg Graduate School of Management at Northwestern.

Robert Zable

Mr. Zable is a Senior Managing Director and Senior Portfolio Manager for GSO's U.S. CLOs, closed-end funds, and high yield separately managed accounts. He is also a member of GSO's CCS Management Committee and sits on CCS's U.S. Syndicated Credit Investment Committee, Global Structured Credit Investment Committee, Global Dynamic Credit Asset Allocation Committee, and CLO Origination Committee. Prior to joining GSO Capital Partners in 2007, Mr. Zable was a Vice President at FriedbergMilstein LLC, where he was responsible for credit opportunity investments and junior capital origination and execution. Mr. Zable began his career at JP Morgan Securities Inc., where he focused on leveraged finance in New York and London. Mr. Zable received a B.S. from Cornell University and an M.B.A in Finance from The Wharton School at the University of Pennsylvania.

Daniel T. McMullen

Mr. McMullen is a Senior Managing Director and Senior Portfolio Manager for CCS's U.S. loan separately managed accounts, commingled funds, and exchanged traded fund. He is also a member of GSO's CCS Management Committee and sits on CCS's U.S. Syndicated Credit Investment Committee, Global Structured Credit Investment Committee, and Global Dynamic Credit Asset Allocation Committee. Prior to joining Blackstone in 2002, Mr. McMullen worked at CIBC World Markets, most recently as a Director and Senior Investment Analyst for the structured investment vehicles managed by Trimaran Advisors, L. L. C. Prior to that, Mr. McMullen was a Director in the Investment Banking Group at CIBC, specializing in the aerospace and defense industries. Before joining CIBC in 1996, Mr. McMullen was employed at The Chase Manhattan Bank where he worked in the Corporate Finance Healthcare Group. Mr. McMullen received a B.A. from the University of Rochester, where he graduated cum laude, and is a CFA Charterholder.

Alex Leonard

Mr. Leonard is a Managing Director, Co-Head of the CCS European business, and a Senior Portfolio Manager. He is also a member of GSO's CCS Management Committee and sits on CCS's European Syndicated Credit Investment Committee, Global Structured Credit Investment Committee, Global Dynamic Credit Asset Allocation Committee, and CLO Origination Committee. Mr. Leonard joined GSO at the time of GSO's acquisition of Harbourmaster Capital Management Limited in 2012. Prior to that, Mr. Leonard was a Director and Co-Head of Portfolio Management and Trading at Harbourmaster, primarily responsible for fund structuring, portfolio management and trading. Before joining Harbourmaster in March 2006, Mr. Leonard was a Director at Depfa Bank with responsibility for establishing, structuring and managing Depfa's on balance sheet public sector asset CDO programme. Prior to joining Depfa, Mr. Leonard worked for five years as a Senior Structurer and latterly as Co-Head of Euro Capital Structures ("ECS"), the structuring team for the UniCredit Group. At ECS, he had responsibility for structuring deals across a wide variety of asset classes, both real and synthetic, including corporate bank loans, non-performing loans and CLOs. Prior to joining ECS, Mr. Leonard worked as a quantitative analyst in ING Barings and Airbus Industrie's aerospace finance team. Mr. Leonard received a M.A. in Economics from University College Dublin and an M.B.A. with distinction from Trinity College Dublin.

David Cunningham

Mr. Cunningham is a Managing Director and a portfolio manager for CCS's European CLOs. Mr. Cunningham is responsible for the origination of European CLOs with a focus on CLO structuring and also for overseeing CCS's European capital markets activities. He also sits on CCS's European Syndicated Credit Investment Committee and CLO Origination Committee. Mr. Cunningham joined GSO at the time of GSO's acquisition of Harbourmaster Capital Management Limited in 2012. Prior to that, Mr. Cunningham was a Director at Harbourmaster Capital where he was part of the portfolio management group supporting the Portfolio Managers for the CLOs under management at Harbourmaster Capital, and was also involved in capital formation and investor relations. Prior to joining Harbourmaster Capital in 2007, Mr. Cunningham worked as a credit analyst in WGZ Bank focusing on structured finance transactions. Mr. Cunningham received a BE in Electronic Engineering from University College Dublin and his MSc in Financial & Industrial Mathematics from Dublin City University. Mr. Cunningham is also a CFA Charterholder and a CAIA Charterholder.

Fiona O'Connor

Ms. O'Connor is a Managing Director, Co-Head of the CCS European business, and Head of European Credit Research. She is also a member of GSO's CCS Management Committee and sits on CCS's European

Syndicated Credit Investment Committee. Ms. O'Connor joined GSO at the time of GSO's acquisition of Harbourmaster Capital Management Limited in 2012. Prior to that, Ms. O'Connor was Head of Credit for Harbourmaster for five years and ran a team of credit analysts responsible for all aspects of credit origination, investment selection and ongoing monitoring of its €7.5 billion portfolio of leverage loans. Ms. O'Connor oversaw Harbourmaster's involvement in a number of restructurings and work outs (many where they were appointed to the steering committee). Prior to joining Harbourmaster, Ms. O'Connor worked for Bank of Ireland, Dublin, as a Director in its Acquisition Finance Origination group and previously within its Project Finance division. Responsibilities within Project Finance in the latter years included establishing and running its Portfolio Management Unit. Prior to joining Bank of Ireland, Ms. O'Connor worked in Corporate Credit in Australia & New Zealand Bank (ANZ) in New York and as a credit analyst in AIB in New York. Ms. O'Connor received a Bachelor of Commerce from University College Dublin and a Master's in Business Studies from Michael Smurfit Graduate School of Business.

Michael Sobol

Mr. Sobol is a Managing Director and Portfolio Manager of CCS's structured credit strategies. He also sits on the Global Structured Credit Investment Committee. Prior to joining GSO in 2018, Mr. Sobol worked at Axonic Capital, most recently as a portfolio manager for their hedge fund, long-only and separately accounts. Prior to that, Mr. Sobol was a Managing Director at Cantor Fitzgerald, where he was head of the firm's CLO trading desk. Before joining Cantor Fitzgerald in 2009, Mr. Sobol was a Vice President at Agamas Capital responsible for CDO/CLO investing, and prior to Agamas Mr. Sobol was a Vice President at Ivy Asset Management. Mr Sobol received a B.A. in Finance from the University of Rhode Island.

Jane Lee

Ms. Lee is a Managing Director and Head of CCS's Capital Formation efforts. Ms. Lee is responsible for the origination of U.S. CLO and listed funds as well as the structuring of leverage facilities. Ms. Lee is also a member of GSO's CCS Management Committee and sits on CCS's Global Structured Credit Investment Committee, Global Dynamic Credit Asset Allocation Committee, and CLO Origination Committee. Ms. Lee joined GSO from RBC in 2005. At RBC, Ms. Lee was most recently a Partner in the Debt Investments Group and was responsible for origination of new CLO transactions. Prior to that, Ms. Lee was a Vice President at Indosuez Capital with similar responsibilities. Before joining Indosuez Capital, Ms. Lee was a Director in the Loan Products Group of Fitch IBCA, Inc., where she was responsible for rating collateralized debt obligations and other credit derivative transactions. Ms. Lee began her career at Loan Pricing Corporation and was a Senior Portfolio Analyst who was responsible for consulting on the profitability of various banks' commercial loan portfolios. Ms. Lee received a B.A. in Economics and Operations Research from Columbia University.

Graham Jones

Mr. Jones is a Managing Director, U.S. credit research analyst, focused on structured credit investments, and a member of CCS's Capital Formation team. Mr. Jones is responsible for the origination of U.S. CLOs with a focus on CLO structuring, and is involved with structured credit investments, both making investment recommendations and monitoring current positions. He also sits on the CLO Origination Committee. Prior to joining GSO in 2014, Mr. Jones worked at Morgan Stanley, where he was responsible for the structuring and marketing of U.S. CLO transactions. Mr. Jones was at various times responsible for structuring and origination of reREMICs and other securitised products. Mr. Jones began his career in management consulting. Mr. Jones received a B.A. from Cambridge University and an M.B.A. in Finance from The Wharton School at the University of Pennsylvania, graduating as Palmer Scholar.

Alexander Zarzhevsky

Mr. Zarzhevsky is a Managing Director and Co-Manager of the U.S. Long-only credit research team. He is also a senior U.S. credit research analyst involved with the ongoing analysis and evaluation of primary and secondary fixed income investments. Mr. Zarzhevsky sits on CCS's U.S. Syndicated Credit Investment Committee. Mr. Zarzhevsky joined GSO from RBC in 2005. At RBC, Mr. Zarzhevsky was a Senior Associate with primary responsibility for research and analysis of investments within the collateralized debt portfolios. Previously, Mr. Zarzhevsky worked at Mizuho Corporate Bank, Ltd, where he was an Assistant Vice President within its leveraged finance group. At Mizuho, Mr. Zarzhevsky recommended investments across a wide range of industries on behalf of the bank's three CDO funds, in addition to underwriting exposures for the bank. Mr. Zarzhevsky received a B.S. in Business Administration with a concentration Finance from Yeshiva University's Sy Syms School of Business and is a CFA Charterholder.

Colleen Longobardi

Ms. Longobardi is a Managing Director and Co-Manager of the U.S. Long-only credit research team. She is also a senior U.S. credit research analyst involved with the ongoing analysis and evaluation of primary and secondary fixed income investments. Ms. Longobardi sits on CCS's U.S. Syndicated Credit Investment Committee. Ms. Longobardi joined GSO from RBC in 2005. At RBC, Ms. Longobardi was a Vice President in the Debt Investments group with similar responsibilities. Previously, Ms. Longobardi worked at American Capital Access Corp., where she was Vice President in its asset management group. Ms. Longobardi began her career in GE Capital's Financial Management Program. Upon graduation, she held various Analyst positions in the Retail Finance, Commercial Lending and Corporate Finance divisions as well as an Associate position in the Asset Securitization Group, where she was actively involved in the structuring, execution and management of related transactions. Ms. Longobardi received a B.S. in Finance from Siena College, Magna Cum Laude and an M.B.A. in Finance from New York University's Stern School of Business.

Louise Somers

Ms. Somers is a Principal, Deputy Head of European Credit Research, and European credit research analyst involved in the ongoing analysis and evaluation of primary and secondary fixed income investments. She also sits on CCS's European Syndicated Credit Investment Committee. Ms. Somers joined GSO at the time of GSO's acquisition of Harbourmaster Capital Management Limited in 2012. Prior to that, Ms. Somers worked as a credit analyst at Harbourmaster Capital Management for over six years. In addition to ongoing credit analysis, Ms. Somers was actively involved in a number of restructurings. Prior to working at Harbourmaster, Ms. Somers worked in audit at Ernst & Young having trained as a Chartered Accountant. Ms. Somers received a Bachelor of Commerce from University College Dublin and is a Chartered Accountant.

John Wrafter

Mr. Wrafter is a Principal and a portfolio manager for CCS's European commingled funds and European separately managed accounts. Mr. Wrafter is also responsible for CCS's European secondary trading activity and sits on CCS's European Syndicated Credit Investment Committee and Global Dynamic Credit Asset Allocation Committee. Mr. Wrafter joined GSO at the time of GSO's acquisition of Harbourmaster Capital Management Limited in 2012. Prior to that, Mr. Wrafter was a Senior Analyst in the Portfolio Management Group at Harbourmaster Capital Management where his main responsibility was to support the Portfolio Managers for the various Funds under management at Harbourmaster Capital. Mr. Wrafter was also involved in Investor Relations, Client Due Diligence, Capital Formation and Fund Marketing. Prior to joining Harbourmaster Capital, Mr. Wrafter worked at Bank of New York Mellon/JP Morgan Global Corporate Trust where he was responsible for various CDO Transactions. Mr. Wrafter has also spent five years working in New York, primarily trading the U.S. Treasury and Foreign Exchange Markets. Mr. Wrafter received a Bachelor of Commerce Degree and a Masters of Business Studies Degree in Finance from University College Dublin.

Gordon McKemie

Mr. McKemie is a Principal and a portfolio manager of CCS's closed-end and exchange-traded funds. He is also a U.S. credit research analyst involved with the ongoing analysis and evaluation of primary and secondary fixed income investments. He sits on CCS's U.S. Syndicated Credit Investment Committee. Prior to joining GSO in 2012, Mr. McKemie was an Associate in Leveraged Finance at Citigroup and an Assistant Vice President in high yield research at Barclays Capital. He began his career at Lehman Brothers. Mr. McKemie received a B.B.A. with a concentration in Finance from the Goizueta Business School at Emory University and is a CFA Charterholder.

Although the persons described above are currently employed by The Blackstone Group and, in some cases, are engaged in the activities of the Service Support Provider, such persons may not necessarily continue to be employed by The Blackstone Group during the entire term of the Portfolio Service Support Agreement or any Underlying Company CLOs and, if so employed, may not (where applicable) remain engaged in the activities of the Service Support Provider.

GSO AND THE BLACKSTONE GROUP

DFME is a limited liability company incorporated in Ireland (registered number 349646) with its registered office at Arthur Cox Building, Ten Earlsfort Terrace, Dublin 2, Ireland and acts as: (i) Adviser to the Company; (ii) Service Support Provider to BGCF; and (iii) CLO Manager for certain Underlying Company CLOs. Portfolio

managers employed by the Service Support Provider have relevant experience in accountancy, banking, asset management or investment funds. DFME is authorised pursuant to Regulation 6 of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations, 2007 (as amended) to provide services by the European Central Bank. DFME is also a MIFID regulated affiliate of GSO Capital Partners LP ("**GSO**").

DFM is a Delaware limited liability company, with its registered office at 345 Park Avenue, New York, NY 10154 and will act as: (i) the BGUCF Manager; (ii) CLO Manager for certain Underlying Company CLOs and (iii) Rollover Portfolio Manager to the Rollover Assets. DFM is authorised by the Central Bank of Ireland as a non-EU Alternative Investment Fund Manager and is registered as an investment adviser under the Investment Advisers Act of 1940.

DFME and DFM are affiliates of The Blackstone Group L.P. ("**Blackstone**") (together, "**The Blackstone Group**").

Blackstone is traded on the New York Stock Exchange under the ticker symbol "BX" (www.blackstone.com). Blackstone is a global investment and advisory firm, was founded in 1985. Through its different investment businesses, as at 30 September 2018, Blackstone has total assets under management of over \$456.7 billion. This is comprised of approximately \$126.2 billion in corporate private equity, approximately \$119.9 billion in real estate funds, approximately \$80.0 billion in hedge fund solutions and approximately \$130.6 billion in credit oriented alternative asset strategies, which includes \$20.2 billion of Blackstone Insurance Solutions and \$12.3 billion of Harvest Fund Advisors acquired assets under management. Blackstone core businesses include the management of corporate private equity funds, real estate funds, funds of hedge funds, mezzanine funds, senior debt vehicles, proprietary hedge funds and closed end mutual funds.

In January 2012, GSO acquired Harbourmaster Capital Limited and Harbourmaster Capital Management Limited (together, "**Harbourmaster**"), which were subsequently renamed Blackstone / GSO Debt Funds Europe Limited and Blackstone / GSO Debt Funds Management Europe Limited, respectively. The acquisition of Harbourmaster added U.S.\$9.8 billion of assets under management (as of the date of acquisition) to GSO, making GSO one of the largest leveraged loan investors in Europe as well as the United States. GSO is an alternative asset manager specialising in the leveraged finance marketplace with over U.S.\$98.1 billion in assets under management as at 30 September 2018 and offices in New York, London, Houston and Dublin. GSO was founded in July 2005 by Bennett Goodman, J. Albert "Tripp" Smith and Douglas Ostrover. GSO draws on the skills and experience of its worldwide employee base to invest in a broad array of public and private securities across multiple investment strategies. Key areas of focus include leveraged loans, distressed investments, special situations, capital structure arbitrage, mezzanine securities and private equity. CCS (which, as indicated above, is Customized Credit Strategies, GSO's long only credit business) manages capital on behalf of insurance companies, banks, pension funds, endowments, foundations, family offices and funds of funds.

In March 2008, Affiliates of The Blackstone Group acquired a controlling interest in GSO and its Affiliates (the "**Acquisition**"). This resulted in the formation of one of the largest integrated credit platforms in the alternative asset management business, with over U.S.\$21 billion of total assets under management at the time of the Acquisition.

As at 30 September 2018, CCS had assets under management of U.S.\$47.6 billion invested amongst over 90 funds and had exposure to approximately 1,200 issuers.

CCS's track record represents the combined track record of CLOs originally issued and managed by Harbourmaster and those of Blackstone. As at 30 September 2018, CCS was the largest manager of CLOs globally with U.S.\$26.3 billion of CLO assets under management: 29 deals totalling U.S.\$ 18.0 billion in the U.S. and 16 deals totalling €7.1 billion in Europe.³

CCS has a 20-year track record investing in loans, and has lower average annual default and principal loss rates relative to relevant benchmarks. In addition, the performance of CLOs managed by CCS has been a strong performer versus the broader CLO market (as measured by the average distributions paid to holders of CLO Income Notes issued by CLOs managed or established by CCS or its affiliates). GSO believes that this represents a degree of consistency throughout the credit cycle.

³ Creditflux, as at 30 September 2018.

PART IV

DIRECTORS AND ADMINISTRATION

DIRECTORS

The Directors are responsible for managing the business affairs, investment management and risk management of the Company in accordance with the Articles and have overall responsibility for the Company's activities including the review of investment activity and performance and the overall control and supervision of the service providers. The Directors may delegate certain functions to other parties such as the Administrator and the Registrar.

The Board comprises four Directors, all of whom are independent of GSO and DFME. The Company intends, over the course of the Placing Programme, to appoint an additional Director, subject to obtaining the requisite regulatory approvals.

The address of the Directors, all of whom are non-executive, is the registered office of the Company. The Directors of the Company are as follows:

Charlotte Valeur (Chair)

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

She currently serves as a non-executive director on the boards of listed and unlisted companies including non-executive director of JP Morgan Convertible Bond Income Fund, a LSE-listed investment company; non-executive director of Phoenix Spree Deutschland Ltd, a LSE-listed company; non-executive director of Laing O'Rourke, a construction company; and a non-executive director of NTR Plc, a renewable energy company. She previously served as chair of the boards of Kennedy Wilson Europe Real Estate Plc and DW Catalyst Ltd and as a non-executive director of 3i Infrastructure plc.

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.

Effective 3 September 2018, Ms Valeur was appointed chair of the Institute of Directors.

Gary Clark

Gary Clark acts as an independent non-executive director for a number of investment managers including Emirates NBD, Aberdeen Standard Life and ICG. 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 Mouton 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.

Steven Wilderspin

Steven Wilderspin, a qualified Chartered Accountant, has been the principal of Wilderspin Independent Governance, which provides independent directorship services, since April 2007. He has served on private equity, property and hedge fund boards as well as commercial companies.

Mr Wilderspin serves as a director of London-listed HarbourVest Global Private Equity Limited as well as a number of private funds and companies.

In December 2017 Mr Wilderspin stepped down from the board of 3i Infrastructure plc where he was chairman of the audit and risk committee after ten years' service.

From 2001 until 2007, Mr Wilderspin was a director of fund administrator Maples Finance Jersey Limited where he was responsible for fund and securitisation structures. Before that, from 1997, Mr Wilderspin was head of accounting at Perpetual Fund Management (Jersey) Limited.

Heather MacCallum

Heather MacCallum was a partner of KPMG Channel Islands Limited from 2001, retiring from the partnership on 30 September 2016. She was with KPMG's financial services practice for 20 years, predominantly providing audit and advisory services to the investment management sector.

Ms MacCallum currently serves as a non-executive director on the board of Jersey Water where she is chair of the audit committee and on the board of Kedge Capital Fund Management Limited, an asset management business.

She is a member of the Institute of Directors and the Institute of Chartered Accountants of Scotland (ICAS). She is also a past president of the Jersey Society of Chartered and Certified Accountants.

Management functions of the Board

As the Company is a self-managed AIF under the AIFM Directive and there are no employees of the Company, the Board performs certain management functions, which include the overseeing of the Company's investment policy and investment strategy, the supervision of any delegated responsibilities to third-party service providers (including the Rollover Portfolio Manager) and any necessary investment management functions.

To execute such management functions, the Board:

- holds monthly NAV review committee meetings to review the Company reports at each NAV meeting and to record the Board's conclusions, as part of the performance of its investment management function, prior to which they are to receive regular (at least monthly) reports from the Administrator in respect of the Company's performance, in advance of the monthly NAV review committee meetings for their review;
- leads the risk management function and remains responsible for the portfolio management and risk management functions;
- has a formal process for generating records of its performance of its portfolio and investment management function;
- has a process for assessing (and recording this assessment) the relevant expertise of the Board prior to the appointment of each director (including in the event of future replacement of a director); and
- has a process for assessing (and recording this assessment) each instance of delegation of an investment management function by the Board.

CORPORATE GOVERNANCE

The Company complies with the UK Corporate Governance Code as required by the Listing Rules. In addition, the DTRs require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "**AIC Code**"), produced by the Association of Investment Companies ("**AIC**"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "**AIC Guide**"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. The Company has complied with the recommendations of the AIC Code, the relevant provisions of the UK Corporate Governance Code (except as set out below) and associated disclosure requirements of the Listing Rules.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the Company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has, therefore, not reported further in respect of these provisions.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**"), which comprises all the Directors, excluding Charlotte Valeur, and is chaired by Heather MacCallum. The Company's Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the Company's annual and half-yearly financial reports. Where audit-related and/or non-audit services are to be provided by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered before proceeding. The responsibilities of the Audit Committee include monitoring the integrity of the Company's results and financial statements, reviewing reports received from the Administrator on the adequacy and the effectiveness of the Company's internal controls and risk management systems and assessing the on-going suitability of the external auditors.

The chairmanship of the Audit Committee and each Director's performance is reviewed annually by the Chair and the performance of the Chair will be assessed by the other Directors.

Remuneration and Nomination Committee

The Company has established a Remuneration and Nomination Committee, which comprises all the Directors and is chaired by Gary Clark. The Remuneration and Nomination Committee meets formally at least twice a year and has responsibility for considering the remuneration of the Directors. It also has the responsibility to: (i) identify, nominate and recommend for the approval of the Board, candidates to fill Board vacancies as and when they arise; (ii) make recommendations regarding the membership of the Audit Committee in consultation with the chairman of that committee; and (iii) regularly review the structure, size and composition of the Board.

Risk Committee

The Company has established a Risk Committee, which comprises all the Directors and is chaired by Steven Wilderspin. The Risk Committee meets formally at least four times a year at appropriate times and has responsibility for amongst other things, reviewing and considering the Company's business activity risks, operational risks, compliance and AML and investment risk and the risk management systems employed by the Company to manage such risks. The Committee gives due consideration to any applicable laws, listing rules, regulations and other applicable laws as appropriate in carrying out its functions.

Management Engagement Committee

The Company has established a Management Engagement Committee, which comprises all the Directors and is chaired by Charlotte Valeur. The Management Engagement Committee meets formally at least once a year for the purpose, amongst other things, of evaluating the performance of DFME and regularly reviewing the continued retention of DFME's services, recommending whether the continuing appointment of DFME is in the best interests of the Company and Shareholders and the reasons for this recommendation, reviewing the terms of the Advisory Agreement, investigating any breaches of agreed investment limits and any deviation from the agreed investment policy and strategy and assessing the level of fees charged by DFME.

Each of the above Committees has its own Terms of Reference.

DIRECTORS OF BGCF

As at the date of this Prospectus, the directors of BGCF who are responsible for managing the business affairs, investment management and risk management of BGCF and have overall responsibility for BGCF's activities are:

Anne Flood

Ms. Flood is Managing Director of Intertrust Management Ireland and works with clients and business partners to provide a tailored corporate administration services to a wide variety of structures established by private equity funds, collateral managers, investment banks, aviation leasing companies and alternative investment funds. Ms. Flood joined Intertrust on its acquisition of Walkers Management Services in 2012, where she had been Senior Vice President having established and led its SPV Management Services business in Dublin. Previously Ms. Flood held senior roles with AIB Capital Markets in its International Financial Services division, most recently as head of its Structured Finance and Asset Finance Services team. Prior to that worked for a number of years as a financial accountant with ORIX Aviation. Ms. Flood provides non-executive directorship services to companies engaged in structured finance, aviation leasing and finance, regulated Qualifying Alternative Investment Funds, as well as a range of corporate and holding company structures. Ms. Flood is a member of the Chartered Institute of Management Accountants and holds a Bachelor of Science in Management from Trinity College, Dublin. Ms. Flood is also a member of the Institute of Directors in Ireland.

Aogán Foley

Mr. Foley has been Managing Director of Incisive Capital Management ("**ICM**") since 2004. ICM is an investment manager specialising in credit investments, and was purchased by Mr. Foley from HVB AG in November, 2007. Prior to this from 2001 to 2003, Mr. Foley was Chief Executive Officer and Director, West End Capital Management Dublin. Through WECM, he designed and set up a credit investment vehicle, Rathgar Capital Corporation ("**RCC**") in December 2001. RCC was rated by Moody's and Standard and Poor's and was the first such vehicle to be set up outside London and New York at the time. From 1999 to 2001, he was Head of Credit Structuring, General Re Financial Products ("**GRFP**") where he was responsible for designing and structuring credit products for GRFP in Europe. From 1995-1999, he held a number of positions, latterly as Head of Fixed Income Structured Finance for Lehman Brothers International (Europe) in London. He is a Chartered Accountant by training.

Fergal O'Leary

Mr O'Leary is currently a director of Chapel Road Management Company Limited, a commercial property investment company, Latchok Limited, European and Global Investments, Solas OLED Ltd, Aris Technologies Limited, Capvest Irish Partners Limited, Carlough ICAV and IRE Real Estate Investment Partners ICAV. He has been a senior international investment banking executive with diverse financial services and capital markets experience having worked for Citi Global Markets, Lehman Brothers and ABN Amro. He was responsible for fixed income structured product sales for Ireland as well as fixed income rate and credit sales previously. He has been a Managing Director and executive board member of Glas Securities Limited, a Central Bank of Ireland regulated firm. Between 2001 and 2009, he was a non-executive board member of Citigroup Global Markets Asia Capital Corporation Limited. Mr O'Leary holds a Bachelor of Arts in Economics from the University College Dublin and an M.Sc. in Investment & Treasury from Dublin City University. He also holds a Professional Diploma in Financial Advice.

Alan Kerr

Mr. Kerr is an experienced loan and high yield market investor. He co-founded Harbourmaster in 2001. At Harbourmaster Mr. Kerr was primarily responsible for portfolio management and business development, and from 2004 overall firm management as managing director / co-head of the Harbourmaster business. Mr. Kerr joined The Blackstone Group ("**Blackstone**") on the acquisition of Harbourmaster in the first quarter of 2012. At Blackstone, Mr. Kerr was a senior managing director and responsible for overseeing the investments in leveraged loans, high yield bonds and structured credit across various investment strategies of GSO Capital Partners LP's ("**GSO**") European Customised Credit Strategies business. Mr. Kerr was also a portfolio manager for GSO's European direct lending fund and served on various management, risk, credit and other committees of GSO and Blackstone. In the first quarter of 2017 Mr. Kerr notified Blackstone of his intention to leave GSO, remaining as senior advisor to Blackstone until December 2017. Mr. Kerr's early career was with Ernst & Young. He is a chartered accountant and has M.Acc and B.Comm degrees from the National University of Ireland, University College Dublin.

Neil Clifford

Mr Clifford is an experienced investment professional and is currently a Director at Carne Global Financial Services, a provider of fund governance and management company solutions. In addition to this, he also acts as a Director on a number of third party alternative investment funds and investment vehicles. Mr Clifford joined Carne from Irish Life Investment Managers (April 2006 – September 2014), where he was Head of Alternative Investments. Prior to this, Mr Clifford worked as a Senior Equity Analyst for Goodbody Stockbrokers (September 2000 – April 2006). He began his career as an engineer, spending over 8 years working in a variety of project management roles with a number of leading engineering and telecoms firms. He holds a Bachelor of Electrical Engineering degree from University College Cork and a Master of Business Administration from the Smurfit School of Business, University College, Dublin. He has also attained the professional qualifications of Chartered Alternative Investment Analyst (CAIA) and Financial Risk Manager (FRM – Global Association of Risk Professionals).

Bronwyn Wright

Ms. Wright is a former Managing Director and was Head of Securities and Fund Services for Citi Ireland. In that position, she was responsible for the management, and strategic direction of the securities and fund services business which included funds, custody, security finance and global agency and trust. Due to her role in managing Citi's European fiduciary business, Ms. Wright has extensive knowledge of regulatory requirements and best market practice in the UK, Luxembourg, Jersey, Germany and Ireland. Currently Ms. Wright acts as an independent director to a number of Irish collective investment schemes.

Ms. Wright holds a degree in Economics and Politics as well as a Master's degree in Economics from University College Dublin. Ms. Wright is past chairperson of the Irish Funds Industry Association committee for Trustee Services. Ms. Wright is Irish resident.

DFME and DFM

DFME acts as Service Support Provider to BGCF (pursuant to the Portfolio Service Support Agreement), as Adviser to the Company (subject to the Advisory Agreement) and (either itself or through an affiliate) as CLO Manager to certain Underlying Company CLOs.

Pursuant to the Portfolio Service Support Agreement, the Service Support Provider is responsible, *inter alia*, for ensuring BGCF has the required human resources and credit research available to it in order to make necessary business decisions and carry on the day-to-day management of BGCF's business and to implement its investment objective and policy.

Pursuant to the Advisory Agreement, DFME will also, *inter alia*, provide advice and assistance in connection with the Company's exposure (through its wholly owned subsidiary) to the Profit Participating Notes, evaluation of CLOs to which BGCF intends to transfer its assets from time to time and to monitor the performance of the Underlying Company CLOs and compliance by both the Company and BGCF with their respective investment policies.

Pursuant to the BGUCF Management Agreement, DFM is responsible, *inter alia*, for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including

the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof.

In addition, DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager, will also manage Underlying Company CLOs pursuant to CLO Management Agreements to be entered into from time to time.

Further details regarding DFME, DFM and their relationship with GSO and The Blackstone Group are set out below. Further details regarding the Portfolio Service Support Agreement are set out in Part VIII of this Prospectus and regarding the Advisory Agreement are set out in Part VII of this Prospectus and regarding the BGUCF Management Agreement are set out in Part IX of this Prospectus and regarding the CLO Management Agreements are set out in Part III of this Prospectus.

DFME and DFM Fees

DFME, and DFM where applicable, are entitled to receive:

- out of pocket expenses in relation to the services performed by DFME pursuant to the Advisory Agreement; and
- in consideration for DFME's services pursuant to the Portfolio Service Support Agreement, a fee which varies from time to time to reflect allocated costs but will not exceed 50 per cent. of the annual CLO management fee rebate (as set out below) paid to BGCF by DFME (to the extent DFM provides similar services to BGCF, it shall be entitled to a similar fee); and
- in consideration for the services provided by DFME or DFM (or one of their affiliates) as the CLO Manager, an industry standard CLO Management Fee of generally 50bps pursuant to the CLO Management Agreements entered into in respect of each Underlying Company CLO. In addition, DFME or DFM (or one of their affiliates) are entitled to receive a CLO performance fee generally equal to 10bps per annum of aggregate principal balance of collateral obligations in the relevant CLO, accruing in arrears on each payment date of the CLO from its issue date. The performance fee is not payable until the first CLO payment date on which the IRR threshold of 12 per cent. (the "**IRR Threshold**") has been met or surpassed in respect of the CLO Income Notes and, on such payment date and each subsequent CLO payment date, up to 30 per cent. of any interest proceeds and principal proceeds (after any payment required to satisfy the IRR Threshold) that would otherwise be available to distribute to the holders of the CLO's subordinated notes, will be applied to pay the accrued and unpaid performance fee as of such CLO payment date.

Please see below a summary of the rebates positions on the investments managed by DFM and DFME (as applicable):

Investment

Newly issued broadly syndicated CLO managed by DFM, DFME or an affiliate where CLO Securities are purchased by BGCF or another Underlying Company

Rebate Position

Where the holding is in the CLO Income Notes (e.g. horizontal strip), up to 20 per cent. of the management fee that the CLO Manager earns, pro rata to the CLO Income Notes held by BGCF or the relevant Underlying Company (as applicable) in such CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

After the deduction (where applicable) of all costs (calculated at arm's length) attributable to BGCF or the relevant Underlying Company (including fees and costs payable to DFME and/or DFM as described herein), it is expected that the net rebate will be at least 10 per cent. of the CLO Management Fee earned by the CLO Manager, pro rata to the CLO Income Notes held in the CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

Where the holding is in the CLO Securities (e.g. vertical strip), up to 100 per cent. of the aggregate management fee that the CLO Manager earns, pro rata to the CLO Income Notes held by BGCF or the relevant Underlying Company (as applicable) in such CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

After the deduction (where applicable) of all costs (calculated at arm's length) attributable to BGCF or the relevant Underlying Company (including fees and costs payable to DFME and/or DFM as described herein), it is expected that the net rebate will be at least 5 per cent. of the CLO Management Fee earned by the CLO Manager, pro rata to the CLO Income Notes held in the CLO (excluding any incentive/performance management fee the CLO Manager is entitled to receive).

Newly issued BGUCF CLOs (broadly syndicated)

Similar fee rebate arrangement to those described above have been, and it is expected that similar fee rebate arrangements will be, entered into between DFME, DFM or one of their affiliates and BGUCF in relation to BGUCF CLOs.

An Underlying Company has purchased CLO Income Notes or CLO Securities in the secondary market

No rebates will be provided.

BNP Paribas Securities Services S.C.A. has been appointed as Administrator and Company Secretary of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 5.4 in Part VII of this Prospectus). In such capacity, the Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation and publication of the estimated monthly NAV) and general secretarial functions required by the Companies Law (including but not limited to the maintenance of the Company's accounting and statutory records). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

The Administrator is a société en commonaité par Actions (S.C.A) (a partnership limited by shares) created under the laws of France on 1 September 1955 (registered number 552 108011 R.C.S. Paris). Its main office is Les Grands Moulins de Pantin, 9 rue du Debarcadère 93500 Pantin, France.

The Administrator is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Administrator's principal business activity is providing securities services.

REGISTRAR

Link Market Services (Jersey) Limited has been appointed as Registrar of the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 5.5 in Part VII of this Prospectus). In such capacity, the Registrar is responsible for the creation and maintenance of the share register (including registering transfers). It also provides services in relation to corporate actions (including tender offers and the exercise of subscription shares), dividend administration and shareholder documentation.

The Registrar is a private limited company, created under Jersey law on 6 March 1996 whose registered office is situated at 12 Castle Street, St Helier, Jersey, JE2 3RT. As at the date of this document, the issued and paid up share capital of the Registrar is £10,000, all of which is fully paid up. The Registrar is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Registrar's principal business activity is providing securities services.

CUSTODIAN

BNP Paribas Securities Services S.C.A. has been appointed as Custodian of the Company pursuant to the Custody Agreement (further details of which are set out in paragraph 5.6 in Part VII of this Prospectus). In acting as custodian of the Company's investments, the Custodian shall provide for the safe keeping of certificates of deposit, shares, notes and in general any instrument evidencing the ownership of securities and may take custody of cash and other assets. Assets will be held in a custody account and registered in the name of the Company or the Custodian, its delegate or a nominee.

The Administrator is a société en commonaité par Actions (S.C.A) (a partnership limited by shares) created under the laws of France on 1 September 1955 (registered number 552 108011 R.C.S. Paris). Its main office is Les Grands Moulins de Pantin, 9 rue du Debarcadère 93500 Pantin, France.

The Custodian is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Custodian's principal business activity is providing securities services.

FEES AND EXPENSES

It is intended that the total costs of the Issue (the "**Issue Expenses**") shall be borne as follows:

- First, by the Rollover Shares subject to a cap of 1 per cent. of the value of the Rollover Assets (the "**Rollover Expenses Cap**");
- Second, to the extent the Issue Expenses exceed the Rollover Expenses Cap, by the Ordinary Shares; provided that the amount of Issue Expenses so borne by the Ordinary Shares shall not exceed 0.5 per cent. of the value of the Rollover Assets (the "**Ordinary Share Expenses Cap**"); and
- Finally, to the extent the Issue Expenses exceed 1.5 per cent. of the value of the Rollover Assets, such excess shall be borne by DFM over a period of 12 months following the Rollover Date in the form of an incremental fee rebate and, if necessary, a cash contribution, of up to £250,000 (the "**GSO Contribution**").

For these purposes, the value of the Rollover Assets shall be calculated based on Carador's latest published NAV as at the Rollover Date.

The total net proceeds of the Placing Programme will depend on the number of Placing Shares issued pursuant to the Placing Programme and the relevant placing price for each such issuance. The costs of each Placing will be announced by an RIS announcement immediately following such Placing. It is further expected that the placing price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevalent market conditions, factor in the Issue Expenses borne by the Ordinary Shareholders (such that a some or all of the Issue Expenses borne by the Ordinary Shareholders may be recouped through the cumulative premium at which such Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of 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.

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. It is expected that the Placing Price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevalent market conditions, factor in the costs of the Issue borne by the Ordinary Shareholders (such that some or all of the Issue costs borne by the Ordinary Shareholders may be recouped through the cumulative premium at which such Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of 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.

The costs of each Placing will be announced by an RIS announcement immediately following such Placing.

On-going annual expenses

The Company's total annual expenses are approximately 0.27 per cent. per annum of the Net Asset Value of the Company as at 31 October 2018. On this basis, it is expected that rebates of CLO Management Fees will continue to meet the majority of the ongoing annual expenses of BGCF and of the Company.

These expenses include the following:

(i) **Administrator**

Under the terms of the Administration Agreement, the Administrator is entitled to: (i) an annual tiered ad valorem fund accounting fee based on the Company's NAV, subject to a minimum annual fee of €110,000 and a maximum fee of €500,000 (based on the Company's NAV as at the date of this Prospectus, the fund accounting fee is calculated as 6.5 bps up to a NAV of EUR 350m and at an additional 6 bps for a NAV between EUR 350m and EUR 500m); and (ii) an annual company secretarial fee of €50,000; in addition to certain other fees for ad hoc services rendered from time to time. All fees due under the Administration Agreement are payable monthly in arrear, within fourteen business days of the Company receiving an invoice in respect of each month. The Administrator is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

(ii) **Registrar**

The Registrar is entitled to an annual fee from the Company for creation and maintenance of the share register equal to £1.78 per holder of Shares appearing on the register during the fee year, with a minimum charge per annum of £5,933. Other registrar activity is charged for in accordance with the Registrar's normal tariff as published from time to time.

(iii) **Auditor**

The Auditor's fees, in relation to the last audit of the Company's financial statements, were £70,000. In addition, they receive £40,000 in respect of a review of the interim financial statements.

(iv) **Custodian**

Under the terms of the Custody Agreement, the Custodian is entitled to receive: (i) global custodian fees equal to €1,000 per annum per PPN held physically by the Custodian and an ad valorem fee of 1 bp on the value of the listed PPNs; and (ii) banking fees on outward payments at a pre-agreed rate, ranging between £15-30 per transaction. The Custodian is also entitled to be reimbursed for all costs, charges and other expenses properly incurred by the Custodian, any sub-custodians or agents under the Global Custody Agreement.

(v) **Directors**

The Directors are remunerated for their services at a fee of £38,000 per annum (£60,000 for the Chair). The chairs of the Audit Committee and Risk Committee will receive an additional £6,500 and the chairs of the Management Engagement Committee, NAV Review Committee and Remuneration and Nomination Committee will receive an additional £1,000, £5,000 and £1,000 respectively for their

services in these roles. The Senior Independent Director will also receive an additional £2,000. For more information in relation to the remuneration of the Directors, please refer to paragraph 4 in Part VII of this Prospectus.

(vi) ***Rollover Portfolio Manager***

The Rollover Portfolio Manager shall not be entitled to any management fee or performance fee in relation to the performance of the services under the Rollover Portfolio Management Agreement.

The Company will reimburse the Rollover Portfolio Manager for various routine expenses incurred whilst performing its obligations, such as:

- (i) fees and costs in connection with realising the Rollover Assets and re-investing the proceeds of such realisations into cash settlement warrants issued by LuxCo; and
- (ii) any other reasonable fees and expenses associated with the Company's investment activities and operations.

Unless terminated in accordance with its terms, the Rollover Portfolio Management Agreement will continue until such time as the Rollover Assets have been realised.

(vii) ***Valuation and Administration Services in relation to the Rollover Assets***

The Administrator will provide valuation and administration services in relation to the Rollover Assets.

(viii) ***Other operational expenses***

All other on-going operational expenses of the Company (excluding fees paid to service providers as detailed above) are borne by the Company including, without limitation: the incidental costs of making its investments and the implementation of its investment objective and policy; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance; the costs of maintaining the Company's website; corporate brokers' fees; audit and legal fees; brokerage fees and annual fees payable to the London Stock Exchange. In addition, all reasonably and properly incurred out of pocket expenses of the Administrator, the Registrar, the Custodian, the CREST agent and the Directors relating to the Company are borne by the Company.

These annual expenses will be deducted from the assets of the Company and, although they may vary, are not expected to exceed 0.33 per cent. of NAV per annum, excluding any non-recurring or extraordinary expenses.

Given that many of the above fees, charges and expenses are either irregular or calculated using formulae that contain variable components, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.

PART V

ISSUE ARRANGEMENTS

INTRODUCTION

In this Prospectus, the Rollover and any Placings under the Placing Programme are together referred to as the "**Issue**". The number of Rollover Shares to be issued will depend on the extent of participation by Carador Shareholders in the Rollover Opportunity. Additionally, the Company may issue up to 400 million Placing Shares pursuant to the Placing Programme. For the avoidance of doubt, this number does not include any Ordinary Shares arising on the conversion of the Rollover Shares into Ordinary Shares in accordance with the Articles in due course. As at the date of this Prospectus, the actual number of Issue Shares to be issued is not known. The maximum size of the offerings should not be taken as an indication of the number of Issue Shares to be issued. The Issue is not being underwritten.

THE ROLLOVER

Pursuant to the Rollover Opportunity, the Company has made available to each Carador Shareholder an opportunity to elect to rollover their investment in Carador into an investment in the Company. For Carador Shareholders that validly elect to participate in the Rollover Opportunity, the Carador U.S. Dollar Shares or Carador Repurchase Shares (as the case may be) held by such Carador Shareholder will be converted into a new class of shares in Carador (the "**Carador Rollover Shares**"). The Carador Rollover Shares shall not be transferable and will be created by allocating to such class a pro rata amount of Carador's assets and liabilities attributable to each of the Carador U.S. Dollar Shares and Carador Repurchase Shares being converted (based on latest published NAV as at the Rollover Date).

Each Carador Share in respect of which a Carador Shareholder elects to participate in the Rollover Opportunity will be converted into Rollover Class Shares on the following basis:

- each participating Carador U.S. Dollar Share will be converted into one Carador Rollover Share; and
- each participating Carador Repurchase Share will be converted into such proportion of Carador Rollover Shares as is *pro rata* to the respective NAV per Carador U.S. Dollar Share compared with the NAV per Carador Repurchase Share (based, in each case, on the latest published NAV as at the Rollover Date).

The Company intends that, immediately after the conversion of the relevant Carador Shares into Carador Rollover Shares on the Rollover Date as set out above, Carador will repurchase all of the Carador Rollover Shares in kind and transfer the assets attributable to the Carador Rollover Shares (the "**Rollover Assets**") to the Company in consideration for the Company issuing C Shares (the "**Rollover Shares**") to the holders of Carador Rollover Shares (the "**Rollover**"). Each holder of Carador Rollover Shares will receive one Rollover Share in respect of each Carador Rollover Share it holds as at the Rollover Date. Following the Rollover, the Rollover Assets will be held by the Company in a separate portfolio attributable only to the Rollover Shares.

An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**Rollover Admission**"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "**Rollover Admission Date**"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.

Participation in the Rollover is subject to the terms and conditions of application under the Rollover set out in Part XIII of this Prospectus. In addition, the following documents should be read carefully by Carador Shareholders wishing to participate in the Rollover Opportunity: (i) the Rollover Election Form enclosed with the Carador Circular; and (iii) the Rollover Instructions available on the Company's website.

There is no minimum subscription in respect of the Rollover. The amount of Rollover Shares a Carador Shareholder can subscribe for is capped at the amount of Carador Shares such Carador Shareholder holds.

The process for electing to participate in the Rollover Opportunity depends on whether the Carador Shares in respect of which an election is to be made are held in certificated or uncertificated form:

- (i) if the Carador Shares are held in certificated form then a Rollover Election Form must be completed and sent to Carador's company secretary at The Company Secretary, Carador Income Fund plc, c/o State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland so as to be received by them no later than 9.00 a.m. (Irish time) on 21 December 2018; or
- (ii) if Carador Shares are held in uncertificated form (i.e. in CREST) then a TTE Instruction, submitted in accordance with the Rollover Election Instructions, must be sent to the Carador Registrar (in its capacity as a CREST receiving agent under its Participant ID and Member Account ID referred to in the Rollover Election Instructions), as soon as possible and, in any event, so that the TTE Instruction settles by not later than 9.00 a.m. (Irish time) on 21 December 2018.

Carador Shareholders located in the United States or who are otherwise a U.S. Person should read the section entitled "*Notice for U.S. Shareholders*" at the front of this Prospectus and, if they wish to participate in the Rollover Opportunity, execute and deliver a U.S. Investor's Letter in the form that accompanies the Carador Circular.

THE PLACING PROGRAMME

Following the Rollover Date, pursuant to the Placing Programme, the Directors may, at their sole and absolute discretion, decide to carry out one or more Placings after the Rollover Date and before the Final Closing Date, should the Board determine that market conditions are appropriate, taking into account the realisation of the Rollover Assets and the re-investment of the proceeds of such realisations into PPNs issued by BGCF to LuxCo.

The Placing Programme is flexible and may have a number of Interim Closing Dates in order to provide the Company with the ability to issue Placing Shares on appropriate occasions over a period of time. The Placing Programme is intended to satisfy ongoing investor demand for Ordinary Shares and to raise further funds for investment in accordance with the Investment Objective and Policy, in line with the Company's growth strategy.

The Directors believe that there are a number of benefits to increasing the size of the Company and, as such, have determined to implement the Placing Programme. As with the Share issues to date, Placing Shares will be issued when the Directors consider that it is in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include net asset performance, share price and perceived investor demand.

Placing Shares will only be issued at prices greater than the latest published Net Asset Value per Ordinary Share of the relevant class and therefore are expected to be accretive to the Net Asset Value per Ordinary Share of such class.

At the Extraordinary General Meeting, the approval of existing Shareholders will be sought to disapply pre-emption rights in respect of any Ordinary Shares to be issued pursuant to the Placing Programme up to, in aggregate, 400 million Ordinary Shares. Assuming that the authority is used in full, this will result in a dilution of approximately 50 per cent. in existing Shareholders' voting control of the Company (without taking into account the conversion of the Rollover Shares into Ordinary Shares in due course).

Joint Sponsors, Financial Advisers and Distributors

The Company, BGCF, BGUCF, DFME and the Joint Financial Advisers have entered into the Placing Agreement pursuant to which the Joint Financial Advisers have agreed, as agents for the Company, to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price in return for the payment by the Company of placing commissions.

In addition, the Company may enter into Distribution Agreements with sales agents in other jurisdictions, pursuant to which the Company will pay such sales agents a commission for introducing to the Company potential subscribers for the Placing Shares.

A summary of the terms of the Placing Agreement are set out in paragraph 5.3 of Part VII of this Prospectus.

Terms and conditions of the Placings

Each allotment and issue of Placing Shares is conditional on:

- the Placing Price being not less than the latest published Net Asset Value per Ordinary Share (if any) of the relevant class;
- the Admission of the relevant Placing Shares; and
- the Placing Agreement not being terminated in accordance with its terms or a particular Placing not being suspended in accordance with the terms of the Placing Agreement.

The terms and conditions which shall apply to any Placee which confirms its agreement to subscribe for Placing Shares under the Placing Programme are contained in Part XIII of this Prospectus.

The Company, a Joint Placing Agent or a Distributor may, in addition, require any such Placee to execute a separate placing letter.

Dealings

The allotment and issue of Placing Shares pursuant to the Placing Programme is at the discretion of the Directors. Allotments and issuances may take place at any time prior to the Final Closing Date. An announcement of each allotment and issue will be released through an RIS, including details of the number of Placing Shares allotted and issued and the applicable Placing Price for the allotment and issue and the expected Admission Date. Whilst it is expected that all Placing Shares allotted and issued pursuant to a particular Placing will be issued in uncertificated form, if any Placing Shares are issued in certificated form it is expected that share certificates would be dispatched approximately one week after Admission of the relevant Shares. No temporary documents of title will be issued.

There is no minimum or maximum subscription in respect of any Placing.

The Placing Shares will rank *pari passu* with Shares of the same class then in issue (save for any dividends or other distributions declared, made or paid on Shares by reference to a record date prior to the allotment and issue of the relevant Placing Shares).

Applications will also be made to the London Stock Exchange for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "**Subsequent Admission**"). It is expected that Subsequent Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion (each such date being a "**Subsequent Admission Date**").

This Prospectus has been published in order to obtain admission for the Rollover Shares to trading on the SFS and for the Placing Shares to be listed on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market of the London Stock Exchange.

The Placing Programme will be suspended at any time when the Company is unable to issue Placing Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

So far as the Directors are aware as at the date of this Prospectus, no major shareholders or members of the Company's management, supervisory or administrative bodies intend to make a commitment for Placing Shares under the Placing Programme.

THE PLACING PRICE

The Placing Price will be calculated by reference to the last published Net Asset Value per Ordinary Share of the relevant class. The premium at which Placing Shares are intended to be issued pursuant to the Placing Programme has the potential to ultimately provide an enhancement to the Net Asset Value per Ordinary Share of the relevant class.

The Placing Price for Placing Shares issued pursuant to the Placing Programme shall be at a premium to the latest published NAV per Ordinary Share to be determined by the Directors, in their absolute discretion, from time to time.

Fractions of Placing Shares will not be issued and the placing consideration will be allocated accordingly.

Use of proceeds

The Net Placing Programme Proceeds will depend on the number of Placing Shares issued pursuant to the Placing. The Directors intend to invest the Net Placing Programme Proceeds in accordance with the Investment Objective and Policy (further details of which are set out in Part I of this Prospectus).

DEALING CODES

For the Sterling Ordinary Shares, the ISIN number is JE00BNCB5T53 and the SEDOL code is BYXLOY1.

For the Euro Ordinary Shares, the ISIN number is JE00BNCB5T53 and the SEDOL code is BNCB5T5.

For the C Shares, the ISIN number is JE00BF8Q3P09 and the SEDOL code is BF8Q3P0.

ISSUE EXPENSES

It is intended that the total costs of the Issue (the "**Issue Expenses**") shall be borne as follows:

- First, by the Rollover Shares subject to a cap of 1 per cent. of the value of the Rollover Assets (the "**Rollover Expenses Cap**");
- Second, to the extent the Issue Expenses exceed the Rollover Expenses Cap, by the Ordinary Shares; provided that the amount of Issue Expenses so borne by the Ordinary Shares shall not exceed 0.5 per cent. of the value of the Rollover Assets (the "**Ordinary Share Expenses Cap**"); and
- Finally, to the extent the Issue Expenses exceed 1.5 per cent. of the value of the Rollover Assets, such excess shall be borne by DFM over a period of 12 months following the Rollover Date in the form of an incremental fee rebate and, if necessary, a cash contribution, of up to £250,000 (the "**GSO Contribution**").

For these purposes, the value of the Rollover Assets shall be calculated based on Carador's latest published NAV as at the Rollover Date.

The total net proceeds of the Placing Programme will depend on the number of Placing Shares issued pursuant to the Placing Programme and the relevant placing price for each such issuance. The costs of each Placing will be announced by an RIS announcement immediately following such Placing. It is further expected that the placing price in respect of any Ordinary Shares issued pursuant to the Placing Programme will, subject to the prevalent market conditions, factor in the Issue Expenses borne by the Ordinary Shareholders (such that a some or all of the Issue Expenses borne by the Ordinary Shareholders may be recouped through the cumulative premium at which such Ordinary Shares are issued during the life of the Placing Programme). However, as the total number of 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.

GENERAL

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Jersey, the Company (and its agents) may require evidence in connection with any application for Issue Shares, including further identification of the applicant(s), before any Issue Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus, but before the termination of the Placing Programme, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors may, in their absolute discretion, waive the minimum application amounts in respect of any particular application for Placing Shares under the Placing Programme.

Subscription moneys received in respect of unsuccessful applications will be returned without interest at the risk of the applicant to the bank account from which the money was received. Should any Placing be aborted or fail to complete for any reason, moneys received will be returned without interest at the risk of the applicant to the bank account from which the money was received.

CLEARING AND SETTLEMENT

Payment for the Placing Shares should be made in accordance with settlement instructions to be provided to Placees by or on behalf of the Company, Fidante, N+1 Singer or a Distributor. To the extent that any application for Placing Shares is rejected in whole or in part, moneys received will be returned without interest at the risk of the applicant.

Issue Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from the relevant Admission. In the case of Issue Shares to be issued in uncertificated form, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Issue Shares following Admission may take place within the CREST system if any Shareholder so wishes. In the case of Issue Shares to be issued in certificated form, Share certificates will be dispatched approximately one week after Admission of the relevant Issue Shares.

CREST is a paperless book-entry settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Articles permit the holding of Shares under the CREST system and, accordingly, the Company will instruct Euroclear to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Issue Shares on the date of Admission of such Issue Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Issue Shares outside of the CREST system following the relevant Admission should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Issue Shares to be issued in certificated form and is holding such Issue Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Issue Shares. Shareholders (other than U.S. Persons and persons acting for the account or benefit of any U.S. Person) holding definitive certificates may elect at a later date to hold such Issue Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Shareholders holding their Issue Shares through CREST or otherwise in uncertificated form may obtain from the Registrar (as evidence of title) a certified extract from the Register showing their Shareholding.

LEGAL IMPLICATIONS OF THE CONTRACTUAL RELATIONSHIP ENTERED INTO FOR THE PURPOSE OF INVESTMENT

The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 30 April 2014 under the provisions of the Companies Law, with registered number 115628; and is the holder of a certificate as a "Company Issuing Units" issued by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law 1988. While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments.

The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.

Shareholders' rights in respect of their investment in the Company are governed by the Companies (Jersey) Law 1991 as amended from time to time and the Articles. Under Jersey law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.

Jurisdiction and applicable law

As noted above, Shareholders' rights are governed principally by the Articles and the Companies (Jersey) Law 1991 (as amended). By subscribing for Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of Jersey.

Recognition and enforcement of foreign judgments

Subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the Rules under that Law, if a final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) were obtained in England in the High Court of Justice, Court of Appeal or Supreme Court of the United Kingdom against the Company in respect of any contracts relating to the Company where the Company has submitted to the jurisdiction of such courts or in relation to which the said courts otherwise had jurisdiction, such judgment would, on application to the Jersey courts, be registered and would thereafter be enforceable.

Subject to the principles of private international law, by which for example foreign judgments may be impeachable, as applied by Jersey law (which are broadly similar to the principles accepted under the common law of England), if a final and conclusive judgment under which a debt or definite sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) were obtained in the courts of any territory having jurisdiction against the Company in respect of such contracts to which it is party, (a) the Jersey courts would, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits and (b) such judgment of the Jersey courts would thereafter be enforceable.

PURCHASE AND TRANSFER RESTRICTIONS

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Issue Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company.

The Company has elected to impose the restrictions described below on the issue and on the future trading of the Shares so that the Company will not be required to register the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register under the U.S. Investment Company Act and related rules and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of Shareholders to trade in the Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

Restrictions due to lack of registration under the U.S. Securities Act and U.S. Investment Company Act and to address certain ERISA, U.S. Tax Code and other considerations

The Company has not been and will not be registered under the U.S. Investment Company Act and as such holders of the Shares will not be entitled to the benefits of the U.S. Investment Company Act. The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, pledged,

transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, any U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act. There will be no public offer of the Issue Shares in the United States.

In connection with Issue, offers and sales of the Issue Shares will be made only: (i) outside the United States in "offshore transactions" to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act; and (ii) in the United States, or to U.S. Persons, only to persons who are both Qualified Institutional Buyers and Qualified Purchasers pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

In addition, the Issue Shares may not be acquired by investors using assets of: (i)(a) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I ERISA; (b) a "plan" as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to Section 4975 of the U.S. Tax Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Tax Code; or (ii) a governmental, church, non-U.S. or other plan, account or arrangement that is subject to any federal, state, local or non-U.S. law or regulation that would have the same or similar effect as the U.S. Plan Assets Regulations so as to subject the Company (or other persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code.

Subscriber and Shareholder warranties

For the purpose of the following subscriber warranties only, the term "Share" shall be used to refer collectively to all Issue Shares and "Shareholder" shall be used to refer collectively to holders thereof.

By participating in the Issue, each subscriber acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Issue Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, Fidante, N+1 Singer and the Registrar that:

- (a) if it is located outside the United States, it is not a U.S. Person, it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Shares for the account or benefit of a U.S. Person;
- (b) if it is located inside the United States or if it is a U.S. Person, it is both a Qualified Institutional Buyer and a Qualified Purchaser to whom the Company is privately placing Shares and it has received, read, understood and, prior to its receipt of any Shares pursuant to the Issue, returned an executed U.S. investor letter in the form that accompanies the Carador Circular (and which is also available at <http://www.carador.co.uk/>) and return a copy by not later than 9.00 a.m. (Irish time) on 21 December 2018. Completed and signed U.S. Investor Letters should be sent so as to be received by the company secretary by fax (Fax No: 00353-1-416 1450) or post (The Company Secretary, Carador Income Fund plc, c/o State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland). If copies are sent by post, please also send a pdf by e-mail to SBattye@StateStreet.com.
- (c) it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the U.S. Investment Company Act;
- (d) it acknowledges that the Company has not been and will not be registered under the U.S. Investment Company Act and as such that holders of the Shares will not be entitled to the benefits of the U.S. Investment Company Act and that the Company has elected to impose restrictions on the Issue and on the future trading in the Shares to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;

(e) no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i)(a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to Section 4975 of the U.S. Tax Code; or (c) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or "plan" described in the preceding clauses (a) or (b) pursuant to the U.S. Plan Assets Regulations or (ii) a governmental, church, non-U.S. or other plan, account or arrangement that is subject to any federal, state, local or non-U.S. law or regulation that would have the same or similar effect as the U.S. Plan Assets Regulations so as to subject the Company (or other persons responsible for the investment and operating of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code;

(f) that if any Shares offered and sold are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT") AND THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) OUTSIDE THE UNITED STATES IN AN "OFFSHORE TRANSACTION" TO A PERSON NOT KNOWN BY THE TRANSFEROR, BY PRE-ARRANGEMENT OR OTHERWISE, TO BE A U.S. PERSON AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT ("U.S. PERSON") IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WOULD NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT AND OTHERWISE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OR (B) TO THE COMPANY OR A SUBSIDIARY THEREOF. THE HOLDER OF THIS SECURITY AGREES THAT IT WILL COMPLY WITH THE FOREGOING RESTRICTIONS. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE U.S. SECURITIES ACT FOR REALES OF THIS SECURITY.

THE HOLDER ACKNOWLEDGES THAT THE COMPANY RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. THE HOLDER ACKNOWLEDGES THAT ANY OFFER, SALE, PLEDGE OR OTHER TRANSFER MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS WILL BE SUBJECT TO THE COMPULSORY TRANSFER PROVISIONS SET OUT IN THE ARTICLES OF THE COMPANY.

THIS SECURITY MAY NOT BE DEMATERIALIZED INTO CREST OR ANY OTHER PAPERLESS SYSTEM UNLESS THE PARTY REQUESTING SUCH DEMATERIALIZATION FIRST CERTIFIES TO THE REGISTRAR OF THE COMPANY THAT IT IS OFFERING, SELLING OR OTHERWISE TRANSFERRING THIS SECURITY IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY'S SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

THE HOLDER OF THIS SECURITY IS DEEMED TO HAVE ACKNOWLEDGED THAT THIS LEGEND WILL NOT BE REMOVED FROM THIS SECURITY FOR AS LONG AS THE COMPANY RELIES ON SECTION 3(C)(7) OF THE U.S. INVESTMENT COMPANY ACT."

(g) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Shares, it will do so only (A) outside the United States in an "offshore transaction" to a person not known by the transferor, by pre-arrangement or otherwise, to be a U.S. Person in accordance with Regulation S under the U.S. Securities Act (including, for example, an ordinary trade over the London Stock Exchange) and under circumstances which would not require the Company to register under the U.S. Investment Company Act and otherwise in compliance with all applicable securities laws or (B) to the Company or a subsidiary thereof. It acknowledges that any offer, sale, pledge or other transfer made other than in compliance with the foregoing restrictions will be subject to the compulsory transfer provisions provided in the Articles of the Company;

- (h) it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (i) it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. federal securities laws to transfer such Shares or interests in accordance with the Articles;
- (j) it acknowledges and understands that the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The subscriber agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (k) it acknowledges and understands that the Company is required to comply with the Common Reporting Standard and that the Company will follow the Common Reporting Standard's extensive reporting requirements. The subscriber agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under the Common Reporting Standard;
- (l) it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Fidante, N+1 Singer or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- (m) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (n) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and has the full power and authority to make, and does make, such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, Fidante, N+1 Singer and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

PART VI

TAXATION

GENERAL

The information below, which relates only to Jersey, UK, United States, Irish and Luxembourg taxation, summarises the advice received by the Board and is applicable to the Company and BGCF (except in so far as express reference is made to the treatment of other persons) to persons who are resident or ordinarily resident in Jersey or the United Kingdom for taxation purposes and who hold Placing Shares as an investment. It is based on current Jersey, UK, United States, Irish, and Luxembourg tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Placing Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt about your tax position, you should consult your professional adviser.

JERSEY

The Directors intend to conduct the Company's affairs such that, based on current law and practice of the relevant tax authorities, the Company will not become resident for tax purposes in any other territory other than Jersey.

General

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No stamp duty is levied in Jersey on the issue, conversion, redemption or transfer of Shares unless there is any element of residential property being transferred, in which case Land Transaction Tax may apply. On the death of an individual holder of Shares (whether or not such individual was domiciled in Jersey), duty at rates of up to 0.75 per cent. of the value of the relevant Shares may be payable on the registration of any Jersey probate or letters of administration which may be required in order to transfer, convert, redeem or make payments in respect of, Shares held by a deceased individual sole shareholder, however total duty payable may not exceed £100,000.

Income – The Company

The Company will be tax resident in Jersey by virtue of being incorporated in Jersey. It will be tax resident in Jersey as long as it is not centrally managed and controlled in a jurisdiction where the highest rate at which any company may be charged to tax on any part of its income is 20 per cent. or higher and it is not resident for tax purposes in that jurisdiction.

The Income Tax (Jersey) Law 1961 (as amended) (the "**Tax Law**") provides that the general rate of income tax on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey will be 0 per cent. ("**zero tax status**"). Certain exceptions from zero tax status apply, including:

- (a) companies which are regulated by the Jersey Financial Services Commission under certain sections of the Financial Services (Jersey) Law 1998, the Banking Business (Jersey) Law 1991 or the Collective Investment Funds (Jersey) Law 1988, shall be subject to income tax at a rate of 10 per cent. (these companies are defined as "financial services companies" in the Tax Law);
- (b) certain utility companies shall be subject to income tax at a rate of 20 per cent. (these companies are defined as "utility companies" in the Tax Law);
- (c) any profits derived from the ownership or disposal of land in Jersey shall be subject to income tax at a rate of 20 per cent.;
- (d) annual profits or gains arising from the trade of exploitation of land in Jersey including quarrying are subject to tax at 20 per cent.; and

- (e) annual profits arising from the trade of importing and supplying hydrocarbon oil to or in Jersey will be subject to tax at 20 per cent.

It is anticipated that the Company should have a zero tax status.

Income – Shareholders

Persons holding Shares who are not resident for income tax purposes in Jersey are not subject to taxation in Jersey in respect of any income or gains arising to them in respect of Shares held by them.

Shareholders who are resident for income tax purposes in Jersey will be subject to income tax in Jersey at their marginal income tax rate on any dividends paid on Shares held by them or on their behalf.

Moreover, holders of Shares who are resident in Jersey should be aware of specific anti-avoidance rules which extend the range of what is a potentially taxable distribution to those holders who are resident in Jersey and this may now include repayment of loan principal, proceeds received in the course of winding up, share repurchase/redemption etc.

Withholding tax – the Company

For so long as the Company holds zero tax status, no withholding in respect of Jersey taxation will be required on payments in respect of the Shares to any holder of the Shares.

Goods and services tax

Pursuant to the Goods and Services Tax (Jersey) Law 2007 (the "**2007 Law**"), tax at a rate which is 5 per cent. applies to the supply of goods and services, unless the relevant supplier or recipient of such goods and services is registered as an "international services entity".

The Company is an "international services entity" within the meaning of the 2007 Law, having satisfied the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended and, as long as it continues to be such an entity, a supply of goods or of a service made by or to the Company shall not be a taxable supply for the purposes of the 2007 Law.

European Union Savings Tax Directive

On 1 July 2005, agreements on the taxation of savings income which were entered into between Jersey and each of the EU Member States came into effect. These agreements provided the same provisions as the EU council directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**") and required, in certain circumstances, the retention of tax from payments made by certain Jersey collective investment vehicles to EU resident individuals. The EU Savings Tax Directive came to an end on 31 December 2015, excluding in Austria. On and after that date, the Jersey Comptroller of Taxes has been required to provide to the tax authorities of the Member State in which such individuals are resident, details of such payments made. Based on what is understood to be the current practice of the Jersey tax authorities, under these provisions the Company would not be obliged to levy retention tax in Jersey or report payments made to EU resident individuals to the Jersey Comptroller of Taxes.

Identification of Shareholders

In the case of any immediate holders of Shares who are resident in Jersey, the Company may be required to notify the Comptroller of Taxes of amounts paid to those individuals by way of dividends or other distributions. Furthermore, the Company can be required to make a return to the Comptroller of Taxes in Jersey, on request, of the names, addresses and shareholdings of Jersey resident shareholders (in practice this return is not required at more frequent intervals than once a year).

This summary of Jersey taxation issues can only provide a general overview of this area and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain Jersey tax issues is based on the laws and regulations in force

as of the date of this document and may be subject to any changes in Jersey law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his tax position or where he is resident, or otherwise subject to taxation, in a jurisdiction other than Jersey, should consult his professional adviser.

UNITED KINGDOM

The statements set out below in relation to certain UK taxes are not applicable to all categories of holders of Shares and in particular are not addressed to: (i) UK non-resident holders who hold Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate holder, through a permanent establishment or otherwise); or (ii) UK resident holders who are not domiciled in the UK.

The Company

The Directors have been advised that following certain changes to the United Kingdom tax rules regarding "alternative investment funds" implemented by the Finance Act 2014 and contained in section 363A of the Taxation (International and other Provisions) Act 2010 the Company should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein), the Company will not be subject to UK income tax or corporation tax other than by way of withholding on certain types of UK source income such as UK source interest.

Shareholders

UK Offshore Fund Rules

If any share class of the Company meets the definition of an "offshore fund" for the purpose of UK taxation, then in order for a UK Shareholder to be taxed under the regime for tax on chargeable gains (rather than on an income basis) on a disposal of Shares, the Company must apply to HM Revenue & Customs for the relevant share class to be treated as a reporting fund and maintain reporting fund status throughout the period in which the UK Shareholder holds the relevant class of Shares.

The Directors are of the opinion that, under current law, neither the Ordinary Shares nor the C Shares should be an "offshore fund" for the purposes of UK taxation, and legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 (other than section 363A referred to above), should not apply.

On this basis, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the UK, or who carry on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, may, depending on their circumstances and subject as mentioned below, be liable to UK tax on any chargeable gains realised on the disposal of their Shares.

Tax on Chargeable Gains

A disposal of Shares by a Shareholder who is resident in the UK for UK tax purposes or who is not so resident but carries on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

Currently for individual Shareholders capital gains tax at the rate of tax at 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers) will be payable on any chargeable gain.

Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which presently exempts the first £11,700 of chargeable gain in a tax year from capital gains tax) depending on their circumstances.

For Shareholders that are bodies corporate any gain will be within the charge to corporation tax. The rate of corporation tax is currently 19 per cent., and is expected to fall to 17 per cent. from 1 April 2020.

Shareholders which are bodies corporate resident in the UK for taxation purposes will benefit from indexation allowance for periods of ownership up until December 2017, which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index. For periods of ownership from December 2017 indexation allowance is not available for corporate shareholders.

Dividends

UK resident individuals are entitled to a nil rate of income tax on the first £2,000 of dividend income in a tax year (the "**Nil Rate Amount**"). Any dividend income received by a UK resident individual Shareholder in respect of the Shares in excess of the Nil Rate Amount will be subject to income tax at a rate of 7.5 per cent. to the extent that it is within the basic rate band, 32.5 per cent. to the extent that it is within the higher rate band and 38.1 per cent. to the extent that it is within the additional rate band.

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Unless the recipient is a "small company" (see below), dividends paid by the Company to a corporate Shareholder which is UK resident should generally be expected to fall within one or more of the classes of dividend qualifying for exemption from corporation tax.

Shareholders within the charge to UK corporation tax which are "small companies" (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to corporation tax on dividends paid to them by the Company because the Company is not resident in a "qualifying territory" for the purposes of the legislation contained in the Corporation Tax Act 2009. Jersey is a non-qualifying territory for this purpose.

The Company will not be required to withhold tax at source when paying a dividend.

Non-UK resident Shareholders

A Shareholder who is not resident in the UK for UK tax purposes will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless such a Shareholder carries on a trade (or profession or vocation) in the UK and the dividends are either a receipt of that trade or, in the case of corporation tax, the dividends are receipts of a trade carried on by the Shareholder through a UK permanent establishment.

Conversion of Carador Shares into Carador Rollover Shares

The conversion of the Carador Shares into Carador Rollover Shares by Carador Shareholders should be treated as a reorganisation of the share capital of that company for the purposes of United Kingdom taxation of chargeable gains. Accordingly, for the purposes of United Kingdom taxation of chargeable gains, the Carador Rollover Shares replacing a Carador Shareholder's holding of existing Carador Shares should be treated as the same asset as the Carador Shareholder's holding of existing Carador Shares, and as having been acquired at the same time as the Carador Shareholder's holding of existing Carador Shares were acquired.

Rollover

For the purposes of UK tax on chargeable gains, the acquisition of Rollover Shares by Carador Shareholders in exchange for their Carador Rollover Shares that would occur under the Rollover should be regarded as a share reorganisation. For these purposes, no disposal of the Carador Rollover Shares or acquisition of the Rollover Shares should be regarded as taking place, but rather the Rollover Shares should be treated as the same asset as the Carador Rollover Shares. The Rollover Shares should be deemed to have been acquired at the same time and for the same cost as the Carador Rollover Shares. To the extent that a Carador Shareholder alone, or together with persons connected with him, holds more than 5 per cent. of, any class of shares in or debentures of Carador, the treatment described above should apply provided that the Rollover is effected for *bona fide* commercial reasons and does not form part of a scheme of arrangement of which the main purpose or one of the main purposes is avoidance of liability to capital gains tax or

corporation tax. Clearance from HM Revenue & Customs has been obtained on this point. If this treatment does not apply for any reason Carador Rollover Shareholders would be treated as disposing of their shares and acquiring new shares in the Company. This may result in a chargeable gain or loss arising.

Conversion of Rollover Shares into Ordinary Shares

The conversion of the Rollover Shares into Ordinary Shares by C Shareholders should be treated as a reorganisation of the share capital of the Company for the purposes of United Kingdom taxation of chargeable gains. Accordingly, for the purposes of United Kingdom taxation of chargeable gains the Ordinary Shares replacing a Shareholder's holding of existing Rollover Shares should be treated as the same asset as the Shareholder's holding of existing Rollover Shares, and as having been acquired at the same time as the Shareholder's holding of existing Rollover Shares were acquired.

Stamp duty and UK Stamp Duty Reserve Tax ("SDRT")

No SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or all matters or things done in relation to the transfer) are not executed in the UK and no matters or actions relating to the transfer are performed in the UK.

Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Shares will not be subject to SDRT.

ISAs and SSAS/SIPPs

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment adviser in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Placing will not be eligible for inclusion in a stocks and shares ISA. On Admission, Shares acquired in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits.

The current total annual ISA (Individual Savings Account) investment allowance is £20,000, which can be invested in cash, stocks and shares or any combination of these.

The Shares should be eligible for inclusion in a SSAS (Small Self-Administered Pension Schemes) or SIPP (Self Invested Personal Pension), subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

Other UK Tax Considerations:

Transfer of Assets Abroad

Individuals resident in the UK should note that Chapter II of Part 13 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company.

Close Company Provisions

The attention of Shareholders resident in the UK is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where the company would be a close company if UK resident, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than a 25 per cent. of the Shares.

Transactions in Securities

The attention of UK resident Shareholders is drawn to the provisions of (in the case of a UK resident individual Shareholder) Chapter 1 of Part 13 Income Tax Act 2007 and (in the case of a UK resident corporate Shareholder) Part 15 of the Corporation Tax Act 2010, which give powers to HMRC to cancel tax advantages derived from certain transactions in securities.

Controlled foreign companies

UK resident corporate Shareholders should be aware of the "controlled foreign companies" rules contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. These rules can result in the "chargeable profits" of a non-UK resident company which is controlled or deemed to be controlled by UK tax resident persons (a "**CFC**") being apportioned to and subject to a UK corporation tax-equivalent charge in the hands of UK tax resident companies which have "relevant interests" in the CFC (which include "relevant interests" held by a bare trustee or nominee). A holding of Shares could qualify as a "relevant interest" for these purposes if the Company is or were to become a CFC. However no apportionment would be made to a Shareholder unless that Shareholder (together with any persons connected or associated with it) would have at least 25 per cent. of the Company's profits apportioned to it on a "just and reasonable" basis. Persons who may be treated as "connected" or "associated" with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control.

If any Shareholder is in doubt as to his or her taxation position, they are strongly recommended to consult an independent professional adviser without delay.

IRELAND

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Shares based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Shareholders who beneficially own their Shares as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Shares, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Shares should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Shares and the receipt of dividends thereon under the laws of their country of residence, citizenship or domicile.

The summary set out below is based on the Company maintaining its tax residence outside Ireland and not establishing a branch or agency in Ireland. It is also based on the assumption that the Company will not maintain a share register in Ireland.

Taxation of Shareholders

The Irish tax consequences for Irish resident investors investing in a Jersey resident company differ depending on whether or not the shares in the company are regarded as an investment falling within the Irish offshore funds rules and, if so, whether the investor is treated as having a "material interest" in an offshore fund. For these purposes, investments made in non-Irish resident companies established outside the EU or a country with which Ireland has a double tax treaty in force may be taxed under the offshore funds legislation. Income distributions are treated in the same manner irrespective of whether the offshore fund rules apply or not. However, the tax treatment of gains on a disposal of shares differs.

Income distributions in respect of shares in the Company (whether the offshore funds rules apply or not)

For holders who are Irish resident individuals (or are otherwise subject to tax in Ireland on dividends received from the Company), Irish income tax at the applicable marginal rate (i.e. up to 40 per cent.) plus Pay Related Social Insurance (as defined under Irish law) ("**PRSI**") and Universal Social Charge (as defined under Irish law) ("**USC**") will apply to the dividend received. Dividends are taxable on a gross basis with a credit for any withholding tax deducted at source.

For corporate shareholders which are resident in Ireland (or are otherwise subject to tax in Ireland on dividends received from the Company), Irish corporation tax at 25 per cent. will apply to the dividend received (except where the dividend is regarded as a trading receipt, i.e. financial trading companies, in which case it should be taxable at 12.5 per cent.). Dividends are taxable on a gross basis, with a credit for any withholding tax deducted at source. Where a corporate shareholder owns more than 10 per cent. of the share capital of the Company it may be entitled to a credit for the underlying tax suffered by the Company.

Gains on a disposal of shares in the Company

An investor will be regarded as having a material interest in an offshore fund if, at the time when the person acquired the Shares, it could reasonably be expected that at some time during the period of 7 years beginning at the time of the acquisition the person would be able to realise the value of the interest (whether by transfer, surrender or in any other manner). The value of the interest shall for this purpose be an amount that is reasonably approximate to the portion which the interest represents (directly or indirectly) of the market value of the assets of the Company.

If the holder has a "material interest" and the Irish offshore funds rules apply

It is unlikely that the Company will be a "qualifying fund" as it is unlikely to meet the diversification requirements. If a shareholder's interest in the Company is "material interest" in a "non-qualifying fund", any gain (including a disposal on a winding up) arising on the disposal of a material interest in the Company will be subject to income tax at marginal rates (i.e. up to 40 per cent.) plus PRSI and USC for Irish resident individuals and generally 25 per cent. in the case of Irish resident companies. If a financial trading company holds the Shares as a trading asset, any gain should be subject to tax as a trading receipt and therefore liable to tax at a rate of 12.5 per cent.

Reporting requirements also apply to investors and intermediaries in relation to the acquisition by Irish residents of a material interest in an offshore fund.

"Normal" tax position (i.e. if the holder does not have a "material interest" or the Irish offshore funds rules are not applicable)

If a shareholder's interest in the Company is not a "material interest" in an offshore fund then any gain on the disposal (including a disposal on a winding up) of Shares will be subject to Irish capital gains tax or corporation tax on gains liability. Both Irish resident corporate and individual shareholders will be taxed on such gain at 33 per cent., subject to any exemptions or reliefs. If a financial trading company holds the Shares as a trading asset, any gain should be subject to tax as a trading receipt and therefore liable to corporation tax at a rate of 12.5 per cent.

Non-Irish Domiciled Individuals

Persons who are resident but not domiciled in Ireland may be able to claim the remittance basis of taxation, in which case the liability to tax in respect of income distributions or gains will only arise as and when the receipts are remitted to Ireland.

Shareholders should note that certain Irish anti-avoidance legislation may, in certain circumstances, apply in relation to their interest in the Company to render them subject to Irish tax on the undistributed income and/or gains of the Company. For example, it is intended that the Company will not be a close company for Irish tax purposes, however, in the event that it should be deemed to be a close company for Irish tax purposes (were it resident in Ireland for tax purposes), Irish anti-avoidance legislation provides that a portion of the capital gains made by the Company may be attributed back to shareholders who are resident or ordinarily resident and, if an individual, domiciled, in Ireland as offshore income/gains. Such Shareholders may thereby become chargeable to Irish income tax or corporation tax on a portion of such gains as they accrue to the Company.

Encashment Tax

Shareholders in the Company should note that any distributions made by a paying agent in Ireland on behalf of the Company or which are presented to, collected by, received by or otherwise realised by a bank or other person acting on behalf of the Shareholder in Ireland may be subject to encashment tax at the standard rate of income tax which is currently 20 per cent. Encashment tax is creditable against the Shareholder's final income tax liability.

Stamp Duty

No stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of shares in the Company provided the consideration is not related to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a

company which is an investment undertaking within the meaning of Section 739B of the Taxes Consolidation Act, 1997 or a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997) which is registered in Ireland.

Capital Acquisitions Tax

A gift or inheritance comprising of Shares will be within the charge to Irish capital acquisitions tax if either: (i) the disponent or the beneficiary in relation to the gift or inheritance is resident or ordinarily resident (or deemed to be resident or ordinarily resident) in Ireland; or (ii) the Shares are regarded as property situate in Ireland (which will not be the case unless the Company's share register is located in Ireland).

LUXEMBOURG

Capital duty and registration fee

Following the abolition of capital duty as of 1 January 2009, no capital duty applies in Luxembourg. There is however a fixed registration fee of €75 to be paid by the company upon its incorporation and upon any subsequent modification of its articles of incorporation.

Tax residence

LuxCo has been incorporated as a Luxembourg fully taxable entity having its statutory seat and central administration in Luxembourg.

Pursuant to Luxembourg tax law, LuxCo is thus considered as tax resident in Luxembourg.

Please note however that from an international tax perspective, other jurisdictions may impose further substance requirements to grant the benefit of a double tax treaty, EU Directives or a specific exemption under domestic tax law.

Foreign tax authorities could also challenge the benefit of: (i) double tax treaties, EU Directives or certain foreign domestic laws based on the concept of "beneficial owner" as per the OECD Model Convention and the related comments as well as per foreign domestic legislation; or (ii) based on other domestic anti abuse rules.

Thin capitalisation

According to the Luxembourg administrative tax practice, a Luxembourg corporation has in principle to comply with a debt-to-equity ratio of 85:15 as regards its shareholding activity.

If this ratio is exceeded, the Luxembourg direct tax authorities may consider any interest on the excessive amount of debt as a deemed dividend distribution for which no tax deduction would be available and which could be subject to withholding tax ("**WHT**").

In addition, if the tax administration considers that, although there is no breach of the debt-to-equity ratio, interest expenses are not at arm's length, excess interest expenses may also be re-characterized as hidden profit distributions, i.e. non-deductible and subject to a 15 per cent. WHT on the gross amount unless the taxpayer is able to demonstrate that these expenses are in accordance with market practice.

Corporate Income Tax and Municipal Business Tax

A company, which is tax resident in Luxembourg, is subject to Corporate Income Tax ("**CIT**") and Municipal Business Tax ("**MBT**") in Luxembourg on its worldwide income unless certain items benefit from an exemption under domestic law or double tax treaties.

The 2018 Luxembourg overall income tax rate is 26.01 per cent., including: (i) 18 per cent. CIT; (ii) 7 per cent. contribution to the unemployment fund computed based on CIT due; and (iii) 6.75 per cent. MBT rate for companies whose statutory seat is located in Luxembourg city (after an allowance of €17.5k granted for MBT purposes only).

Taxable income is calculated based on the profits as stated in the commercial balance sheet, plus certain adjustments provided for under the tax law (e.g. non-deductibility of taxes, exemption for dividends and capital gains if certain requirements are met, etc.). Taxable income of companies resident in Luxembourg includes income of all types (e.g. commercial profit, interest income, dividend income, royalties, capital gains, liquidation proceeds, etc.) and from all sources. Therefore, foreign-source income will be included in the taxable basis of LuxCo subject to specific exemptions.

Luxembourg tax law permits the deduction of arm's length operating expenses when calculating taxable income.

According to Luxembourg income tax law, expenses that are incurred in the economic interest of LuxCo are in principle deductible from its taxable basis unless they relate to an exempt income. To the extent they are not incurred in the economic interest of the undertaking, such costs should be re-invoiced with an arm's length mark-up to the entity on behalf of which they were paid. In the event the costs are not incurred in the economic interest of the undertaking and are not re-invoiced, such expenses would be non-deductible and may also be subject to WHT if considered as a hidden distribution of profit.

Deductible items include, *inter alia*, arm's length interest expenses, payroll expenses, running costs, registration fees, tax losses and contributions to pension plans. Profit distributions, CIT, MBT, net wealth tax and directors' fees are non-deductible.

CIT and MBT tax losses may be carried forward without any time if generated before 1 January 2017. Tax losses generated as of 1 January 2017 can only be carried forward for a maximum period of 17 years. The carry back of tax losses is however prohibited.

Net worth tax

Luxembourg resident companies are subject to an annual Net Worth Tax ("**NWT**") at a rate of 0.5 per cent. on their worldwide net worth (provided the total net worth does not exceed €500 million, otherwise NWT of EUR 2.5m plus 0.05 per cent. on the component of the NWT base above EUR 500m) unless a double tax treaty or a specific disposition provides otherwise.

The net worth is determined on January 1 of each year. The taxable basis is determined roughly as the market value of all the assets (including cash and receivables) less all the liabilities. The assets financed by share capital and retained earnings should thus be taxable.

The general rule is that debts are deductible. However, debts related to exempt assets are not deductible from the NWT basis to the extent that the value of the debt does not exceed the value of the exempt asset. The excess amount is therefore deductible for NWT purposes.

Please note that there is an annual minimum NWT tax due by Luxembourg companies consisting of either:

- (i) a flat tax of €4,815 (including the contribution to the unemployment fund) for Luxembourg collective entities where the total of the company's financial fixed assets, receivables held against affiliated companies and companies in which they hold a shareholding, transferable securities, cash at bank, cash in postal checking accounts, checks, and cash in hand (i.e. assets booked under captions 23, 41, 50 and 51 of the Luxembourg Standard Chart of Accounts) exceed 90 per cent. of the total balance sheet and €350k. However if the total balance sheet does not exceed €350k; or
- (ii) a variable tax ranging between €535 and €32,100 (including the contribution to the unemployment fund) depending on the amount of assets for all other companies.

The minimum NWT as determined in accordance with the above paragraph is reduced by the amount of CIT due in respect of the preceding fiscal year after deduction of tax credit (if any).

The NWT is not due in the year of incorporation but is due in full the year of liquidation.

In certain circumstances, a NWT reduction (in full or in part) can be achieved. This reduction requires the creation of a special reserve equal to 5 times the amount of the NWT for which the reduction is claimed and which will have to be maintained for a period of at least 5 years following the year the reserve is set up.

Specific requirements need to be met in order to benefit from such reduction. It should be noted that the NWT reduction cannot be claimed for the amount corresponding to the minimum NWT.

WHT on distributions

Dividends and liquidation proceeds

Dividends paid by a Luxembourg company are in principle subject to Luxembourg WHT at the rate of 15 per cent. on the gross payment (17.65 per cent. on the net payment) unless a double tax treaty applies or the conditions of the Luxembourg participation exemption regime are met.

Dividend payments by LuxCo to the Company would prima facie be subject to 15 per cent. withholding tax in Luxembourg unless the conditions of the Luxembourg participation exemption regime would apply or such withholding tax could be reduced based on the existing Luxembourg/Jersey double tax treaty.

However, it is expected that the cash will be repatriated from LuxCo to the Company through redemption of Cash Settlement Warrants at fair market value without any WHT in Luxembourg (to the extent that Cash Settlement Warrants qualify as debt instruments for Luxembourg tax purposes and are at arm's length), save for the remuneration earned by the LuxCo on its financing activities, as determined by a transfer pricing analysis.

Additionally, there is no WHT in Luxembourg on liquidation proceeds deriving from the full liquidation of a Luxembourg company.

Interest

In principle, under Luxembourg domestic law there is no WHT on ordinary arm's length interest payments (other than interest on certain profit sharing bonds or provided the Law of 23 December 2005 which has introduced a 10 per cent. WHT on interest paid to Luxembourg resident individuals applies).

Directors' fees

Directors' fees (tantièmes) paid by a Luxembourg company to its directors in consideration for their executive positions (i.e. not within the context of an employment agreement for the day-to-day management) are non-deductible for CIT and MBT purposes at the level of the Luxembourg company and are subject to a withholding tax at a rate of 20 per cent. on the gross amount of such fees (25 per cent. on the net amount).

Directors' fees may also potentially be subject to income tax reporting obligations in the hands of the Directors.

Transfer Pricing

According to Luxembourg law, taxpayers should be able to provide, upon request, evidence supporting that their related party transactions comply with transfer pricing requirements.

The company would have to comply with certain economic and organisational substance requirements and an arm's length remuneration would also have to be earned on such financing activities. Such arm's length remuneration should be at arm's length (in line with the OECD's general guidelines and the Luxembourg transfer pricing regulations) and properly documented from a transfer pricing perspective. LuxCo will be required to have an amount of equity at risk equal to at least 1 per cent.

A transfer pricing analysis has been performed by Deloitte Luxembourg dated April 2018 assessing the arm's length margin to be realized by LuxCo on its financing activities. This analysis has been based on a limited risk and functional profile of LuxCo taking into account equity at risk of 1 per cent. of the investment amount.

Chamber of commerce contribution

All Luxembourg taxpayers that carry on commercial, financial or industrial activities in Luxembourg are in principle subject to an annual contribution payable to the Luxembourg Chamber of Commerce.

This contribution is levied on the taxpayer's profits of the second year preceding the year for which the contribution is due as determined for tax purposes (with the exclusion of any tax losses carried forward which would be available to the taxpayer) at a rate fluctuating between 20bps and 2.5bps with a minimum of €70 for an S.à r.l.

The Luxembourg tax authorities provide relevant information on the taxpayer's profits to the Chamber of Commerce accordingly.

However, companies whose main activities consist in holding participations are excluded from the application of the general system of calculation.

These companies will instead be subject to an annual €350 lump sum contribution (i.e. flat contribution), irrespective of their taxable profits.

The Luxembourg companies which should benefit from such lump sum contribution are: (i) companies which mainly hold participations (i.e. Soparfi object); and (ii) companies which are regarded as such according to the general nomenclature of economic activities in the European Community (i.e. NACE code), as implemented in Luxembourg.

The NACE classification of LuxCo should be closely monitored on an on-going basis in order to make sure that it is entitled to the benefit of the lump-sum contribution to the Chamber of Commerce.

Foreign taxes on income received by LuxCo

The tax levied by foreign jurisdictions, by way of withholding or otherwise, on dividend income, interest income and/or capital gains received by LuxCo may be relieved in whole or in part if a double tax treaty exists between Luxembourg and the country from which the income is received or if the income benefits from EU Directives or from Luxembourg domestic provisions.

This should be analysed on a case-by-case basis.

Taxation of the investors into LuxCo

Investors who: (i) are not resident in Luxembourg; and (ii) do not avail of a permanent establishment or permanent representative in Luxembourg to which assets or the income and/or capital gain thereon are attributable are in principle not subject to any capital gain, income, estate or inheritance tax in Luxembourg or to any withholding tax.

Non-residents capital gain

In accordance with Luxembourg income tax law, gains realised by non-residents (companies or individuals) on the disposal (or liquidation) of a substantial shareholding in a fully taxable company having its registered office, or its central administration, in Luxembourg within 6 months of the acquisition of the shareholding are taxable in Luxembourg (each share being considered separately when determining the six month period).

Similarly, the sale, or the share in the liquidation proceeds (or equivalent), of a substantial shareholding in a fully taxable Luxembourg company, by a person/entity who has been resident in Luxembourg for more than 15 years, in the five years after he/she/it becomes non-resident is also taxable in Luxembourg.

A substantial shareholding is defined as a direct or indirect equity investment where the shareholder holds or has held a shareholding representing more than 10 per cent. of the share capital (or, if there is no share capital, of the net assets of the company) at any moment in the five years preceding the date of disposal. It includes shares held by the vendor alone or together with a spouse and minor children.

In either case, should the non-residents benefit from the provisions of a tax treaty between their country of residence and Luxembourg giving the exclusive right to tax such gains to the country of residence, the above-mentioned Luxembourg internal provisions should be overruled.

Otherwise potential capital gains realised by corporate non-residents are subject to Luxembourg CIT at a rate of 19.26 per cent. (in 2018) and at a progressive rate for non-resident individuals.

Registration and stamp duties

A transfer of securities (e.g. shares, bonds) or loans should in principle not be subject to registration duties, stamp duties or any other similar tax or duty in Luxembourg unless such transfer is voluntarily registered or the transferred asset is secured by real-estate.

In principle, Luxembourg registration duties cover all acts and circumstances subject to registration on a mandatory basis, i.e.:

- (i) all transactions requiring the intervention of a Luxembourg notary;
- (ii) all acts and circumstances pertaining to Luxembourg-located real estate;
- (iii) the registration fee in respect of companies being incorporated in or transferred to Luxembourg; and
- (iv) all deeds and documents used in court proceedings.

Luxembourg registration duties also affect those acts filed for registration on a voluntary basis.

VAT

Financing through interest bearing profit participating note is an economic activity falling within the scope of VAT, giving LuxCo the status of a taxable person for VAT purposes in Luxembourg.

To the extent that LuxCo would perform financing solely to other EU resident entities, i.e. would not perform any other activities such as re-charge of costs, management services or any other taxable activity and would not receive non VAT exempt services from suppliers established outside Luxembourg for which it is liable to self-assess Luxembourg VAT under the reverse charge mechanism, there is no requirement for LuxCo to register for Luxembourg VAT.

Any such non-VAT exempt services received from abroad would trigger a VAT registration of LuxCo to enable it to declare and pay the Luxembourg VAT due under the reverse charge mechanism through simplified annual VAT returns.

Irrespective of whether LuxCo has the obligation to register for VAT in Luxembourg, assuming that its only activity is financing to EU resident companies, it will not be entitled to any input VAT deduction or recovery right. Any input VAT incurred by LuxCo (either charged by Luxembourg suppliers or self-assessed on non-VAT exempt services received from foreign suppliers) would constitute a final cost.

UNITED STATES

The Company

The Company is expected to have little, if any, activity related to the United States and the Directors intend to conduct its affairs in such a way that it should not be subject to U.S. federal income tax on a net income basis.

While the Company indirectly (including through the Underlying Companies, the Underlying Company CLOs and the Rollover Assets) may acquire loans issued by U.S. obligors and DFM personnel located in the United States may provide services to the Underlying Companies and Risk Retention CLOs and Rollover Assets, the Company intends to conduct its affairs in a manner designed to minimize the risk that the Underlying Companies, the Risk Retention CLOs and Rollover Assets are subject to U.S. federal income tax on a net income basis. If the IRS were successfully to assert that any of such entities were subject to U.S. federal income tax on its net income, such entity could be subject to substantial U.S. tax and there could be material adverse financial consequences to the Company and its Shareholders.

U.S. Holders of Shares

General

The following is a summary of certain U.S. federal income tax consequences to "U.S. Holders" of owning and disposing of our Shares acquired under the Placing Programme and held as capital assets for U.S.

federal income tax purposes. This discussion is based on the U.S. Tax Code and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as at the date of this Prospectus, changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described herein. This discussion does not address any aspect of state, local or non-U.S. taxation, or, with limited exceptions, any U.S. federal taxes other than income taxes (such as gift and estate taxes).

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of a Share that is:

- an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organised in or under the laws of the United States, any State thereof, or the District of Columbia;
- an estate or trust whose income is subject to U.S. federal income taxation regardless of its source.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including the alternative minimum tax, the 3.8 per cent. Medicare tax on certain investment income, and the different consequences that may apply if you are subject to special rules applicable to certain types of investors, such as:

- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- dealers or traders subject to a mark-to-market method of tax accounting with respect to the Shares;
- persons holding the Shares as part of a straddle, hedge, integrated transaction or similar transaction;
- persons required under Section 451(b) of the U.S. Tax Code to conform the timing of income accruals with respect to the Shares to their financial statements;
- U.S. Holders whose functional currency is not the U.S. Dollar;
- partnerships or other pass-through entities for U.S. federal income tax purposes;
- U.S. Holders owning or considered as owning 10 per cent. or more of the voting power or value of the Shares; and
- tax-exempt entities.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

You are urged to consult your tax advisor with respect to the application of U.S. federal income tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction.

Investment in a Passive Foreign Investment Company

The Company will constitute a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes, and U.S. Holders will be subject to the PFIC rules. Accordingly, as described in more detail below, the U.S. Dollar value of gain on the sale of the Shares could be treated as ordinary income and subject to an additional tax in the nature of interest. U.S. Holders should consider making an election to treat the Company as a qualified electing fund ("**QEF**"). Generally, a U.S. Holder makes a QEF election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year in which it held its Shares. If a U.S. Holder makes a timely QEF election with respect to the Company, the electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, the U.S. Dollar value of the U.S. Holder's *pro rata* share of the Company's ordinary earnings and (ii) as long-term capital gain, the U.S. Dollar value of the U.S. Holder's *pro rata* share of the Company's net capital gain, whether or not distributed. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Company in a taxable year will not be available to the U.S.

Holder and may not be carried back or forward in computing the Company's ordinary earnings and net capital gain in other taxable years.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, the electing U.S. Holder may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income, subject to a non-deductible interest charge on the deferred amount. In this respect, prospective purchasers of Shares should be aware that the earnings of the Company, BGCF, and Underlying Company CLOs and other entities treated as PFICs in which the Company has an equity interest may substantially exceed distributions on the Shares and, consequently a U.S. Holder may have substantial phantom income if it make as QEF election with respect to the Company and any indirect interests in PFICs (discussed below), as a result of original issue discount on loans or debt instruments held by such entities, the use of interest earned and other income to pay principal on the debt of such entities, or otherwise.

The Company will provide, upon request and at the Company's expense, all information and documentation that a U.S. Holder making a QEF election with respect to the Company is required to obtain for U.S. federal income tax purposes.

A U.S. Holder that does not make a timely QEF election will be required to pay tax on the U.S. Dollar value of any gain on the disposition of its Shares at ordinary income rates, rather than capital gains rates, and to compute the tax liability on such gain and any Excess Distribution (as defined below) received in respect of the Shares as if such items had been earned ratably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the Shares. The U.S. Holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. Holder's regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. Holder (and without reduction by otherwise available tax attributes in the prior years, such as net operating loss carry forwards). Further, such U.S. Holder will also be liable for a non-deductible interest charge as if such income tax liabilities had been due with respect to each such prior year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations, certain other transfers, and use of the Shares as security for a loan may be treated as taxable dispositions of such Shares. In addition, a stepped-up basis in the Shares will not be available upon the death of an individual U.S. Holder who has not made a timely QEF election with respect to the Company.

The amount by which the U.S. Dollar value of distributions during a taxable year in respect of a Share exceeds 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Shares) is an ("**Excess Distribution**").

In many cases, the U.S. federal income tax on any gain on disposition or receipt of Excess Distributions is likely to be substantially greater than the tax if a timely QEF election is made. **U.S. Holders should strongly consider making a QEF election with respect to the Company (and each indirectly held PFIC discussed below).**

Indirect Interests in PFICs

The Company expects to own direct and indirect interests treated as equity for U.S. federal income tax purposes in foreign corporations (such as BGCF and Underlying Company CLOs) that will be treated as PFICs and, as a result, U.S. Holders of Shares will be treated as owning an indirect interest in such PFICs. Under the PFIC rules, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly and is subject to the same PFIC rules discussed above with respect to an indirectly owned PFIC. Consequently, a U.S. Holder's *pro rata* share of (i) any distributions by a PFIC directly or indirectly owned by the Company and (ii) gain indirectly realised on the sale of such PFIC or on the sale by the U.S. Holder of its Shares would be subject to the Excess Distribution and non-deductible interest charge rules discussed above unless a QEF election is made with respect to such PFIC.

A separate QEF election is required with respect to each PFIC. Thus, for a U.S. Holder to be able to treat the Company and each of the Company's directly and indirectly owned PFICs as a QEF, the U.S. Holder (and not the Company) would be required to make a separate QEF election with respect to the Company and each such indirect PFIC. The Company will provide, upon request and at the Company's expense, all information and documentation that a U.S. Holder making a QEF election with respect to BGCF and each Underlying Company CLO is required to obtain for U.S. federal income tax purposes. The Company,

however, may have equity interests in other PFICs for which the Company is unable, in a commercially reasonable manner, to obtain the information and documentation necessary for a U.S. Holder to make a QEF election with respect to such indirectly held PFIC. Thus, there can be no assurance that a U.S. Holder will be able to make the election with respect to all indirectly held PFICs.

Accordingly, if the U.S. Holder has not made a QEF election with respect to an indirectly held PFIC, the U.S. Holder would be subject to the adverse consequences described above under *Investment in a Passive Foreign Investment Company* with respect to any Excess Distributions of such indirectly held PFIC, any gain indirectly realised by such U.S. Holder on the sale of such PFIC, and any gain indirectly realised by such U.S. Holder with respect to the indirectly held PFIC on the sale by the U.S. Holder of its Shares (which may arise even if the U.S. Holder realises a loss on such sale). If an indirectly held PFIC is acquired or sold for Euros, the tax basis or amount realised, respectively, with respect to such PFIC would be determined under the rules described below under *Sale or Other Taxable Disposition*. Moreover, if the U.S. Holder has made a QEF election with respect to the indirectly held PFIC, the U.S. Holder will be required to include in income the U.S. Dollar value of its *pro rata* share of the indirectly held PFIC's ordinary earnings and net capital gain as if the indirectly held PFIC were held directly (as described above), and the U.S. Holder will not be permitted to use any losses or other expenses of the Company to offset such ordinary earnings and/or net capital gains. Accordingly, if any of the indirect equity interests owned by a U.S. Holder is treated as equity interests in a PFIC, U.S. Holders could experience significant amounts of phantom income with respect to such interests.

Distributions

The treatment of actual distributions of cash on the Shares will vary depending on whether a U.S. Holder has made a timely QEF election with respect to the Company (as described under *Investment in a Passive Foreign Investment Company*). If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election and to this extent will not be taxable to such U.S. Holder. Distributions in excess of such previously taxed amounts will be taxable to U.S. Holders as ordinary income upon receipt, to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Company. Distributions in excess of previously taxed amounts and any remaining current and accumulated earnings and profits of the Company will be treated first as a non-taxable return of capital, to the extent of the U.S. Holder's adjusted tax basis in the Shares, and then as a disposition of a portion of the Shares. In addition, for Shares denominated in Euros, a U.S. Holder will recognise exchange gain or loss with respect to amounts previously taxed pursuant to the QEF election equal to the difference, if any, between the U.S. Dollar value of the distribution on the date received and the U.S. Dollar value of the previously taxed amount. Any exchange gain or loss will generally be treated as ordinary income or loss.

If a U.S. Holder has not made a timely QEF election with respect to the Company, then some or all of any distributions with respect to the Shares may constitute Excess Distributions, taxable as described above under the heading *Investment in a Passive Foreign Investment Company*. In addition, distributions in excess of a U.S. Holder's adjusted tax basis in the Shares would be treated as a disposition of a portion of the Shares and subject to an additional tax reflecting a deemed interest charge, as described below under *Sale or Other Taxable Disposition*.

Distributions on the Shares will not be eligible for the dividends received deduction, and will not qualify as qualified dividend income.

Sale or Other Taxable Disposition

In general, a U.S. Holder will recognise gain or loss upon the sale or other taxable disposition of the Shares (including a distribution that is treated as a disposition of the Shares, as described above under *Distributions*) equal to the difference between the U.S. Dollar value of the amount realised and the U.S. Holder's adjusted tax basis in the Shares. If the Shares are sold for Euros, the U.S. Dollar value of the amount realised generally is based on the Euro-to-U.S. Dollar spot exchange rate on the date of the disposition. However, if such Shares are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. Dollar value of the amount realised is based instead on the Euro-to-U.S. Dollar spot exchange rate on the settlement date for the sale. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year.

A U.S. Holder's tax basis in its Shares initially will equal the U.S. Dollar value of the amount paid by the U.S. Holder for the Shares or the fair market value of the Carador Shares exchanged therefor (unless the Shares were acquired as a part of a tax-free reorganisation for U.S. federal income tax purposes as described in the Carador circular). If a U.S. Holder pays for the Shares in Euros, such U.S. Holder's tax basis is determined under rules analogous to the rules for determining the U.S. Dollar value of the amount realised. The U.S. Holder's tax basis in the Shares will be increased by amounts taxable to the U.S. Holder by reason of any QEF election, and decreased by the U.S. Dollar value of actual distributions by the Company that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital, as described above under *Distributions*.

If the U.S. Holder has made a timely QEF election with respect to the Company, gain or loss upon the sale or other taxable disposition of Shares generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. Dollar value of any amounts previously taxed pursuant to the QEF election (and the QEF elections with respect to any indirectly owned PFICs) from the date of each deemed distribution pursuant to the election (based on the Euro-to-U.S. Dollar spot exchange rate on that date) to the date of the disposition. Any gain or loss in excess of such foreign currency exchange gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder has held the Shares for more than one year at the time of the disposition.

Long-term capital gain of non-corporate U.S. Holders is eligible for reduced rates of taxation. The deductibility of net capital losses is subject to limitations.

If a U.S. Holder does not make a timely QEF election with respect to the Company as described above, any gain realised on a sale or generally on any other disposition of the Shares (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed at ordinary income rates and subject to an additional tax reflecting a deemed interest charge under the special tax rules described under *Investment in a Passive Foreign Investment Company*.

In addition, as described above under *Indirect Interests in PFICs*, the U.S. Dollar value of any gain attributable to interests in PFICs owned, directly or indirectly, by the Company may be taxable to a U.S. Holder at ordinary income rates upon the sale or other disposition of the U.S. Holder's Shares.

Receipt of Euro

U.S. Holders will have a tax basis in any Euro received as (i) a distribution on the date of the distribution or (ii) proceeds for the sale of, Shares equal to the U.S. Dollar value of the Euro used in determining the U.S. Holder's gain or loss (see *Sale or Other Taxable Distribution*, above). Any gain or loss recognised on a sale or disposition of the Euro generally will be ordinary income or loss.

Mark-to-Market Method of Tax Accounting

A U.S. Holder may be eligible to make an election to account for its investment in the Shares using the mark-to-market method of tax accounting. In such case, a U.S. holder could avoid being subject to the tax consequences described above under *Investment in a Passive Foreign Investment Company* with respect to the Company. However, a U.S. Holder making such an election would continue to be subject to the tax consequences described above under *Indirect Interests in PFICs* with respect to indirectly held PFICs.

Transfer and Information Reporting Requirements

A U.S. Holder that purchases the Shares for cash will be required to file an IRS Form 926 or similar form with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the transfer, at least 10 per cent. by vote or value of the Company or (ii) the amount of cash transferred by such person (or any related person) to the Company during the 12-month period ending on the date of such transfer exceeds U.S.\$100,000.

A U.S. Holder that is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Company for U.S. federal income tax purposes may be required to file an information return on IRS Form 5471.

In addition, U.S. Holders generally will be required to file IRS Form 8621 annually for each directly or indirectly held PFIC.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a tolling of the statute of limitations with respect to their U.S. tax returns. U.S. Holders should consult their tax advisors with respect to these and any other reporting requirements that may apply with respect to their acquisition or ownership of the Shares.

Specified Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals and certain domestic entities that have the requisite U.S. individual ownership may be subject to reporting obligations with respect to their Shares if they do not hold their Shares in an account maintained by a financial institution and the aggregate value of their Shares and certain other specified foreign financial assets exceeds U.S.\$50,000. Significant penalties can apply if a U.S. Holder is required to disclose its Shares and fails to do so.

Reportable Transactions

A participant in a reportable transaction is required to disclose its participation in such a transaction on IRS Form 8886. Any foreign currency exchange loss in excess of U.S.\$50,000 recognised by a U.S. Holder may be subject to this disclosure requirement. Failure to comply with this disclosure requirement can result in substantial penalties. U.S. Holders should consult their advisors with respect to the requirement to disclose reportable transactions.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to certain payments within the United States of distributions and proceeds of a sale or other taxable disposition of Shares, or to payments of such amounts outside the United States by certain U.S.-related persons.

Backup withholding may apply to any payments described in the preceding sentence if a U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Conversion of Carador Shares into Carador Rollover Shares and their exchange for Rollover Shares

The proper treatment for U.S. federal income tax purposes of the Conversion of Carador Shares into Carador Rollover Shares and their exchange for Rollover Shares pursuant to the Rollover is unclear and the consequences to U.S. Holders may vary substantially (and be adverse) depending on the treatment. Among other possibilities, the participation of a U.S. Holder in the Rollover might be treated as (i) a tax-free recapitalisation, in which case a U.S. Holder would not recognise gain or loss, and its tax basis in and holding period of the converted Carador Shares would carry over to the Carador Rollover Shares or (ii) a taxable redemption of Carador Rollover Shares in exchange for Ordinary Shares, in which a U.S. Holder would recognise gain or loss on the exchange of the Carador Rollover Shares. **U.S. Holders should consult with their tax advisors regarding the proper treatment of participation in the Rollover and its consequences for U.S. federal income tax purposes.**

PART VII

ADDITIONAL INFORMATION ON THE COMPANY

1. INCORPORATION AND ADMINISTRATION

- 1.1 The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 30 April 2014 under the provisions of the Companies Law, with registered number 115628. The Company continues to be registered and domiciled in Jersey. The registered office and principal place of business of the Company is IFC 1, The Esplanade, St Helier, Jersey JE1 4BP (telephone number: 01534 813800). The statutory records of the Company are kept at this address. The Company operates and issues shares in accordance with the Companies Law and ordinances and regulations made thereunder and has no employees. The Company shall have an unlimited life.
- 1.2 The Company has a wholly owned subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., a private limited liability company ("société à responsabilité limitée") which was incorporated under the laws of the Grand-Duchy of Luxembourg on 23 July 2015, having its registered office at L-2453 Luxembourg, 2-4, rue Eugene Ruppert, and registered with the Luxembourg register of commerce and companies under number B199065.
- 1.3 The Company's accounting period ends on 31 December of each year. The Company's audited annual report and accounts from the period from 1 January 2017 to 31 December 2017 were published on 25 April 2018. As at 31 October, the unaudited Net Asset Value per Share of the Company was €0.8981.
- 1.4 The Company's auditors are Deloitte LLP (the "**Auditors**"), who are registered auditors qualified to practice in England & Wales. The Auditors have been the only auditors of the Company since its incorporation. In such capacity, the Auditors are responsible for auditing and expressing an opinion on the financial statements of the Company in accordance with applicable law and auditing standards.
- 1.5 The annual report and accounts are prepared according to IFRS as adopted by the EU.
- 1.6 Save as set out in paragraph 2 below, there have been no changes to the issued share capital of the Company since incorporation. No shares of the Company are held in treasury.

2. SHARE CAPITAL

- 2.1 On incorporation, the entire issued share capital of the Company comprising two ordinary shares of £1.00 each was held by Ogier Nominees (Jersey) Limited and Reigo Nominees (Jersey) Limited (two nominee companies associated with the then administrator). Pursuant to a Shareholder resolution dated 13 June 2014, the Company's share capital was converted into two ordinary shares of no par value.
- 2.2 On its IPO on 18 July 2014, the Company issued 260,500,000 Ordinary Shares at a price of €1 per share. On 22 August 2014, it issued a further 40,700,000 Ordinary Shares at €1 per Ordinary Share, pursuant to an over-allotment option put in place at the time of IPO. On 24 April 2015, the Company issued an additional 30,119,700 Ordinary Shares at a price of €1.02 per Ordinary Share.
- 2.3 On 3 June 2016, pursuant to a general authority to buy back shares conferred at its Annual General Meeting on 18 June 2015, the Company purchased 1,300,000 Ordinary Shares at €0.915 per Ordinary Share, which were then held in treasury. On 14 June 2016, it purchased a further 1,000,000 Ordinary Shares at €0.9369 per Ordinary Share, which were then held in treasury. On 17 June 2016, the Company purchased a further 2,200,000 Ordinary Shares at €0.94 per Ordinary Share, which were then held in treasury. On 24 June 2016, it purchased a further 2,219,000 Ordinary Shares at €0.9419 per Ordinary Share, which were then held in treasury.
- 2.4 On 7 March 2017, the Company announced it had issued 71,380,746 Ordinary Shares at €1.02 per Ordinary Share as part of a placing programme. On 10 March 2017, the Company issued a further

- 1,000,000 Ordinary Shares at €1.03 per Ordinary Share. On 17 March 2017, the Company issued a further 1,000,000 Ordinary Shares at €1.03 per Ordinary Share.
- 2.5 On 31 March 2017, the Company sold all of the 6,719,000 Ordinary Shares it held in treasury at €1.0304 per Ordinary Share.
- 2.6 Accordingly, as at the date of this Prospectus, the total number of Ordinary Shares in issue and of voting rights in the Company is 404,700,446.
- 2.7 The Rollover Shares and Placing Shares (together, the "**Issue Shares**") to be issued will be denominated in Euro and will have the rights set out in the Articles.
- 2.8 None of the Shareholders has voting rights attaching to shares that they hold which are different to the voting rights attached to any other shares of the same class in the Company.
- 2.9 As at the date of this Prospectus, the memorandum of association provides that there is no limit on the number of shares of any class which the Company is authorised to issue.
- 2.10 The Issue Shares will be in registered form and will be capable of being held in uncertificated form and title to such Issue Shares may be transferred by means of a relevant system (as defined in the Uncertificated Securities Regulations 2001 of the United Kingdom (SI No. 2001/3755) and the CREST Jersey Regulations ("**CREST Regulations**"). Where the Issue Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Issue Shares. Where Issue Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on the section entitled "*Directors, Advisors and Service Providers*" of this Prospectus, maintains a register of Shareholders holding their Issue Shares in CREST.
- 2.11 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.12 No interest in the Company's capital or voting rights is notifiable under the Company's national law.
- 2.13 The Ordinary Shares are considered exempt securities for NMPI purposes.

3. DIRECTORS' AND OTHER INTERESTS

- 3.1 As at the date of this Prospectus, and save as disclosed in paragraph 3.2 below, none of the Directors or any person connected with any of the Directors has a Shareholding or any other interest in the share capital of the Company. The Directors and their connected persons may, however, subscribe for Placing Shares pursuant to the Placing Programme.
- 3.2 As at the date of this Prospectus, Gary Clark holds 73,700 Ordinary Shares; Charlotte Valeur holds 11,500 Ordinary Shares; and Steven Wilderspin holds 20,000 Ordinary Shares.
- 3.3 Heather MacCallum intends to subscribe for up to 30,000 Ordinary Shares pursuant to the Placing Programme.
- 3.4 The Directors are not aware of any person or persons who, following the Rollover and Placing Programme, will or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 3.5 There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.
- 3.6 The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting year ending on 31 December 2018, which will be payable out of the assets of the Company, is not expected to exceed £200,000. Each of the Directors is entitled to receive £38,000 per annum, other than: (i) the Chair who is entitled to receive £60,000 per annum; and (ii) the chairs of the Audit Committee and the Risk Committee, each of whom is entitled to receive an additional

fee of £6,500 per annum; (iii) the chair of the NAV Review Committee who is entitled to receive £5,000 per annum; (iv) the Senior Independent Director who received £2,000 per annum; and (v) the chair of the Management Engagement Committee and Remuneration and Nomination Committee, each of whom receives £1,000 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.

- 3.7 No Director has a service contract with the Company, nor are any such contracts proposed. The Directors have been appointed through letters of appointment which can be terminated in accordance with the Articles and without compensation. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from Board meetings for 12 months or more; (iii) written request of the other Directors; and (iv) an ordinary resolution.
- 3.8 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.
- 3.9 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Charlotte Valeur	Andrea Investments (Jersey) PCC Board Apprentice Global Limited Board Metrix Limited FSN Capital V Limited FSN Capital GP IV Limited FSN Capital Holding III Limited FSN Capital Holding Jersey Limited GFG Limited GGG Limited Laing O'Rourke J.P. Morgan Convertibles Bond Income Fund Limited Phoenix Spree Deutschland Limited NTR Plc NTR Wind 1 LP Institute of Directors	3i Infrastructure Plc Agilo Global Fund Limited (Feeder) Agilo Global Fund Limited (Master) AlphaTran Fund LLP(Master) Blackstone / GSO Loan Financing 2 Limited (dissolved) Brook Street Partners (Jersey) Limited Brook Street Partners Holding Limited Brook Street Partners Limited Cell 2008-1 PC Cell 2008-2 PC Cell 2008-3 PC Cell 2008-4 PC Dansk Egenkapital Management A/S DREAM01 GP Limited DREAM02 (I) GP Limited DREAM02 (I) Limited DREAM02 (II) GP Limited DREAM02 (II) Limited DREAM02 (III) GP Limited DREAM02 (IV) GP Limited DREAM02 (IX) GP Limited DREAM02 (V) GP Limited DREAM02 (VI) GP Limited DREAM02 (VII) GP Limited DREAM02 (VIII) GP Limited DREAM02 (X) GP Limited DREAM02 (XI) GP Limited DREAM02 GP Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
		Gyldmark Liquid Macro Fund Ltd Gyldmark Liquid Macro Master Fund Ltd Ingenious Clean Energy Income Plc LumX Atlas Global Limited Lumx Avesta Fund Limited Lumx Beach Point Fund Limited LumX CCA Global Macro Fund Limited Lumx Cyril Systematic Fund Limited Lumx DCI Short Credit Fund Limited Lumx GGIE Fund Limited Lumx GLC Gestalt Fund Limited Lumx GSB Podium Fund Limited Lumx Horseman Europe Select Fund Limited Lumx Jet Fund Limited Lumx Lancaster Fund Limited LumX LynX Fund Limited LumX MW Core Fund Limited Lumx Octagon High Income Fund Limited Lumx RWC Biltmore Fund Limited LumX Systematic Trend Fund Limited Lumx Third Point Fund Limited LumX Turiya Limited Lumx Van Eck Hard Assets Fund Limited LumX Visium Credit Limited Renewable Energy Generation Limited VCM Ariel Fund Limited (Feeder) VCM Ariel Fund LP (Master) VCM Ariel General Partner Ltd
Gary Clark	Altis Master Fund ICC Altis Global Futures Portfolio IC BH-DG Systematic Trading Fund Limited BH-DG Systematic Trading Master Fund Limited DG Macro Fund Ltd DG Partners International Limited DG Systematic General Partner Ltd DG Systematic Holdings Ltd DG Systematic IP Holdings Ltd Durrell Wildlife Conservation Trust Emirates Active Managed Fund PC Emirates Balanced Managed Fund PC	AGFT IC AW EU Periphery Equity Fund IC AW Short Duration Bond Fund (EUR Hedged) IC AW Short Duration Bond Fund (GBP Hedged) IC AW Short Duration Bond Fund (USD) IC Azure Asset Management Jersey ICC Blackstone / GSO Loan Financing 2 Limited Emirates Alternative Strategies Fund PC Emirates Islamic Alternative Strategies Fund Limited Emirates Real Estate Fund Limited Hume Capital (Jersey) Limited LDFM (Co-Invest) Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Emirates Emerging Market Equity Fund Limited	London Diversified Fund Ltd
	Emirates Fixed Maturity Portfolio Fund PC	LRB Limited
	Emirates Global Income Fund PC	Newton International Investment Management Nominees Limited
	Emirates Global Sukuk Fund Limited	Puretrend IC
	Emirates India Balanced Fund PC	
	Emirates Islamic Global Balanced Limited	
	Emirates Islamic Money Market Fund Limited	
	Emirates MENA Fixed Income Fund PC	
	Emirates MENA Opportunities Limited	
	Emirates MENA Top Companies Fund PC	
	ENBD Saudi Arabia Equity PC	
	Emirates NBD Fund Managers (Jersey) Limited	
	G&L Holdings Limited	
	GC SIP Limited	
	Geiger Counter Limited	
	GWN Limited	
	ICG Centre Street Partnership GP Limited	
	ICG Fund VII Jersey Ltd	
	ICG Global Investment Jersey Limited	
	ICG Minority Partners Fund 2008 GP Limited	
	ICG Recovery Fund 2008 GP Limited	
	Intermediate Capital GP 2003 Limited	
	Intermediate Capital GP 2003 No.1 Limited	
	IPAF (UK) Ltd	
	LDFM (Co-Invest) I Limited	
	M/P Fund Managers Limited	
	Medicxi Ventures (Jersey) Limited	
	Mercury Holdings Ltd	
	Mercury Properties Limited	
	Metronome Fund	
	Metronome Long Opportunities Fund	
	Metronome Long Opportunities Master Fund	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Metronome Master Fund Neuron Macro Opportunities Fund Limited Standard Life Wealth (CI) Limited Standard Life Wealth International Limited Systematic Fund GP Ltd (GP of BH-DG Systematic Trading Fund L.P.	
Heather MacCallum	The Jersey New Waterworks Company Limited Kedge Capital Fund Management Limited Tri-Pillar Infrastructure Fund Limited	KPMG Channel Islands Limited KPMG Channel Islands LLP
Steven Wilderspin	Vannin Capital Holdings plc HarbourVest Global Private Equity Limited The Dean Goss Trust Limited Baloise Finance (Jersey) Limited Baloise Alternative Investment Strategies Limited Generation Investment Management II GP Limited Scope Capital Partner III Limited Scope Capital Partner II Limited	3i Infrastructure plc 3i Infrastructure (Luxembourg) Holdings S.à r.l. 3i Infrastructure (Luxembourg) S.à r.l. Baloise Private Equity Limited Fundamental Global Corporate Secured Loan Fund Limited Praemium International Limited Saville Consulting Group Limited

3.10 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Shares.

3.11 Save as set out in paragraph 3.12 below, as at the date of this Prospectus:

- (a) none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;
- (b) save as detailed above, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
- (c) none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
- (d) none of the Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.

3.12 In respect of the declaration in paragraph 3.11 above, certain of the Directors have been directors of entities which have been dissolved. To the best of each Director's knowledge, no such entity, upon its dissolution, was insolvent or owed any amounts to creditors.

3.13 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

3.14 No employees of the Administrator have any service contracts with the Company.

4. MEMORANDUM AND ARTICLES

4.1 Objects

The Company's memorandum of association provides that the Company has unrestricted corporate capacity. The Company has all the powers and capacity of a natural person.

The Company's existing Articles include provisions to the following effect:

4.2 Share capital

The Company's memorandum of association provides that the Company's share capital is represented by an unlimited number of ordinary shares of no par value, denominated in such currencies as the Company may specify.

4.3 Alteration of share capital

The Company may, by special resolution, increase its share capital in such amount and currency as it thinks expedient, and consolidate and divide, convert, sub-divide, or cancel its Shares. Subject to the provisions of the Companies Law and any rights attached to any existing Shares, the Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account in any way.

Subject to the provisions of the Companies Law, the Company may convert existing non-redeemable Shares, whether issued or not, into Shares which are to be redeemed on such terms as may be determined by ordinary resolution.

4.4 Purchase of own shares

Subject to, and in accordance with, the Companies Law and any rights for the time being attached to any existing Shares, the Company may purchase or agree to purchase in the future, including by the purchase of depository receipts in respect of such Shares, any Shares of any class (including redeemable shares) in its own capital in any way.

4.5 Share rights

The Ordinary Shares of any class shall have the right to receive income and capital from assets attributable to such class, and the C Shares of any class shall have the right to receive income and capital from the Rollover Assets attributable to such class.

The holders of Ordinary Shares shall have the right to receive notice of general meetings of the Company and shall have the right to attend and vote at all general meetings; and the holders of C Shares shall not have the right to receive notice of or to attend or vote at any general meeting of the Company.

4.6 Allotment of securities and pre-emption rights

Subject to the provisions of the Companies Law, the Articles and any resolution of the Company passed by the Company conferring authority on the Directors to allot Shares and without prejudice to any rights attached to existing Shares, all unissued Shares are at the disposal of the Directors and they may allot, grant options over, grant warrants in respect of or otherwise dispose of them to such persons at such times and generally on such terms as they think fit.

Although the Companies Law does not provide any statutory pre-emption rights, the Articles provide that when proposing to allot Shares or fractions of Shares of any class, the Company must first offer such Shares to existing holders of Shares of the relevant class on the same or more favourable terms in proportion to their respective holdings of the relevant Shares then in issue.

Such pre-emption rights shall not apply:

- (a) where the Shares to be allotted are or are to be wholly or partly paid otherwise than in cash;
- (b) where the Shares are being allotted pursuant to the terms of an Employee Share Scheme (as defined in the Articles); or
- (c) where they have been disapplied by way of a special resolution.

4.7 **Share certificates**

Every Shareholder is entitled, without payment, to one certificate in respect of all the shares of any class held by him. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

4.8 **Call forfeiture and lien**

The Directors may from time to time make calls upon the holders in respect of any consideration agreed to be paid for such shares that remains unpaid, subject to the terms of allotment of such shares. Each holder shall (subject to being given at least 14 days' notice specifying when and where payment is to be made) pay to the Company the specified amount called on such shares. If any call or instalment of a call remains unpaid on or after the due date for payment, the person from whom it is due and payable shall pay interest on the amount unpaid from the day upon which it became due and payable until it is paid.

Interest shall be paid at the Barclays Bank plc base rate plus two per cent. per annum or a rate fixed by the terms of the allotment of the share or, if no rate is fixed, the rate determined by the Directors provided that the Directors may waive payment of the interest wholly or in part. The Directors may also (on giving not less than 14 days' notice or any such period of notice as is provided under the terms of the relevant allotment requiring payment of the amount unpaid together with interest and costs incurred) forfeit the shares by resolution of the Directors. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares. The forfeited shares may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine.

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) payable at a fixed time or called by the Company in accordance with the Articles in respect of such share.

The Directors may declare any share to be wholly or partly exempt from the provisions in the Articles in respect of liens. The Company may sell, in such manner as the Directors may determine, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after a notice of intention to sell the share in default of payment shall have been given to the holder of the share.

4.9 **Variation of rights**

Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class of Shares may be varied or abrogated either with the written consent of the holders of not less than two thirds in number of the issued Shares of that class or the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.

Subject to the terms on which any existing Shares may be issued, the rights or privileges attached to any class of Shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such Shares or by the allotment of further Shares in accordance with the Articles. Shares shall not be deemed to be varied or abrogated by the creation of any new Shares ranking *pari passu* with those existing Shares or by redemption by the Company of its own Shares or by the conversion of Shares between classes.

4.10 **Transfer of shares**

The instrument of transfer of a certificated share shall be in writing and may be in any usual form or in any other form approved by the Directors and shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

A member may transfer all or any of his uncertificated shares in accordance with Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended from time to time, including any provisions of or under the Companies Law which alter or replace such regulations), provided that legal title to such shares shall not pass until the transfer is entered in the register.

Shares are free from any restriction on transfer and may be transferred in accordance with the Listing Rules and any other applicable laws and regulations. Subject to the requirements of the Listing Rules, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a certificated share which is not fully paid or the transfer of a certificated share on which the Company has a lien.

The Directors may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- (a) is lodged at the office (as defined in the Articles) (or at such other place appointed by the Directors) accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) is in respect of one class of Share only; and
- (c) is in favour of not more than four transferees; or, separately to the above,
- (d) the transfer is in favour of any Non-Qualified Holder or any U.S. Plan Investor.

If any Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder or a U.S. Plan Investor, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or a U.S. Plan Investor; or (ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder or a U.S. Plan Investor within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his Shares. If the Board in its absolute discretion so determines, the Company may dispose of the Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former Shareholder.

If the Directors refuse to register a transfer of a share in certificated form, they shall send the transferee notice of the refusal within two months after the date on which the instrument of transfer was lodged with the Company.

Subject to any applicable stamp duties or other taxes, no fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

4.11 **Notification of interests in shares**

Each member shall comply with the notification obligations to the company as a non-UK company contained in Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules ("**DTR5**").

If the Company determines that a holder (a "**Defaulting Holder**") has not complied with the provisions of DTR5 or section 793 of the Companies Act 2006 with respect to some or all of the Shares held by such holder (the "**Default Shares**"), the Company shall have the right by delivery of notice to the Defaulting Holder (a "**Default Notice**") to:

- (a) suspend the right of such Defaulting Holder to vote at meetings of the Company in respect of such Default Shares;

- (b) withhold, without any obligation to pay interest thereon, any dividend or other amount payable in respect of such Default Shares;
- (c) render ineffective any election to receive Shares of the Company instead of cash in respect of any dividend or part thereof; and/or
- (d) prohibit the transfer of any Shares in the Company held by the Defaulting Holder except with the consent of the Company or if the Defaulting Holder can provide satisfactory evidence to the Company to the effect that, after due inquiry, the shares to be transferred are not Default Shares.

4.12 **Untraced shareholders**

Subject to certain conditions, the Company is entitled to sell any Share of a Shareholder who is untraceable, provided that:

- (a) for a period of not less than 12 years (during which at least three cash dividends have become payable on the share) no cheque, warrant or money order payable on the Share has been presented to paying bank of the relevant cheque, warrant or money order and no payment made by the Company by any other means permitted by the Articles has been claimed or accepted;
- (b) on expiry of such 12 year period, the Company has given notice of its intention to sell the Share by advertisement in a national newspaper and in a newspaper circulating in the area of the address of the holder of, or person entitled by transmission to, the Share shown in the register; and
- (c) the Company has not, so far as the Directors are aware, during such 12 year period or during a further period of three months following the last of such advertisements, received any communication from the holder of, or person entitled by transmission to, the Share.

The Company shall be indebted to the former shareholder for an amount equal to the net proceeds of any such sale.

4.13 **General meetings**

The Directors shall convene and the Company shall hold an annual general meeting once every year provided there is not a gap of more than fifteen months between one annual meeting and the next. The Directors may convene a general meeting whenever it thinks fit and immediately on receipt of a requisition from members in accordance with the Companies Law.

The quorum for a general meeting is two persons entitled to vote upon the business to be transacted, each being a holder in person or by proxy.

All general meetings, including annual general meetings, shall be called by not less than the minimum notice period required by the Companies Law. Subject to the provisions of the Companies Law, the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all holders and to all persons recognised by the Directors as having become entitled to a Share following the death, bankruptcy or incapacity of a holder and to the Directors and the auditors and to any other Members.

The notice shall specify the place, the date and the time of the meeting and the general nature of the business to be dealt with at the meeting. It shall also state that a member entitled to attend and vote may appoint one or more proxies in its place.

In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.

For the purpose of determining whether a person is entitled as a member to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time not more than 48 hours before the time fixed for the meeting, by which a person who holds shares in registered form must be entered on the register in order to have the right to attend or vote at the meeting or to appoint a proxy to do so. In calculating the period referred to in the foregoing, no account shall be taken of any part of a day that is not a "working day".

Subject to any rights and restrictions attached to any shares, members and their duly appointed proxies shall have the right to attend and vote at general meetings and to demand or join in demanding a poll. Every resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is demanded by:

- (a) the Chair of the meeting;
- (b) not less than five members present in person or by proxy and entitled to vote on the resolution;
- (c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
- (d) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A Director or a representative of the auditor (if any) shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

The Chair may, with the consent of a meeting at which a quorum is present, adjourn the meeting.

4.14 **Voting rights**

The holders of Ordinary Shares shall have the right to receive notice of general meetings of the Company and shall have the right to attend and vote at all general meetings; and the holders of C Shares shall not have the right to receive notice of or to attend or vote at any general meeting of the Company.

Subject to any rights or restrictions attached to any Shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder. On a poll, a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

Unless the Directors decide otherwise, no member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of Shares unless all moneys presently payable by him in respect of his Shares have been paid.

In the case of joint holders only the vote of the senior joint holder shall be accepted.

4.15 **Appointment of Directors**

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than two. Directors may be appointed by ordinary resolution or by the Board of Directors.

Subject to the provisions of the Companies Law, the Directors may appoint one or more of their number to hold an executive office with the Company and may enter into an agreement or arrangement with any Director for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made upon such terms as (subject to the Law) the Directors think fit and they may remunerate any such Director for his services as they think fit.

4.16 **No share qualification**

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

4.17 Retirement of Directors by rotation

At each annual general meeting, one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not less than one third, shall retire from office provided that if there are fewer than three Directors who are subject to retirement by rotation, one shall retire from office.

If any one or more Directors: (i) were last appointed or reappointed three years or more prior to the meeting; (ii) were last appointed or reappointed at the third immediately preceding annual general meeting; or (iii) at the time of the meeting will have served more than nine years as a non-executive Director of the Company (excluding as the Chair of the Directors), he or they shall retire from office and shall be counted in obtaining the number required to retire at the meeting.

Subject to the Companies Law and the Articles, the Directors to retire by rotation at an annual general meeting include, so far as necessary to obtain the number required, first, a Director who wishes to retire and not offer himself for reappointment, and, second, those Directors who have been longest in office since their last appointment or reappointment. As between two or more who have been in office an equal length of time, the Director to retire shall, in default of agreement between them, be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined on the basis of the composition of the Board at the start of business on the date of the notice convening the annual general meeting, disregarding a change in the number or identity of the Directors after that time but before the close of the meeting.

4.18 Remuneration of Directors

The remuneration of the Directors shall not exceed an aggregate amount of £300,000 per annum or such greater amount as shall be determined by the Company by ordinary resolution.

Subject to the Companies Law and to the Articles and the requirements of the Listing Rules, the Directors may arrange for part of a fee payable to a Director to be provided in the form of fully paid shares in the capital of the Company. The amount of the fee payable in this way shall be at the discretion of the Directors and shall be applied in the purchase or subscription of shares on behalf of the relevant Director. In the case of a subscription of shares, the subscription price per share shall be deemed to be the closing middle market quotation for a fully paid share of the Company of that class (or such other quotation derived from such other source as the Directors may deem appropriate) on the day of subscription.

The Directors are entitled, under the Articles, to be paid all reasonable expenses as they may properly incur in attending meetings of the Directors or of any committee of the Directors or shareholders meetings or otherwise in connection with the discharge of their duties.

4.19 Permitted interests of Directors

Subject to the Companies Law and provided he has disclosed to the Directors the nature and extent of any direct or indirect interest of his, in accordance with the Companies Law, a Director, notwithstanding his office:

- (a) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or any of its subsidiary undertakings or in which the Company or any of its subsidiary undertakings is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
- (b) may hold another office or place of profit with the Company or any of its subsidiary undertakings (except that of auditor or auditor of a subsidiary of the Company or any of its subsidiary undertakings) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity to the Company or any of its subsidiary undertakings, and in that case on such terms as to remuneration and otherwise as the Directors may decide either in addition to or instead of remuneration provided for by any other provision of the Articles;
- (c) may be a Director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or any of its subsidiary undertakings or in which the Company or any of its subsidiary

undertakings is otherwise interested or as regards which the Company or any of its subsidiary undertakings has a power of appointment; and

- (d) is not liable to account to the Company or any of its subsidiary undertakings for a profit, remuneration or other benefit realised by such contract, arrangement, transaction, proposal, office or employment and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

An interested Director must declare the nature of his interest at the meeting of the Directors at which the question of entering into the contract, arrangement, transaction or proposal is first considered or if for any reason he fails to comply with that obligation, as soon as practical after that meeting by notice in writing delivered to the secretary of the Board.

A general notice in writing given to the Board by any Director that he is to be regarded as interested in any contract, arrangement, transaction or proposal shall be deemed a sufficient declaration of interest in relation to the same.

4.20 **Restrictions on voting**

A Director shall not vote on any resolution of the Directors concerning a matter in which he has a direct or indirect interest which conflicts or may conflict to a material extent with the interests of the Company but these prohibitions shall not apply to:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest representing five per cent. or more of either any class of the equity share capital of such body corporate or of the voting rights in the relevant body corporate (any such interest being deemed for the purpose of this paragraph to be a material interest in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates;
- (f) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors; and
- (g) the calling of a general meeting of the Company at which matters relating to the Directors are to be considered and voted upon by the holders.

A Director shall not vote (or be counted in the quorum) on any resolution of the Directors or committee of the Directors concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including, without limitation, fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals

shall be divided and a separate resolution considered in relation to each Director. In that case each of the Directors concerned (if not otherwise prevented from voting under the Articles) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Subject to the Companies Law, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract, arrangement, transaction or proposal not properly authorised by reason of a contravention of such provisions provided that doing so will not permit the Company to cease to comply with the Listing Rules.

4.21 Powers of Directors

Subject to applicable law (including the provisions of the Companies Law) and the Articles and any direction given by special resolution, the business of the Company shall be managed by the Directors which may exercise all the powers of the Company. The Directors may delegate any of their powers to a person or to a committee consisting one or more persons (provided that a majority of the members of a committee shall be Directors) as it thinks fit.

4.22 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Companies Law and the Articles, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

The Articles permit the Board to borrow up to 10 per cent. of the Company's NAV for day to day administration and cash management purposes. The Board may be authorised to exceed this 10 per cent. by Ordinary Resolution.

4.23 Proceedings of Directors

A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors by giving notice of the meeting to each Director. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chair shall have a second or casting vote. Any Director may waive notice of a meeting and any such waiver may be retrospective.

The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate Director may, if his appointor is not present, be counted in the quorum.

A resolution in writing executed by all the Directors entitled to receive notice of a Board meeting and not being less than a quorum, or by all members of a committee of the Board entitled to receive notice of a committee meeting and not being less than a quorum, shall be as valid and effective as if it had been passed at a meeting of the Directors or (as the case may be) a committee of the Directors.

A person entitled to be present at a meeting of the Directors or of a committee of the Directors shall be deemed to be present for all purposes if he is able by way of a conference telephone or other communication equipment which allows everybody participating in the meeting to speak to and be heard by all those present or deemed to be present simultaneously. A Director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly.

4.24 Indemnity of officers and insurance

The Companies Law restricts indemnities or exemptions from liability given by Jersey companies to their directors and officers. In general, directors and officers of a Jersey company cannot be exempted from or receive an indemnity in respect of any liability which would otherwise attach to that director or officer under law by reason of the fact that they are or were a director or officer of the company. There are exemptions to this restriction in particular in respect of proceedings where the director or

officer is not held liable or the matter is discontinued, where the director or officer acted in good faith with a view to the best interests of the company and in respect of any liability for which the company normally maintains insurance.

The Articles provide that a director may be indemnified out of the assets of the Company to the extent this is legally permissible under the Companies Law and that, subject to the Companies Law, the Directors may purchase and maintain insurance against any liability for any Director or director of any associated company.

4.25 **Dividends and other distributions**

Subject to the provisions of the Companies Law, the Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Ordinary Shareholders, but no such dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Companies Law, the Directors may pay fixed rate and interim dividends. If the Directors act in good faith, they shall not incur any liability to the holders of any Ordinary Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Ordinary Shares having deferred or non-preferred rights.

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 Ordinary 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 Ordinary 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 moneys payable in respect of an Ordinary Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share.

The Directors may deduct from any dividend or other moneys payable to an Ordinary 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.

Any dividend or other moneys payable in respect of an Ordinary Share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the Directors as entitled to the Ordinary Share or, if two or more persons are the holders or are recognised by the Directors as jointly entitled to the Share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the Directors shall in their absolute discretion determine.

No dividend or other distribution shall be made or paid by the Company on any of its Ordinary Shares between the Calculation Date and the Conversion Date, or between the C Share Calculation Date and the C Share Conversion Date (in each case, both dates inclusive) and no dividend or other distribution shall be declared with a record date falling between the Calculation Date and the Conversion Date, or between the C Share Calculation Date and the C Share Conversion Date (in each case, both dates inclusive).

The Ordinary Shares arising upon a conversion or the New Ordinary Shares arising upon C Share Conversion shall rank *pari passu* with all other Ordinary Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Date or C Share Calculation Date (as applicable).

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

4.26 Capitalisation of profits and reserves

The Directors may, with the authority of an ordinary resolution, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's stated capital account.

4.27 Winding up

If the Company is wound up, the Company may, with the sanction of a Special Resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders in specie provided that no Shareholder shall be compelled to accept any assets upon which there is a liability.

On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall be divided among the classes of Shares then in issue and shall be applied respectively to the holders of each class of Shares *pro rata* to their holdings of Shares.

4.28 C Shares

(A) Definitions

"C Share" means a share of no par value in the capital of the Company, designated as a "C share", denominated in Euro and having such rights and being subject to such restrictions as are contained in the Articles;

"C Share Issue Date" means in relation to any class of C Shares, the date on which such C Shares are issued to the relevant Shareholders;

"C Shareholder" means a holder of C Shares;

"C Share Calculation Date" means, in relation to any class of C Shares, the earlier of:

- (i) the close of business on such date as the Directors may determine, following the Directors resolving, in their discretion, that substantially all of the C Share Assets have been invested in an Underlying Company and the relevant class of C shares shall be converted into New Ordinary Shares; or
- (ii) the opening of business on the first day on which the Directors resolve that Force Majeure Circumstances in relation to any class of C Shares have arisen or are imminent;

"C Share Conversion Date" means a time following the C Share Calculation Date, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 30 Business Days after the C Share Calculation Date or (in the case of Force Majeure Circumstances having arisen or the Directors having resolved that they are in contemplation) such earlier date as the Directors may determine;

"Calculation Date" means any date determined by the Directors by reference to which calculations will be carried out for the purposes of conversions in accordance with the Articles, being the last Business Day of any month;

"Conversion Ratio" means in relation to each tranche of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C-D}{E}$$

and

$$B = \frac{F-G}{H}$$

and where:

"C" is the aggregate value of all C Share Assets (as determined by the Directors) as at the relevant C Share Calculation Date calculated in accordance with the accounting principles adopted by the Directors from time to time;

"D" is the amount which (to the extent not otherwise deducted in calculation of "C") in the Directors' opinion fairly reflects, as at the relevant C Share Calculation Date, the amount of liabilities and expenses of the Company attributable to the C Shares of the relevant class;

"E" is the number of C Shares of the relevant class in issue as at the relevant C Share Calculation Date;

"F" is the aggregate value of all assets and investments attributable to the relevant class of Ordinary Shares (as determined by the Directors) as at the relevant C Share Calculation Date calculated in accordance with the accounting principles adopted by the Directors from time to time;

"G" is the amount which (to the extent not otherwise deducted in the calculation of "F") in the Directors' opinion fairly reflects as at the relevant C Share Calculation Date the amount of the liabilities and expenses of the Company attributable to the relevant class of Ordinary Shares; and

"H" is the number of Ordinary Shares of the relevant class in issue as at the relevant C Share Calculation Date,

save that:

- (i) the Directors shall be entitled to make such adjustments to the value or amount of "A" and/or "B" as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the C Share Issue Date or the C Share Calculation Date and the reasons for the issue of the C Shares of the relevant class; and
- (ii) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class;

"Force Majeure Circumstance" means, in relation to any class of C Shares:

- (a) any political and/or economic circumstances and/or actual or anticipated changes in tax or other legislation which, in the reasonable opinion of the Directors, renders C Share Conversion necessary or desirable;
- (b) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed to be attached to them or to the persons to whom they are, and/or the terms on which they are, proposed to be issued; or
- (c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company; and

"New Ordinary Shares" means the new Ordinary Shares arising on C Share Conversion.

(B) **Dividends**

Subject to the provisions of the Companies Law, the Company may by a C Share Ordinary Resolution declare dividends in accordance with the rights of the C Shareholders, but no such dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Companies Law, the Directors may pay fixed rate and interim dividends on C Shares. If different classes of C Shares have been issued, the Directors may pay interim dividends on C Shares which confer deferred or non-preferred rights with regard to dividends as well as on C Shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on C Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate in accordance with the Companies Law. If the Directors act in good faith, they shall not incur any liability to the holders of any C Shares

conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any C Shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attaching to C Shares, all dividends shall be declared and paid according to the amounts paid up on the C Shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the C Shares during any portion or portions of the period in respect of which the dividend is paid but, if any C Share is issued on terms providing that it shall rank for dividend as from a particular date, that C Share shall rank for dividend accordingly.

No dividend or other moneys payable in respect of a C Share shall bear interest against the Company, unless otherwise provided by the rights attached to the C Share.

The Directors may deduct from any dividend or other moneys payable to a C 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 C Shares.

Any dividend or other moneys payable in respect of a C Share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the Directors as entitled to the C Share or, if two or more persons are the holders or are recognised by the Directors as jointly entitled to the C Share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the Directors shall in their absolute discretion determine.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

(C) ***Rights as to capital***

On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall be divided among the classes of Shares then in issue and shall be applied respectively to the holders of each class of Shares *pro rata* to their holdings of Shares.

(D) ***Class consents and variation of rights***

The special rights attached to the C Shares may be varied or abrogated either with the written consent of the holders of not less than two thirds in number of the issued C Shares or the sanction of a C Share Special Resolution passed at a separate meeting of the holders of the C Shares.

(E) ***Undertakings***

Until C Share Conversion, the Company undertakes in relation to each class of C Shares to:

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable of the relevant class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts, and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant class;
- (b) allocate to the assets attributable to the relevant class the proceeds of issue of the C Shares of that class and such proportion of the income, expenses or liabilities of the Company incurred or accrued between the C Share Issue Date and the C Share Calculation Date (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant class assets including, without prejudice to the generality of the foregoing, those liabilities, if any, specifically identified in the definition of Conversion Ratio; and
- (c) give appropriate instructions to the Administrator to manage the Company's assets so that such undertakings can be complied with by the Company.

(F) **The Conversion process**

The Directors shall procure that:

- (a) the Administrator shall be requested to calculate, within 16 Business Days after the C share Calculation Date, the Conversion Ratio as at the C Share Calculation Date and the number of New Ordinary Shares to which each holder of C Shares of the relevant class shall be entitled on C Share Conversion; and
- (b) the auditors, or failing that an independent accountant selected for the purpose by the Directors, shall be requested to report, within 2 Business Days after the date on which the Conversion Ratio has been calculated, that such calculations:
 - (A) have been performed in accordance with the Articles of the Company; and
 - (B) are arithmetically accurate,

whereupon such calculations shall become final and binding on the Company, all holders of New Ordinary Shares and all holders of C Shares of the relevant C Share class.

The Directors shall further procure that, as soon as practicable following such certification, an RIS announcement is made advising holders of C Shares of that class of the C Share Conversion Date, the Conversion Ratio and the aggregate number of New Ordinary Shares to which holders of C Shares of that class are entitled on C Share Conversion.

On a C Share Conversion, such number of C Shares as shall be necessary to ensure that, upon the C Share Conversion being completed, the aggregate number of New Ordinary Shares into which those C Shares are converted equals the number of C Shares in issue on the C Share Calculation Date multiplied by the Conversion Ratio and rounded down to the nearest whole Ordinary Share, shall automatically convert into an equal number of New Ordinary Shares. The New Ordinary Shares arising upon C Share Conversion shall be divided amongst the former Shareholders of the C Shares of the relevant class *pro rata* according to their respective former holdings of C Shares of the relevant class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Ordinary Shares arising upon a C Share Conversion, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company provided that such proceeds are less than US\$5.00 per former Shareholder of the relevant C Shares) and for such purposes any Director is hereby authorised as agent on behalf of the former Shareholders of C Shares, in the case of a share in certificated form, to execute any stock transfer and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former Shareholder of the relevant C Shares who shall be bound by them.

In the event that the number of C Shares of any class required to be converted into New Ordinary Shares exceeds the number of C Shares of such class in issue, the Directors shall be authorised (without the need for any further authorisation pursuant to the Articles or otherwise) to take such additional steps, including issuing additional innominate shares by way of a bonus issue to C Shareholders, as shall be necessary to ensure the proper operation of the C Share Conversion process. Each issued C Share which does not convert into a New Ordinary Share in accordance with the Articles shall, immediately upon C Share Conversion, be redeemed by the Company for an aggregate consideration of €0.01 for all of the C Shares to be so redeemed and the RIS announcement referred to above shall be deemed to constitute notice to each C Shareholder (and any person or persons having the right to acquire or acquiring C Shares on or after the C Share Calculation Date) that such C Shares shall be so redeemed. The Company shall not be obliged to account to any C Shareholder for the redemption moneys in respect of the C Shares so redeemed.

Forthwith upon C Share Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the New Ordinary Shares which have arisen upon C Share Conversion unless such former C Shareholder elects to hold their New Ordinary Shares in uncertificated form.

The Company shall use its reasonable endeavours to procure that, upon C Share Conversion, the New Ordinary Shares are admitted to the Official List and/or any other applicable list if such class of New Ordinary Shares are listed on any other stock exchange.

5. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material, or that contain any provision under which the Company has any obligation or entitlement which is or may be material, to it as at the date of this Prospectus:

5.1 NPA and the Profit Participating Notes

5.1.1 The NPA was entered into on 1 July 2014 (as amended on 23 July 2014, 23 February 2015, 6 May 2015, 20 January 2016, 3 February 2016, 11 May 2016 and 25 October 2016 and as may be further amended, supplemented or modified from time to time) entered into between, amongst others: (i) the Company; (ii) BGCF and (iii) LuxCo.

5.1.2 Subject to standard limited recourse and non-petition protections in favour of BGCF, early redemptions as a result of events of default under the Profit Participating Notes and certain optional early redemption rights of the holders of the Profit Participating Notes (as summarised in paragraph 5.1.3 below), the Profit Participating Notes shall be finally repayable on the date on which the NAV of BGCF (as issuer under the NPA) will be determined (the "**NAV Strike Date**") following 1 June 2044, or, in the event that no NAV Strike Date will occur between 1 June 2044 and 29 June 2044, on the immediately preceding NAV Strike Date, at a redemption price equal to the fair value of the Profit Participating Notes (subject to available funds) plus any accrued but unpaid interest.

5.1.3 The terms of the Profit Participating Notes contain various rights of optional redemption summarised as set out below, in each case subject to the Payment/Redemption Conditions:

5.1.3.1 Subject to the consent of LuxCo, BGCF has the right, following consultation with the Service Support Provider, to redeem some or all of the Profit Participating Notes held by LuxCo from available funds, provided that LuxCo's consent shall not be required in the case of redemption effected to indirectly fund any share buybacks by the Company.

5.1.3.2 LuxCo may, following consultation with BGCF, redeem some or all of its Profit Participating Notes from available funds in order to fund any buybacks/redemption of the CSWs (or other similar securities) by LuxCo or to cover any hedging costs and on-going payments payable by LuxCo.

5.1.3.3 The Profit Participating Notes contain certain other optional redemption rights summarised as follows:

(A) A one-off option to participate in an optional redemption where requests are made by holders who have funded profit participating notes issued by BGCF in an aggregate amount of at least EUR 116,000,000 and all elected on any single business day for a redemption, The redemption amount will be rebalanced so as not to exceed EUR 116,000,000 and shall be funded, subject to the Payment/Redemption Conditions and the more detailed procedures set out in the NPA, by BGCF using reasonable endeavours to liquidate a certain part of its portfolio within a period of time after the redemption request. Redemptions under this heading will be subject to certain haircuts applied to the redemption amount of the relevant Profit Participating Notes as further detailed in the NPA.

(B) An option, subject to applicable notice periods and redemption value thresholds: (I) initially, on the business day immediately after the expiry of a 5 year lock-up period commencing on the date on which their relevant Profit Participating Notes held are funded and (II) thereafter, on the business day

immediately after each 5 year anniversary of 1 July 2014, to have their Profit Participating Notes redeemed, such redemption to be funded by the natural run-off of assets in a segregated pool created by BGCF at the time of the relevant redemption request.

- 5.1.4 The NPA provides that BGCF shall use its best endeavours to ensure that the Profit Participating Notes remain listed on the Global Exchange Market of the Irish Stock Exchange ("**GEM**") or, with the agreement of LuxCo and BGCF, are listed on another appropriate exchange which achieves the benefit of the Eurobond exemption (an "**Appropriate Exchange**"). The Profit Participating Notes are unsecured obligations of BGCF. BGCF has and may issue additional Profit Participating Notes and other profit participating notes (pursuant to note purchase agreements) that are *pari passu* with the Profit Participating Notes.
- 5.1.5 On 30 July 2014, BGCF made an issuance of Profit Participating Notes in aggregate principal amount of €245,250,000. On 9 September 2014, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €40,700,000. On 29 April 2015, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €29,979,526. On 26 May 2016, BGCF redeemed Profit Participating Notes in aggregate principal amount of €10,121,240. On 1 December 2016, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €3,070,391. On 21 December 2016, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €15,351,953. On 5 February 2017, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €6,092,967. On 9 March 2017, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €73,898,000. On 4 April 2017, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €9,210,770. On 5 May 2017, BGCF made a further issuance of Profit Participating Notes in aggregate principal amount of €850,194. BGCF may issue further Profit Participating Notes from time to time.
- 5.1.6 The NPA also contains covenants customarily included in loan note terms and conditions (e.g., maintenance of corporate status/payment of debts as they fall due/keeping proper books/not creating any security over its assets (except for security in favour of any Senior Financing Provider/maintenance of its tax residency in Ireland, security in favour of a CLO issuer to which BGCF has sold assets and security in favour of any hedging liabilities of BGCF subject, in some cases, to applicable consent requirements).
- 5.1.7 The NPA also requires BGCF to manage its portfolio in accordance with BGCF's investment policy which may not be amended without consultation with the Service Support Provider and 60 days' notice of such changes to LuxCo and the Company (or such other notice period as may be agreed between BGCF, LuxCo and the Company). BGCF is required to comply with the terms of its Portfolio Service Support Agreement with the Service Support Provider.
- 5.1.8 Under the NPA, the Company and LuxCo have the right to review and ask questions of BGCF and the Service Support Provider (but, for the avoidance of doubt, not the right to veto) in respect of: (i) all CLO engagement letters prior to signing by BGCF; (ii) CLO term sheets including management fees, target returns, etc. prior to broad CLO marketing for all new CLOs; and (iii) CLO call rights.
- 5.1.9 In addition, BGCF will, if required: (i) provide the Company or LuxCo with such information and assistance as it may reasonably request and within such timelines as is required (if applicable) in order to comply with applicable legal requirements, including, in particular, information required by the Company or LuxCo to comply with its legal and regulatory obligations (in particular, such obligations of the Company under the Financial Conduct Authority's Listing Rules, the Disclosure Guidance and Transparency Rules, and the Prospectus Rules, to comply with all requests for information from governmental and regulatory authorities, to apply for consents and registrations as may be required, to prepare and issue statutory returns, accounts, statements and notices, and to deal in an appropriate and reasonable manner with all communications in connection with the Company's or LuxCo's shareholders; (ii) provide to the Company or LuxCo such information as they may require to satisfy their obligations under the AIFM Directive and in the proper exercise of their

risk management and portfolio management functions; (iii) provide the Company with such assistance as it might require in order to maintain its tax residence in Jersey; (iv) provide LuxCo with such assistance as it might require in order to maintain its tax residence in Luxembourg; (v) provide suitable market commentary in respect of LuxCo's investment in the PPNs for: (a) inclusion in the unaudited half yearly accounts of the Company or LuxCo within 30 days of 30 June in each financial year; and (b) inclusion in the audited annual accounts of the Company or LuxCo within 60 days of 31 December in each financial year; (vi) provide information as requested by the Company or LuxCo for inclusion in any monthly factsheets to be distributed by the Company or LuxCo to their shareholders and, upon request to do so by the Company or LuxCo, shall make available appropriate persons for attendance at Board meetings of the Company or LuxCo, or attendance on monthly or other periodic conference calls with the Company's or LuxCo's shareholders and potential investors; and (vii) provide the Company or LuxCo with all such information as requested to enable the Company or LuxCo (as applicable) to calculate its Net Asset Value.

- 5.1.10 The Profit Participating Notes provide for an event of default where BGCF makes a material change to its investment policy which would require the Company to seek approval from its shareholders to make an equivalent change to the Company's investment policy and the shareholders of the Company do not approve such change. Upon the occurrence of the foregoing event of default (which has been subsisting for such period as it may take to convene a general meeting of the Company's shareholders), either the Company or LuxCo may elect for the Profit Participating Notes to become immediately due and repayable subject to the conditions listed in 5.1.13 below. Other events of default occur on default in the payment of any principal due in respect of the Profit Participating Notes, material breach of agreement, insolvency or administration or significant court judgments and a material adverse change in the financial position, prospects or business conducted by the Service Support Provider, as reasonably determined by BGCF. Upon the occurrence of such events of default (which has been subsisting for a period equal to or greater than 30 days), the holders of the Profit Participating Notes may elect for the Profit Participating Notes to become immediately due and repayable subject to the conditions listed in 5.1.13 below.
- 5.1.11 Interest is computed as being the difference between the accumulated net accounting profits of BGCF (as determined in accordance with IFRS), before the calculation of the interest arising under the Profit Participating Notes, having properly accrued for any Irish corporation tax expense of the company as computed under Irish tax principles applicable to BGCF in relation to the interest period in question, and €300 (i.e. €1,200 per annum will be retained by BGCF as annual profit).
- 5.1.12 Cash in respect of interest accrued or to be accrued on the Profit Participating Notes on a quarterly basis (subject to availability of funds) shall be in an amount to enable the Company to make payments due under the Company's dividend policy and to cover the Company and LuxCo's ongoing costs and expenses. Such accrued interest will be paid on the Profit Participating Notes and, to the extent that the holder of the Profit Participating Notes is LuxCo, LuxCo will utilise such proceeds to repurchase a portion of the CSWs (or other similar securities) the Company may hold in LuxCo from time to time. In circumstances where the holders of the Profit Participating Notes wish to receive an amount of cash in respect of such interest which is less than the amount of interest which has accrued for the account of such holders, the holders are entitled to notify BGCF of such lesser amount of cash in respect of interest which they wish to receive. The remainder of such accrued interest which is not paid to the holders of the Profit Participating Notes shall be reinvested at the discretion of BGCF.
- 5.1.13 All payments in relation to the Profit Participating Notes, including payments following an event of default or partial redemption, are subject to the Payment/Redemption Conditions, which include legal, contractual and regulatory restrictions on BGCF, including: (i) a restriction on BGCF being able to dispose of CLO Retention Income Notes and CLO Retention Securities; and (ii) an obligation on BGCF to maintain a reserve of 10 per cent. of the net proceeds of the Profit Participating Notes so as to have sufficient funds to, during the relevant CLO's reinvestment period, originate and sell to each CLO over the required percentage of the CLO's total securitised exposures. Such reserve, along with any proceeds from the CLO Income Notes and the CLO Securities, will be distributable to the holders of the Profit

Participating Notes when all CLOs in which BGCF is invested have matured or been redeemed.

5.1.14 Payment of interest and principal on the Profit Participating Notes will be made on a *pari passu* and *pro rata* basis amongst themselves and amongst other profit participating notes issued by BGCF.

5.1.15 All rights of the Company and LuxCo under the NPA will continue for as long as LuxCo holds any Profit Participating Notes.

5.1.16 The NPA and the Profit Participating Notes are governed by English law.

5.2 **Advisory Agreement**

5.2.1 An advisory agreement dated 1 July 2014 (as amended on 21 March 2016 and as may be further amended, supplemented or modified from time to time) entered into between: (i) the Company and; (ii) DFME in its capacity as advisor to the Company (the "**Adviser**" and the "**Advisory Agreement**"), pursuant to which the Company has appointed the Adviser to, *inter alia*, to provide advice and assistance in connection with the Company's subscription (through its wholly owned subsidiary) to the Profit Participating Notes and CSWs, evaluation of CLOs to which BGCF intends to transfer its assets from time to time and to monitor the performance of Underlying Company CLOs and compliance by the Company, BGCF and other Substantial Underlying Companies with their respective investment policies.

5.2.2 The Advisory Agreement may be automatically terminated in the event of: (i) the Company determining in good faith that it has become required to register as an investment company under the provisions of the U.S. Investment Company Act (where there is no available exemption), and the Company has given prior notice to the Adviser of such requirement; (ii) the termination of the Portfolio Service Support Agreement; and (iii) such other date as agreed between the Company and the Adviser. In addition, the Advisory Agreement may also be terminated, and the Adviser may be removed for Cause (as defined in the Advisory Agreement) by the Company upon 10 business days' prior written notice to the Adviser. Any resignation or removal of the Adviser will only be effective on the satisfaction of certain specified conditions in the Advisory Agreement.

5.2.3 The Company has given certain market standard indemnities in favour of the Adviser in respect of the Adviser's potential liabilities it may occur in carrying on its responsibilities under the Advisory Agreement.

5.2.4 Under the Advisory Agreement, the Adviser agrees to perform its obligations thereunder, with reasonable care: (i) using a degree of skill and attention no less than that which the Adviser exercises with respect to comparable assets that it manages for itself and others having similar investment objectives and restrictions; and (ii) to the extent not inconsistent with the foregoing, in a manner consistent with the Adviser's customary standards, policies and procedures in performing its duties under the Advisory Agreement (the "**Standard of Care**"), provided that the Adviser will not be liable for any loss or damages resulting from any failure to satisfy the Standard of Care except to the extent any act or omission of the Adviser constitutes an Adviser Breach (as defined below). The Standard of Care may change from time to time to reflect changes by the Adviser to its customary standards, policies and procedures provided that such customary standards, policies and procedures are at least as rigorous as the foregoing.

5.2.5 The Adviser will not be liable (whether directly or indirectly, in contract or in tort or otherwise) to the Company under the Advisory Agreement for liabilities incurred by the Company as a result of or arising out of or in connection with the performance by the Adviser under the Advisory Agreement, or for any losses or damages resulting from any failure to satisfy the Standard of Care except to the extent such liabilities were incurred by reason of acts or omissions constituting bad faith, fraud, wilful misconduct or due to the gross negligence (with such term given its meaning under New York law) or reckless disregard of the duties and obligations of the Adviser (an "**Adviser Breach**").

- 5.2.6 Under the Advisory Agreement, the Company is required to indemnify the Adviser and its affiliates, managers, directors, officers, partners, agents and employees, from and against all liabilities incurred in connection with the Advisory Agreement (except to the extent such liabilities are incurred as a result of any acts or omissions of the Adviser which constitute an Adviser Breach).
- 5.2.7 The Adviser is able to resign its role under the Advisory Agreement upon 30 days' (or such shorter notice as is acceptable to the Company) written notice to the Company. Whilst the resignation will not be effective until the date as of which a successor advisor has been appointed, it may be difficult to locate an alternative advisor as a successor. In addition, the Adviser may immediately resign by providing written notice to the Company upon the occurrence of certain events relating to the Company such as, amongst others, the failure of the Company to comply in any material respect with any investment policy or investment objective to which it is bound to comply, a wilful breach or knowing violation by the Company of a material provision of the Advisory Agreement or the occurrence of insolvency proceedings in respect of the Company.
- 5.2.8 Under the Advisory Agreement, the Company shall pay to the Adviser as full compensation for the services performed thereunder, the totality of amounts comprising:
- (a) all reasonable out of pocket expenses incurred by the Adviser in performing its obligations under the Advisory Agreement; and
 - (b) an amount equivalent to all reasonable third party costs and expenses incurred by the Adviser in the performance of its obligations thereunder, together with any irrecoverable VAT arising on such costs and expenses.
- 5.2.9 The Advisory Agreement contains standard limited recourse and non-petition provisions with respect to the Company.
- 5.2.10 The Advisory Agreement is governed by English law.

5.3 **Placing Agreement**

- 5.3.1 The Placing Agreement dated 23 November 2018, pursuant to which Fidante and N+1 Singer have agreed to use their respective reasonable endeavours, as agents for the Company, to enter into placing commitments with subscribers pursuant to the Placing Programme.
- 5.3.2 Fidante and N+1 Singer will be entitled to a commission for their services in connection with each Placing, payable following a Placing Admission.
- 5.3.3 The Company will bear all reasonable expenses of or incidental to the Rollover, Placing Programme and Admissions including, without limitation, the fees of its accountancy, legal and other professional advisers, the cost of printing and distribution of all the Placing documents, the Registrar's fees, UKLA and/or London Stock Exchange fees, the fees of the legal and other professional advisers of Fidante and N+1 Singer and the amount of any expenses which Fidante and/or N+1 Singer may have paid on behalf of the Company.
- 5.3.4 Fidante and N+1 Singer are entitled to pay part of the commissions received by them to investors in their absolute discretion (and whether by reference to the number of Placing Shares subscribed by investors or otherwise).
- 5.3.5 Under the Placing Agreement, which may be terminated by Fidante and/or N+1 Singer in certain limited circumstances each of the Company, DFME BGCF and BGUCF has given certain market standard warranties to each of Fidante and N+1 Singer which are customary for an agreement of this nature concerning, *inter alia*, the accuracy of the information contained in this document. The Company and DFME have each severally given certain market standard indemnities to each of Fidante and N+1 Singer. However, such indemnities do not apply in circumstances where the liability arises from: (i) the bad faith, negligence, fraud or wilful default of Fidante and N+1 Singer; or (ii) a contravention by Fidante and/or N+1

Singer of the regulatory system (as defined in the handbook and rules of the FCA) of the provisions of the Financial Services and Markets Act 2000, as amended.

5.3.6 The Placing Agreement is governed by English law.

5.4 Administration Agreement

5.4.1 An administration agreement dated 2 December 2015 entered into between: (i) the Company; and (ii) the Administrator, pursuant to which the Administrator was appointed to act as administrator and secretary of the Company and provide related services (the "**Administration Agreement**").

5.4.2 Under the terms of the Administration Agreement, the Administrator is entitled to: (i) an annual tiered ad valorem fund accounting fee based on the Company's NAV, subject to a minimum annual fee of €110,000 and a maximum fee of €500,000 (based on the Company's NAV as at the date of this Prospectus, the fund accounting fee is calculated as 6.5 bps); and (ii) an annual company secretarial fee of €50,000; in addition to certain other fees for ad hoc services rendered from time to time. All fees due under the Administration Agreement are payable monthly in arrear, within fourteen business days of the Company receiving an invoice in respect of each month. The Administrator is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

5.4.3 The Administration Agreement may be terminated by either party on not less than 90 days' written notice. The Administration Agreement may be terminated immediately by either party: (i) in the event of the appointment of an administrator, liquidator, examiner or receiver to the other party; (ii) if the other party commits any material breach or is in persistent breach of the provisions of the Administration Agreement and, if such breach is capable of remedy, it shall not have remedied that within 30 days after the service of notice requiring it to be remedied; (iii) if the other party breaches the representations and warranties set out in the Administration Agreement; (iv) if the continued performance of the Administration Agreement for any reason ceases to be lawful; (v) the other party commits an act of fraud, wilful default or negligence; or (vi) the other party ceases to hold the necessary licenses, approval, permits, consents or authorisations required to enable it to perform its duties under the Administration Agreement.

5.4.4 The Company has given certain market standard indemnities in favour of the Administrator in respect of the Administrator's potential losses in carrying out its responsibilities under the Administration Agreement.

5.4.5 The Administration Agreement is governed by the laws of Jersey.

5.5 Registrar Agreement

5.5.1 A registrar agreement dated 4 July 2014 entered into between: (i) the Company; and (ii) the Registrar (the "**Registrar Agreement**"), pursuant to which the Company appointed the Registrar to act as registrar of the Company for a minimum annual fee of £5,500 payable by the Company.

5.5.2 The Registrar Agreement had an initial period of 3 years from its effective date (the "**Initial Period**"). At the expiry of the Initial Period, the Registrar Agreement automatically renewed for 12 months and will continue to automatically renew for successive periods of 12 months, unless or until terminated by either party, either in accordance with its terms or at the end of any successive 12 month period, provided written notice is given to the other party at least 6 months prior to the end of such successive 12 month period.

5.5.3 The Registrar Agreement may also be terminated by either the Company or the Registrar: (i) by giving to the other not less than three months' written notice, should the parties not reach an agreement regarding any increase of the fees; (ii) upon service of written notice if the other party commits a material breach of its obligations under the Registrar Agreement (including any payment default) which that party has failed to remedy within 45 days of receipt of a written notice to do so from the first party; (iii) upon service of written notice if a resolution

is passed or an order made for the winding-up, dissolution or administration of the other party, or if the other party is declared insolvent or if an administrator, administrative receiver, manager or provisional liquidator (or similar officer to any of the foregoing in the relevant jurisdiction) is appointed over the whole of or a substantial part of the other party or its assets or undertakings.

5.5.4 The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement.

5.5.5 The Registrar Agreement is governed by the laws of Jersey.

5.6 **Global Custody Agreement**

5.6.1 A global custody agreement dated 2 December 2015 entered into between: (i) the Company; and (ii) the Custodian (the "**Global Custody Agreement**"), pursuant to which the Custodian was appointed to act as custodian of the Company's cash and securities.

5.6.2 Under the terms of the Global Custody Agreement, the Custodian is entitled to receive: (i) global custodian fees equal to €1,000 per annum per PPN held physically by the Custodian and an ad valorem fee of 1 bp on the value of the listed PPNs; and (ii) banking fees on outward payments at a pre-agreed rate, ranging between £15-30 per transaction. The Custodian is also entitled to be reimbursed for all costs, charges and other expenses properly incurred by the Custodian, any sub-custodians or agents under the Global Custody Agreement.

5.6.3 The Global Custody Agreement may be terminated by either of the parties hereto on giving ninety days' prior written notice to the other party hereto. It may be terminated by either party without notice in certain specified circumstances, including the insolvency of the other party or if the other party commits a material breach of the Global Custody Agreement and, if capable of remedy, does not remedy the breach within 30 days after service of written notice requiring the breach to be remedied.

5.6.4 The Custodian has a market standard indemnity from the Company in relation to liabilities incurred other than as a result of its negligence, fraud, wilful default or material breach in carrying out its responsibilities under the Global Custody Agreement.

5.6.5 The Global Custody Agreement is governed by the laws of Jersey.

5.7 **Rollover Portfolio Management Agreement**

5.7.1 The Company is self-managed and does not have an investment manager.

5.7.2 The Company is delegating portfolio management of the Rollover Assets to DFM (the "**Rollover Portfolio Manager**") by way of a Rollover Portfolio Management Agreement but will retain risk management and overall supervision and control of the Rollover Assets' CLO Managers. DFM is a Delaware limited liability company, incorporated on 7 June 2007 with registered number 4366626, with its registered office at 345 Park Avenue, New York, NY 10154 (phone number: +1-212-503-2100). DFM is authorised by the Central Bank of Ireland as a non-EU Alternative Investment Fund Manager and is registered as an investment adviser under the Investment Advisers Act of 1940.

5.7.3 The Rollover Portfolio Manager will not be entitled to any performance or management fees in connection with the performance of its obligations under the Rollover Portfolio Management Agreement.

5.7.4 Unless terminated in accordance with its terms, the Rollover Portfolio Management Agreement will continue until such time as the Rollover Assets have been realised and the proceeds of such realisations have been re-invested indirectly into PPNs issued by BGCF.

5.7.5 The Rollover Portfolio Management Agreement is governed by English Law.

6. LITIGATION

There are no, and have not been in the last 12 months, any governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have in the recent past had, a significant effect on the Group's financial position or profitability.

7. RELATED PARTY TRANSACTIONS

Other than as set out in the section entitled "*Material Contracts*" in Part VII of this Prospectus, the Company has not entered into any related party transactions.

8. GENERAL

- 8.1 The Placing Programme is being carried out either by the Company itself, or on its behalf by Fidante and N+1 Singer, both of which are authorised and regulated in the UK by the Financial Conduct Authority.
- 8.2 The Company is the holder of a certificate as a "Company Issuing Units" issued by the JFSC under the Collective Investment Funds (Jersey) Law 1988 (the "**CIF Law**"). The Commission is protected by the CIF Law against liability arising from the discharge of its functions under the CIF Law. The Company is subject to the Jersey Listed Fund Guide issued by the JFSC. The Company is not regulated by the Financial Conduct Authority or any other non-Jersey regulator.
- 8.3 GSO may be regarded as the promoter of the Company. Save as disclosed in this Prospectus, no amount or benefit has been paid, or given, to the promoter or any of their subsidiaries since the incorporation of the Company and none is intended to be paid, or given. GSO is a limited partnership, established under the laws of Delaware in 2005 with its registered office at 345 Park Avenue, New York, New York 10154.
- 8.4 None of the Rollover Shares and Placing Shares available under the Placing Programme are being underwritten.
- 8.5 An application will be made to the London Stock Exchange for the Rollover Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**Rollover Admission**"). It is expected that the Rollover Admission will become effective and dealings in respect of the Rollover Shares will commence on or around 4 January 2019 (the "**Rollover Admission Date**"). Although the Company intends to obtain Rollover Admission on or around the Rollover Date, Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares. Consequently, the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares.
- 8.6 Applications will also be made to the London Stock Exchange for the Placing Shares to be admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market (each being a "**Subsequent Admission**"). It is expected that Subsequent Admissions will become effective and dealings in Placing Shares will commence on such dates between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion (each such date being a "**Subsequent Admission Date**").
- 8.7 The Company does not own any premises and does not lease any premises.

9. THIRD PARTY SOURCES

- 9.1 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- 9.2 GSO has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. GSO accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 9.3 DFME has given and, as at the date of this Prospectus, has not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. DFME accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 9.4 DFM has given and, as at the date of this Prospectus, has not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. DFM accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

10. WORKING CAPITAL

The Company is of the opinion that the working capital available to the Group is sufficient for the present requirements of the Group, that is, for at least the next 12 months from the date of this Prospectus.

11. SIGNIFICANT CHANGE

There has been no significant change in the trading, financial position or general affairs of the Company since 30 June 2018, the end of the latest period in respect of which interim financial information has been published and which is incorporated by reference into this Prospectus.

12. CAPITALISATION AND INDEBTEDNESS

- 12.1 As at the Latest Practicable Date, the Company:
- (a) does not have any secured, unsecured or unguaranteed indebtedness, including indirect and contingent;
 - (b) has not granted any mortgage or charge over any of its assets; and
 - (c) does not have any contingent liabilities or guarantees.
- 12.2 As at the Latest Practicable Date, the issued share capital of the Company (which is fully paid) is 404,700,446 Ordinary Shares of no par value.

13. INVESTMENT RESTRICTIONS

- 13.1 The Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the investment policy set out in the section entitled "*Investment Objective and Policy*" in Part I of this Prospectus. For so long as they remain requirements of the UK Listing Authority, the Company will not:
- (a) conduct a trading activity which is significant in the context of its group as a whole. This does not prevent the businesses forming part of the portfolio from conducting trading activities themselves; and
 - (b) invest more than 10 per cent., in aggregate, of the value of its total assets, at the time of investment, in other listed closed-ended investment funds (except to the extent that those investment funds have published investment policies to invest no more than 15 per cent. of their total assets in the other listed closed-ended investment funds).

13.2 In the event of any breach of the Investment Objective and Policy or of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company and/or any Underlying Company (at the time of such a breach) by an announcement issued through a RIS.

14. CITY CODE

14.1 The City Code on Takeovers and Mergers (the "**City Code**") applies to the Company. There are certain considerations that Shareholders should be aware of with regard to the City Code.

14.2 Under Rule 9 of the City Code ("**Rule 9**"), if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months. Rule 9 also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company which is subject to the City Code but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

14.3 Under Note 1 on the Notes on the Dispensations from Rule 9, the Takeover Panel (the "**Panel**") will normally waive the requirement for a general offer to be made in accordance with Rule 9 if, *inter alia*, those shareholders of the Company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with it and do not have any interest in the proposed transaction which may compromise their independence (the "**Independent Shareholders**") pass an ordinary resolution on a poll at a general meeting (a "**Whitewash Resolution**") approving such a waiver. The Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the City Code) if Independent Shareholders holding more than 50 per cent. of the Company's shares capable of being voted on such a resolution (i.e., more than 50 per cent. of the shares held by Independent Shareholders) confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the shareholders of the Company at a general meeting.

14.4 Under Rule 37 of the City Code ("**Rule 37**"), when a company purchases its own voting shares a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 in these circumstances.

14.5 However, under Note 2 to Rule 37, where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 may arise. Market purchases of Shares by the Company, if any, could have implications under Rule 9 for shareholders with significant shareholdings. The market purchases of Shares by the Company, if any, and RIS announcements made by the Company should enable Shareholders and the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any market purchase of Shares, the Board will endeavour to identify any Shareholders who they are aware may be deemed to be acting in concert under Note 1 of Rule 37 and will seek an appropriate waiver in accordance with Note 2 of Rule 37. However, neither the Company, nor any of the Directors will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fails to take appropriate action.

15. DISCLOSURE REQUIREMENTS AND NOTIFICATION OF INTEREST IN SHARES

- 15.1 Under DTR5, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within four trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):
- (a) reaches, exceeds or falls below five per cent. and each five per cent. threshold thereafter up to 30 per cent., 50 per cent. and 75 per cent.; or
 - (b) reaches, exceeds or falls below an applicable threshold in this paragraph 15 of this Part VII above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.
- 15.2 Such notification must be made using the prescribed form TR1 available from the FCA's website at <http://www.fca.gov.uk>. Under the Disclosure Guidance and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.
- 15.3 The FCA may take enforcement action against a person holding voting rights who has not complied with DTR5.

16. ADDITIONAL AIFM DIRECTIVE DISCLOSURES

AIFM Directive leverage limits

For the purposes of the AIFM Directive, leverage is required to be calculated using two prescribed methods: (i) the gross method; and (ii) the commitment method; and expressed as the ratio between a fund's total exposure and its Net Asset Value.

As measured using the gross method, the level of leverage to be incurred by the Company is not to exceed a ratio of 1:10.

As measured using the commitment method, the level of leverage to be incurred by the Company is not to exceed a ratio of 1:10.

Liquidity risk management

There is no right or entitlement attaching to the Issue Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations of the Company as they fall due.

In managing the Company's assets, therefore, the Board will seek to ensure that the Company has access to sufficient resources to enable the Company to discharge its payment obligations.

Fair treatment of Shareholders

The Company is required to comply with the certain Listing Rules and Principles that are applicable to closed-ended investment companies with a premium listing on the Official List of the UKLA. In particular, Premium Listing Principles 3 and 5, with which the Company complies, provide for fair treatment of Shareholders.

Depository

For the purposes of marketing the Issue Shares into certain European jurisdictions, the Company intends to enter into a depositary agreement pursuant to which BNP Paribas Securities Services S.C.A., Jersey Branch will be appointed by the Company to provide certain depositary services set out in the AIFM Directive.

Under the terms of the depositary agreement, it is expected that the depositary will be entitled to: an annual depositary fee based on the Company's NAV, subject to a minimum annual fee of €40,000 and a maximum fee of €100,000 in addition to certain other fees for reporting requirements from time to time. All fees due under the depositary agreement will be payable monthly in arrears, within thirty days of the Company receiving an invoice in respect of each month. The depositary will also be entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

The depositary agreement will provide that either party may terminate the agreement on ninety days' prior written notice, or upon the occurrence of certain specified events, including any material breach by the other party of its obligations under the depositary agreement which is not remedied within 30 days after the service of written notice requiring it to be remedied.

The depositary agreement will be governed by Jersey law.

Rights against third party service providers

The Company is reliant on the performance of third party service providers, including the Administrator, the Registrar, and the Custodian.

Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Placing Shares is with the Company only.

Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles, the constitutional documents of BGCF, the material contracts referred to in paragraphs 5.1 to 5.7 above and this Prospectus will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including the date of Admission.

A copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at <http://www.morningstar.co.uk/uk/NSM>. Copies of this Prospectus may be obtained, free of charge during normal business hours on any weekday (bank and public holidays excepted) at the Company's registered office up to and including the Final Closing Date.

PART VIII

ADDITIONAL INFORMATION ON BGCF

1. INCORPORATION AND ADMINISTRATION

- 1.1 BGCF, Blackstone / GSO Corporate Funding Designated Activity Company, was incorporated under the laws of Ireland on 16 April 2014 (registration number 542626). The registered office and principal place of business of BGCF is 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland (telephone number: +35314161290). The statutory records of BGCF are kept at this address. BGCF operates and issues shares in accordance with its constitution and the Companies Act 2014 (as amended) of Ireland and ordinances and regulations made thereunder and has no subsidiaries or employees. BGCF shall have an unlimited life.
- 1.2 BGCF has commenced operations and the accounts of BGCF are set out in Part XI of this Prospectus. BGCF's accounting period ends on 31 December of each year.
- 1.3 The auditors of BGCF are Deloitte of Earlsfort Terrace, Dublin 2, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants of Ireland and registered auditors qualified in practice in Ireland.
- 1.4 The annual report and accounts are prepared according to IFRS.
- 1.5 Save to the extent disclosed in this Prospectus, there have been no changes to the authorised share capital of BGCF since incorporation.
- 1.6 As at 31 October 2018, BGCF, either directly or through BGUCF, had established and invested in CLO Income Notes issued by 28 CLOs, of which 16 were European CLOs and 12 were U.S. CLOs. BGCF's gross and net assets, as at 31 October 2018, are €1.0 billion and €882.2 million respectively. As at 31 October 2018, 75.3 per cent. of BGCF's investment portfolio comprised CLO Income Notes while 22.3 per cent. comprised loans, net of leverage drawn (each calculated as a percentage of BGCF's NAV).
- 1.7 BGCF's direct and indirect loan portfolios are diversified across geography, industry and company.

2 SHARE CAPITAL

- 2.1 The shares in BGCF comprise ordinary shares in the share capital of BGCF. The rights attaching to the shares are set out in BGCF's constitution. The rights attaching to a class of shares may be varied either with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. As at the date of this Prospectus, the issued and fully paid up share capital of BGCF consists of 200 BGCF Shares of €1 each (and share premium €14,999,985).
- 2.2 The issued share capital of BGCF is held as follows:

Intertrust Nominees (Ireland) Limited	200 BGCF Shares
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- 2.3 The holders of BGCF Shares are entitled to attend and vote at general meetings of BGCF. Any dividends payable by BGCF will be distributed to the holders of the BGCF Shares, and on the winding-up of BGCF, BGCF's surplus assets will be distributed among the holders of the BGCF Shares (after any share capital and share premium payable).
- 2.4 The BGCF Shares are held by Intertrust Nominees (Ireland) Limited (the "**Share Trustee**") on a charitable trust pursuant to a share trust deed dated 3 June 2014 (the "**Share Trust Deed**"). Under the Share Trust Deed, the Share Trustee holds the BGCF Shares as nominee for and on behalf of the beneficial owner, and waives all rights to any past or future dividends in favour of the beneficial owner. The Share Trustee has covenanted that it will not:
 - (a) interfere in the management, administration or conduct of business of BGCF;

- (b) take any steps or actions whatsoever for the purposes, or in support of, winding-up BGCF;
- (c) appoint or remove any director of BGCF;
- (d) make any assignment or conveyance for the benefit of BGCF's creditors generally; or
- (e) sell, transfer, mortgage, assign or otherwise dispose of, secure or deal with all or any of its BGCF Shares.

- 2.5 The Share Trustee is entitled to be indemnified out of the trust fund from and against all liabilities, losses, damages, costs, expenses, actions, proceedings, claims and demands incurred or made against them in the execution (or purported execution) of the Share Trust Deed, or of their powers or in respect of anything done or omitted in any way relating to the Share Trust Deed.
- 2.6 No share or loan capital of BGCF is under option or has been agreed, conditionally or unconditionally, to be put under option.

3 DIRECTORS' AND OTHER INTERESTS

- 3.1 As at the date of this Prospectus, none of the directors of BGCF or any person connected with any of the directors of BGCF has a shareholding or any other interest in the share capital of BGCF.
- 3.2 Except as disclosed in paragraph 2.2 of this Part VIII of this Prospectus, the Company's directors are not aware of any person or persons who, following the Placing, will or could, directly or indirectly, jointly or severally, exercise control over BGCF.
- 3.3 There are no outstanding loans from BGCF to any of its directors or any outstanding guarantees provided by BGCF in respect of any obligation of any of the directors.
- 3.4 The remuneration of BGCF's directors is included in the fees payable to the Corporate Services Provider in respect of Anne Flood and Imelda Shine and in an engagement letter with Aogán Foley dated 24 June 2015, and in an engagement letter with Fergal O'Leary dated 24 June 2015. No additional remuneration or benefits in kind are payable to any director of BGCF. No amount has been set aside or accrued by BGCF to provide pension, retirement or other similar benefits.
- 3.5 No director of BGCF has a service contract with BGCF, nor are any such contracts proposed.
- 3.6 None of the directors of BGCF has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of BGCF and which has been effected by BGCF since its incorporation.
- 3.7 In addition to their directorships of BGCF, the directors of BGCF hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Anne Flood	A330 MSN 1552 Limited Aircraft MSN 41520 Limited Allenwood Aircraft Leasing Limited Amber Circle Funding Limited Appleringo Holdings B.V. Appleringo Ventures I Limited Archway Aviation (Ireland) 2 Limited Archway Aviation (Ireland) 3 Limited Archway Aviation (Ireland) 5 Limited Archway Aviation (Ireland) 6 Limited Archway Aviation (Ireland) Limited Archway Aviation Holding (Ireland) 2 Limited Archway Aviation Holding (Ireland) Limited	Alafco Irish Aircraft Leasing One Limited Alafco Irish Aircraft Leasing Three Limited Alafco Irish Aircraft Leasing Two Limited Alexion Pharma International Trading Limited Antelope Leasing Limited Archway Aviation (Ireland) 4 Limited Avico Skylines Limited Doosan Infracore Bobcat Ireland Limited Edgur Air Dublin Limited Fastnet Aviation 1 Limited Foxfield Aircraft Leasing Limited G3 MSN 4273 Limited Gabiella Finance 2012 Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	AviatorCap SIII, Limited	Greystones Aircraft Leasing Limited
	Ballyhaunis Aircraft Leasing Limited	IAS Aviation Holdings Limited
	Blackstone / GSO Corporate Funding Designated Activity Company	Indiaer Leasing 1 Limited
	CALC Global Leasing Limited	Integrity Emerald Assets Limited
	Carlow Aircraft Leasing Limited	Intertrust Capital Markets Ireland Limited
	Case-Mate Ireland Limited	Kebne Aviation Limited
	China Nonferrous Mining Holdings Limited	Kells Aircraft Leasing Limited
	DINV Aviation Limited	Lakes Japan Investments Ltd (Alternate to IS)
	Dungarvan Aircraft Leasing Limited	LCI Helicopters (Ireland) Limited
	Elphin Aircraft Leasing Limited	LCI Helicopters (Labuan) Limited
	European Commercial Real Estate Loan Investments 2013 Limited	Leonora Aviation Ireland Limited
	G3 Gresham HoldCo Limited	Mainsail Aircraft Financing Limited
	G3 Gresham Holdco No. 2 Limited	Martin Pecheur Holdings Limited
	G3 MSN 19000200 and 19000208 Limited	Mcap Europe 01 Limited
	G3 MSN 34270 and 35066 Limited	Mcap Europe Limited
	G3 MSN 3430 Limited	McGraw Hill Financial (Ireland)
	G3 MSN 35226 Limited	McKenzie Capital Limited
	G3 MSN 35543 Limited	MENAdriI Investment Holding Company I Limited
	G3 MSN 36816 and 37886 Limited	MENAdriI Investment Holding Company II Ltd
	G3 MSN 37710 Limited	Metro Aviation Ireland Limited
	G3 MSN 4273 No. 2 Limited	MKCP TX (Ireland) Limited
	Goldrawn Air Leasing Company Limited	Mount Kellett Credit Investor (Ireland) Limited
	GSO ADGM Umbrella Fund (Ireland) PLC	Oldcastle Aircraft Leasing Limited
	Ha Thanh Limited	Rossbeigh Aviation Limited
	Holland Park CLO Limited	Sanad Aero Ireland 1 Limited
	Howth Aircraft Leasing Limited	SASOF II (B) Aviation Ireland Limited
	IMC Strategic Investment Funds plc	SASOF II Aviation Ireland Limited
	Intertrust Alternative Investment Fund Management (Ireland) Limited	S-H Japan Investor Limited
	Intertrust Corporate Services (Dublin) Limited	Team Cignus Limited
	Inv B87 Leasing Company Limited	Vaja International Holdings Limited
	Inv Jet Leasing Limited	Vector Aerospace Financial Services Ireland Ltd
	INV2-R Leasing Company Limited	Worldwide Aircraft Capital Investments and Services Limited
	Inver Aircraft Leasing Limited	
	IPF Management	
	ITCL Ireland Limited	
	ITCP TA Management II Limited	
	Ivanplats Finance Limited	
	Jamestown Aircraft Leasing Limited	
	Jonagold Limited	
	Justitia Ireland Investment Limited	
	Lahinch Aircraft Leasing Limited	
	Macan Aviation 1 Limited	
	Mallow Aircraft Leasing Limited	
	Newbridge Aircraft Leasing Limited	
	Orbit Aircraft Leasing (Ireland) 1 Limited	
	Orbit Aircraft Leasing (Ireland) 2 Limited	
	Orbit Aircraft Leasing (Ireland) 3 Limited	
	Orbit Aircraft Leasing (Ireland) 4 Limited	
	Orbit Aircraft Leasing (Ireland) 5 Limited	
	Panamera Aviation Leasing IV Limited	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Panamera Aviation Leasing Limited Panamera Aviation Leasing VI Limited Panamera Aviation Leasing VII Limited Panamera Aviation Leasing VIII Limited Ravaneur Europe Limited Richmond Park CLO Limited Sapporo Investments I Limited Stripes 2013 Aircraft 1 Limited Summit Meridian Leasing Company Limited Unicorn Funding Limited Unicorn Funding Limited Vaja Trading company Limited Vela CAD Funding Limited Vela GBP Funding Limited Vion Europa Limited WCCM IRL Aviation Holdings I Limited WCCM IRL Aviation Holdings II Limited	
Aogán Foley	Incisive Capital Management Limited Incisive Capital Limited ESF QIF I plc Goldentree Asset Management (Ireland) Limited Goldentree High Yield Value Fund Offshore 110 Two Limited Duet Invest Public Limited Company Mlsf Public Limited Company Leo Ca.Re Public Limited Company Epoch Investment Funds Public Limited Company Blackstone / Gso Corporate Funding Designated Activity Company Riverrock European Real Estate Fund Limited Goldentree Emerging Markets Section 110 Designated Activity Company Gtam 110 Designated Activity Company Gtam Irish Co., Limited Virtu Financial Ireland Limited Riverrock European Capital Management Limited Goldentree High Yield Value Fund Offshore Public Limited Company Goldentree High Yield Value Fund Offshore 110 Limited Jac Investment Funds Public Limited Company Monarch Ag Holdings 110 Designated Activity Company Estrella Receivables Designated Activity Company Adon Capital Limited	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Fergal O'Leary	Latchok Limited Blackstone / GSO Corporate Funding DAC Chapel Road Management Company Limited European & Global Investments Limited Capvest Irish Partners Limited IRE Real Estate Investment Partners ICAV QR RHC Real Estate Investment Partners ICAV	Citigroup Global Markets Asia Capital Corp Limited Cedarhill Financing Thinking Limited Glas Securities Limited Solas OLED Ltd Aris Technologies Carlough ICAV
Alan Kerr	Bonkers Money Ltd ATEZA Limited Bonkers Insurance Services DAC Bonkers Money Holdings DAC Bonkers Software Services Limited Erisbeg Holdings Limited BP Multipage Limited Blackstone / GSO Corporate Funding Limited Pricefolio Limited	Ocelot Computers Ltd Monier Holdings GP SA1 Harbourmaster Loan Funding 2 Ltd Harbourmaster Loan Funding 3 Ltd Harbourmaster Capital Structures Ltd Blackstone / GSO Debt Funds Europe Holdings Ltd (formerly Harbourmaster Capital Holdings Ltd) Blackstone / GSO Debt Funds Europe Ltd (formerly Harbourmaster Capital Ltd Sussex Road Nominees Ltd Blackstone / GSO Debt Funds Management Europe II Limited Blackstone / GSO Debt Funds Management Europe Limited Blackstone / GSO US Loan Funding DAC Blackstone / GSO Loan Funding DAC Platinum Office Nominee Limited Astra Office Nominee Limited GJC Aviation International Limited GJC Aviation Ireland Unlimited Company Blackstone / GSO Global Dynamic Credit Funding DAC Irish Association of Investment Managers
Neil Clifford	Tages Capital ICAV RV Capital UCITS Fund ICAV Ardstone Residential Partners ICAV Montlake QIAIF Platform ICAV PCM Global Funds ICAV SSC Property ICAV Trium UCITS Platform plc GQG Global UCITS ICAV Woodman Credit Platform ICAV Carne Global AIFM Solutions (Channel Islands) Limited Carne Global Fund Managers Ireland CapVest Irish Partners Limited Alliance Bernstein International Credit DAC Blackstone / GSO Corporate Funding DAC	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Crescent Direct Lending Ireland Limited CDL II GP Ltd CDL Levered (Ireland) II Ltd CDL Unlevered (Ireland) II Ltd CDL General Partner II, Ltd Jigginstown Homes Limited Ashford Residential Limited Kettle Homes Limited Stocking Homes Limited Johnstown Homes Limited Barnhall Residential Limited Bluebell Residential Limited Frenchfort Homes Limited Capdoo Homes Limited	
Bronwyn Wright	Merian Global Investors Series Public Limited Company Hadron Alpha Public Limited Company BGM Financial Services Solutions Limited BGM Financial Services Solutions Limited Blackstone / GSO Corporate Funding Designated Activity Company Mediolanum International Funds Limited Aam Portfolio Fund Public Limited Company Kestrel Ucits Funds Public Limited Company Imc Strategic Investment Funds Public Limited Company First Trust Global Funds Public Limited Company Canaccord Genuity Investment Funds Public Limited Company Comgest Growth Public Limited Company Fisher Investments Institutional Funds Public Limited Company Principal Global Investors (Ireland) Limited Principal Global Opportunities Series Public Limited Company Skandia Fund Management (Ireland) Limited Old Mutual Dublin Funds Public Limited Company Polen Capital Investment Funds Public Limited Company Thomas White Worldwide Funds Public Limited Company Kames Capital Qif Public Limited Company Westwood Investment Funds Public Limited Company Fort Global Ucits Funds Public Limited Company	

Name	Current directorships/partnerships	Past directorships/partnerships
	DC Developing Markets Strategies Public Limited Company	
	MFG Investment Fund Public Limited Company	
	Twentyfour Global Investment Funds Public Limited Company	
	AFS Alternative Fund Public Limited Company	
	Aurum Funds Public Limited Company	
	First State Global Umbrella Fund Public Limited Company	
	First State Funds Public Limited Company	
	Icm Investment Fund Public Limited Company	
	Icm European Middle Market Loan Limited	
	Trium Ucits Platform Public Limited Company	
	AFS Platform Public Limited Company	

3.8 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to BGCF of any of the directors of BGCF and their private interests and/or other duties.

3.9 Save as set out in paragraph 3.10 below, as at the date of this Prospectus:

- (a) none of the directors of BGCF has had any convictions in relation to fraudulent offences for at least the previous five years;
- (b) save as detailed above, none of the directors of BGCF was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
- (c) none of the directors of BGCF has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
- (d) none of the directors of BGCF are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of BGCF which is not otherwise disclosed in this Prospectus.

3.10 In respect of the declaration in paragraph 3.9 above, certain of the directors of BGCF have been directors of entities which have been dissolved. To the best of each director's knowledge, no such entity, upon its dissolution, was insolvent or owed any amounts to creditors.

3.11 No employees of the Corporate Services Provider have any service contracts with BGCF.

4 SERVICE PROVIDERS TO BGCF

4.1 Service Support Provider

Please see the summary set out in the section entitled "*DFME and DFM*" in Part IV of this Prospectus.

4.2 Corporate Services Provider

4.2.1 Intertrust Management (Ireland) Limited, an Irish company, is appointed as the Corporate Services Provider to BGCF pursuant to the terms of the Corporate Services Agreement entered into on

15 May 2014 between BGCF and the Corporate Services Provider (further details of which are set out in paragraph 6 below). In such capacity, the Corporate Services Provider acts as the corporate administrator for BGCF.

4.2.2 The Corporate Services Provider is a private limited company, created under the laws of Ireland, and whose registered office is situated at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. As at the date of this Prospectus, the issued share capital of the Corporate Services Provider is €50,000, all of which is fully paid up.

4.3 **BGCF Custodian and Account Bank**

4.3.1 Citibank, N.A. London Branch ("**Citibank**") has been appointed as BGCF Custodian and BGCF Account Bank pursuant to the BGCF Custody Agreement and the BGCF Account Bank Agreement. Pursuant to the BGCF Custody Agreement, the BGCF Custodian will act as custodian of certain of BGCF's investments and other assets. Pursuant to the BGCF Account Bank Agreement, the BGCF Account Bank will act as account bank of BGCF.

4.3.2 The BGCF Custodian and BGCF Account Bank is a national banking association established under the laws of United States of America, acting through its London branch and having its registered address at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and registered with the Companies House under number BR001018.

4.4 **BGCF Administrator**

4.4.1 Virtus Partners Fund Services Ireland Limited ("**BGCF Administrator**") has been appointed by BGCF as its administrator pursuant to the Fund Administration Agreement dated 10 February 2016 (as amended and restated on 13 October 2016 and as novated pursuant to a novation deed entered into on 7 April 2017), to provide BGCF with valuation, financial reporting and fund accounting services.

4.4.2 The BGCF Administrator is established under the laws of the United States of America, and has its registered office at 100 Wall Street, New York, NY 10005.

5 **MEMORANDUM AND ARTICLES**

5.1 **Objects**

BGCF's constitution provides that BGCF can invest in a broad range of financial assets, which would include senior secured loans, bonds and the CLO Notes.

The BGCF Articles include provisions to the following effect:

5.2 **Share capital**

The authorised share capital of BGCF is 1,000,000 ordinary shares of €1.00 each. The issued share capital is 225 ordinary shares of €1.00 each held by LuxCo.

5.3 **Alteration of share capital**

BGCF shall be entitled to create any share ranking in any respect in priority to or *pari passu* with the Class B Shares. Shares may be increased or reduced and be divided into such classes and issued with any special rights as may be provided by the BGCF Articles from time to time.

Subject to applicable law any share may be issued with such preferred, deferred or other special rights, or such restrictions as BGCF may determine. Any share may be issued on the terms that it is redeemable.

5.4 **Purchase of own shares**

Subject to applicable law, BGCF may acquire shares in the capital of BGCF.

5.5 **Share rights**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in BGCF may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as BGCF may from determine by ordinary resolution.

The rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

5.6 **Allotment of securities and pre-emption rights**

The directors are authorised to exercise all the powers of BGCF to allot relevant securities in accordance with BGCF's constitution and applicable law.

5.7 **Variation of rights**

If at any time the share capital of BGCF is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or by a special resolution passed at a separate general meeting of the holders of the shares of the class provided that nothing in shall require the consent of the holders of the Class B Shares to any winding-up.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

5.8 **Transfer of shares**

Any member may, subject to the BGCF Articles, transfer all or any of its shares by instrument in writing. All share transfers are however subject the approval of the directors of BGCF in their absolute discretion.

5.9 **General meetings**

Annual general meetings of BGCF shall generally be held in Ireland. An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days' notice in writing and any other meeting of BGCF shall be called by seven days' notice in writing.

All general meetings other than annual general meetings shall be called extraordinary general meetings. The directors may, whenever they think fit, convene an extraordinary general meeting.

5.10 **Voting rights**

No member shall be entitled to vote at any general meeting unless all calls or other sums immediately payable by him in respect of shares in BGCF have been paid.

5.11 Appointment of Directors

The number of directors of BGCF shall not be less than two or more than ten, unless otherwise determined by an ordinary resolution. A majority of the directors must be resident in the State of Ireland for taxation purposes.

At any time when BGCF is a single-member company, the sole member shall be entitled at any time by notice in writing to BGCF to appoint any person to be a director, in accordance with the BGCF Articles.

5.12 No share qualification

A director shall not be required to hold any shares in the capital of BGCF by way of qualification.

5.13 Retirement of Directors

The directors will not retire by rotation nor will they be required to go forward for re-election.

5.14 Remuneration of Directors

The remuneration of the directors shall be determined by the BGCF's board of directors.

5.15 Permitted interests of Directors

A director shall, if he is in any way interested in a contract or proposed contract with BGCF, declare the nature of such interest at a meeting of the directors in accordance with applicable law.

A director may hold any other office or place of profit under BGCF (other than the office of statutory auditor) in conjunction with his office of director. No director shall be disqualified by his office from contracting with BGCF nor shall any such contract or any contract or arrangement entered into or on behalf of BGCF in which any director is, in any way, interested be liable to be avoided, nor shall any director being so interested be liable to account to BGCF for any profit realised by any such contract or arrangement.

5.16 Restrictions on voting

A director may subject to the provisions of the Companies Act 2014 (as amended) vote in respect of any contract, appointment or arrangement in which he is interested, and he shall be counted in the quorum present at the meeting.

5.17 Powers of Directors

The business of BGCF shall be managed and controlled by the directors in Ireland. They may exercise all such powers of BGCF as are not, by applicable law or by the BGCF Articles, required to be exercised by BGCF in general meeting.

5.18 Proceedings of directors

All meetings of the directors of BGCF must take place in Ireland. Questions arising at any meeting shall be decided by a majority of votes. Where there is an equality of votes, the Chair shall have a second or casting vote.

The continuing directors may act so long as a quorum is present. If a quorum is not present, the continuing directors may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of BGCF. The directors may delegate any of their powers to committees consisting of such persons as the BGCF's board as think fit.

5.19 Indemnity of officers and insurance

Subject to applicable legislation, every director and secretary of BGCF shall be indemnified by BGCF against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

5.20 Dividends and other distributions

The directors of BGCF may from time to time pay to the members of BGCF such dividends (whether as either interim dividends or final dividends) as appear to the directors to be justified by the profits of BGCF, subject to the provisions of the Companies Act 2014 (as amended).

5.21 Winding up

Subject to the provisions of the Companies Act 2014 (as amended) as to preferential payments, the property of BGCF on its winding up shall, subject to such application, be distributed among the members of BGCF according to their rights and interests in BGCF.

BGCF's surplus assets upon a winding up shall be applied first in payment to the holders of the Class B Shares of the capital and share premium paid up on them, with the entire of any residue, divided among the holders of BGCF Shares in proportion to the amount paid up at the commencement of the winding up on BGCF Shares respectively held by them.

6 MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by BGCF since its incorporation and are, or may be, material or that contain any provision under which BGCF has any obligation or entitlement which is or may be material to it as at the date of this Prospectus.

6.1 Portfolio Service Support Agreement

6.1.1 A portfolio service support agreement dated 3 June 2014 (as amended on 23 March 2016 and as further amended, modified or supplemented from time to time) entered into between: (i) BGCF; and (ii) the Service Support Provider (the "**Portfolio Service Support Agreement**"), pursuant to which BGCF appointed the Service Support Provider to provide certain service support and assistance (including back and middle office functions), human resources and credit and market research and analysis in connection with the origination and ongoing management of the portfolio by BGCF.

6.1.2 The Portfolio Service Support Agreement may be automatically terminated in the event of: BGCF determining in good faith that BGCF or the portfolio has become required to register as an investment company under the provisions of the Investment Company Act (where there is no available exemption), and BGCF has given prior notice to the Service Support Provider of such requirement; the date on which the portfolio has been liquidated in full and BGCF's financing arrangements have been terminated or redeemed in full; and such other date as agreed between BGCF and the Service Support Provider.

6.1.3 In addition, the Portfolio Service Support Agreement may be terminated, and the Service Support Provider removed for Cause (as defined in the Portfolio Service Support Agreement) by BGCF upon 10 business days' prior written notice to the Service Support Provider.

6.1.4 Any resignation or removal of the Service Support Provider will only be effective on the satisfaction of certain conditions set out in the Portfolio Service Support Agreement.

6.1.5 BGCF has given certain market standard indemnities in favour of the Service Support Provider and its affiliates (and their manager, directors, officers, partners, agents and employees) in respect of the Service Support Provider's potential liabilities it may incur in carrying on its responsibilities under the Portfolio Service Support Agreement.

- 6.1.6 Under the Portfolio Service Support Agreement, the Service Support Provider agrees to perform its obligations thereunder, with reasonable care: (i) using a degree of skill and attention no less than that which the Service Support Provider exercises with respect to comparable assets that it manages for itself and others having similar investment objectives and restrictions; and (ii) to the extent not inconsistent with the foregoing, in a manner consistent with the Service Support Provider's customary standards, policies and procedures in performing its duties under the Portfolio Service Support Agreement (the "**Standard of Care**"); provided that the Service Support Provider will not be liable for any loss or damages resulting from any failure to satisfy the Standard of Care except to the extent any act or omission of the Service Support Provider constitutes a Service Support Provider Breach (as defined below). The Standard of Care may change from time to time to reflect changes by the Service Support Provider to its customary standards, policies and procedures provided that such customary standards, policies and procedures are at least as rigorous as the foregoing.
- 6.1.7 The Service Support Provider will not be liable (whether directly or indirectly, in contract or in tort or otherwise) to BGCF under the Portfolio Service Support Agreement for liabilities incurred by BGCF as a result of or arising out of or in connection with the performance by the Service Support Provider under the Portfolio Service Support Agreement, or for any losses or damages resulting from any failure to satisfy the Standard of Care except to the extent such liabilities were incurred by reason of acts or omissions constituting bad faith, fraud, wilful misconduct or due to the gross negligence (with such term given its meaning under New York law) or reckless disregard of the duties and obligations of the Service Support Provider (a "**Service Support Provider Breach**").
- 6.1.8 The Service Support Provider is able to resign its role under the Portfolio Service Support Agreement upon 90 days' written notice to BGCF (or such shorter notice as is acceptable to BGCF). Whilst the resignation will not be effective until the date as of which a successor adviser has been appointed, it may be difficult to locate an alternative adviser as a successor. In addition, the Service Support Provider may immediately resign by providing written notice to BGCF upon the occurrence of certain events relating to BGCF such as, amongst others, the failure of BGCF to comply in any material respect with any investment policy or investment objective to which it is bound to comply, a wilful breach or knowing violation by BGCF of a material provision of the Portfolio Service Support Agreement or the occurrence of insolvency proceedings in respect of BGCF.
- 6.1.9 Under the Portfolio Service Support Agreement, the Service Support Provider agrees to the provision of certain human resources as may be necessary to enable BGCF to conduct any matters related to its portfolio of assets.
- 6.1.10 Further, in respect of each BGCF CLO where DFME is the CLO Manager, BGCF and DFME will enter into a fee rebate letter in the form set out in schedule 2 (*Form of CLO Fee Rebate Letter*) or schedule 5 (*Form of CLO Fee Rebate Letter for Vertical Strip*) (as applicable) of the Portfolio Service Support Agreement (the "**CLO Fee Rebate Letter**"). The terms of such CLO Fee Rebate Letters will ensure a rebate position consistent with the summary provided in the section entitled "BGCF and Service Providers" in Part I of this Prospectus.
- 6.1.11 Under the Portfolio Service Support Agreement, BGCF shall pay to the Service Support Provider as full compensation for the services performed thereunder, the totality of amounts comprising:
- (a) a fee as may be determined from time to time on an arm's length basis; and
 - (b) an amount equivalent to all reasonable third party costs and expenses incurred by the Service Support Provider in the performance of its obligations thereunder, together with any irrecoverable VAT arising on such costs and expenses,
- and, to the extent that DFM provides similar services to BGCF, it shall be entitled to similar compensation and fees.
- 6.1.12 The Portfolio Service Support Agreement contains standard limited recourse and non-petition provisions with respect to BGCF.
- 6.1.13 The Portfolio Service Support Agreement is governed by English law.

6.1.14 When formed, the Underlying Companies may enter into service support arrangements with DFM on substantially similar terms to those contained in the Portfolio Service Support Agreement.

6.2 **NPA and the Profit Participating Notes**

Please see summary set out in the section entitled "*Material Contracts*" in Part VII of this Prospectus.

6.3 **Senior Secured Multi-Currency Loan Facility**

6.3.1 Under this facility dated 1 June 2017 (as amended, modified or supplemented from time to time) and entered into with, amongst others, three bank counterparties, BGCF is, subject to the satisfaction of certain conditions, permitted to draw funding amounts of up to €450,000,000 in aggregate (or the Euro equivalent) in Euro, pounds sterling and/or United States dollars for use in connection with the purposes set out below. Borrowings under this facility rank senior in right of repayment and upon enforcement as compared to the Profit Participating Notes. The facility also only permits BGCF to use amounts standing to the credit of the accounts connected to the facility (into which principal and interest from the assets financed by the facility will be deposited) to be used for purposes other than the repayment of the facility and payment of interest thereon, if certain credit and coverage tests in relation to BGCF are passing. Subject to certain conditions, BGCF will use drawings under the facility for the following purposes:

- (a) in certain circumstances for investment in assets which will form part of BGCF's portfolio (excluding CLO Retention Securities or CLO Retention Income Notes);
- (b) in certain circumstances for the payment of costs, expenses, third party agent/adviser fees and other liabilities of BGCF; and
- (c) in certain circumstances to absorb any realised market value and/or credit losses on BGCF Portfolio from time to time.

6.3.2 The facility contains standard limited recourse and non-petition provisions with respect to BGCF.

6.3.3 The facility is governed by English law.

6.4 **Senior Financing Facility**

Senior facilities may be entered into from time to time between: (i) BGCF; and; (ii) a Financing Party (each, a "**Senior Financing Facility**"), pursuant to which BGCF is able to borrow from time to time in order to purchase assets for its portfolio (excluding CLO Retention Securities or CLO Retention Income Notes). Such Senior Financing Facilities will be entered into on market standard terms, as negotiated between BGCF and the relevant Financing Party in each case and may include a senior security package in favour of the Financing Party.

6.5 **Loan Warehouse investment arrangements**

In certain circumstances, the Underlying Companies may invest in Loan Warehouses as opposed to investing directly in loans. In order to do so, the Underlying Companies are expected to enter into limited recourse financing arrangements with Loan Warehouses pursuant to which the Underlying Companies will provide certain funds to the Loan Warehouse in order that it can purchase loans in the market. As part of such financing arrangement, the Underlying Companies may be granted a security interest over the loans purchased by the Loan Warehouse, although the Underlying Companies' interest in the Loan Warehouse may be subordinated in all respects to any senior financing of the Loan Warehouse (if applicable). In certain circumstances the Loan Warehouse may become the vehicle for a CLO. In such circumstances, the Loan Warehouse financing provided by the Underlying Companies (and any senior financing) will be repaid from the proceeds of the CLO Securities issued by such CLO, including any applicable positive carry during the loan warehousing period.

6.6 Financing for CLO Securities

Where BGCF invests in CLO Securities (i.e. a vertical strip), the CLO Retention Securities may be financed by the entry into a retention financing facility with a bank lender. Any such facility will be with full-recourse to the assets of BGCF, will be a general obligation of BGCF and will be secured, subject to any applicable consent requirements, by a first-lien security interest over the relevant CLO Securities.

6.7 Corporate Services Agreement

6.7.1 Intertrust Management Ireland Limited (the "**Corporate Services Provider**"), an Irish company, acts as the corporate administrator for BGCF pursuant to the terms of the corporate services agreement dated 15 May 2014 (as amended and restated 22 December 2014) entered into between BGCF and the Corporate Services Provider (the "**Corporate Services Agreement**").

6.7.2 Pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider performs various management functions on behalf of BGCF, including the provision of certain clerical, reporting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by BGCF at rates agreed upon from time to time plus expenses. As at the date of this Prospectus, the annual fees payable to the Corporate Services Provider are €47,000.

6.7.3 The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 30 days' written notice to the other party.

6.7.4 The Corporate Services Provider's principal office is at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin, Ireland.

6.8 Fund Administration Agreement

6.8.1 An agreement dated 10 February 2016 was entered into between BGCF and the BGCF Administrator (the "**Fund Administration Agreement**"). The appointment of the BGCF Administrator became effective on 1 March 2016.

6.8.2 Pursuant to the Fund Administration Agreement, the BGCF Administrator agrees to provide BGCF with certain valuation, financial reporting and fund accounting services.

6.8.3 In consideration of the foregoing, the BGCF Administrator is entitled to receive various fees and other charges payable by BGCF at rates agreed upon from time to time plus expenses. As at the date of this Prospectus, the BGCF Administrator is entitled to receive: (i) an annual administration fee equal to 6 bps on the first €250 million of BGCF's NAV, and 5 basis points on such of BGCF's NAV as exceeds €250 million (subject to a minimum fee of €10,000 per month); (ii) €10,000 per issuance of BGCF's financial statements; and (iii) fees charged at an hourly rate for any other services agreed with BGCF.

6.8.4 The Fund Administration Agreement provides that either party may terminate the agreement on ninety days' prior written notice, or upon the occurrence of certain specified events, including any material breach by the other party of its obligations under the Fund Administration Agreement which is not remedied within 30 days after the service of written notice requiring it to be remedied.

6.8.5 The Fund Administration Agreement contains standard limited recourse and non-petition provisions.

6.8.6 The Fund Administration Agreement is governed by Irish law.

6.9 Agency and Collateral Administration Agreement

An agreement dated 1 June 2017 between (i) BGCF (as borrower); (ii) Citibank Europe plc, UK Branch (as administration agent); (iii) Citibank, N.A. London Branch (as trustee, account bank and custodian); and (iv) Virtus Group LP (as collateral administrator).

6.10 Forward Purchase Agreements

6.10.1 Forward Purchase Agreements may be entered into from time to time, between: (i) BGCF; (ii) a CLO; or (iii) a Loan Warehouse (each, a "**Forward Purchase Agreement**"), pursuant to which BGCF may, from time to time enter into sale and purchase contracts with a CLO or a Loan Warehouse with respect to the assets of BGCF ("**Forward Sales**"). Such Forward Sales are with a view to effectively managing its access to wholesale funding and exposure to unnecessary market price volatilities of its portfolio. Such Forward Purchase Agreements may be entered into at the same time or shortly after the origination or acquisition of the relevant asset by BGCF, at a later date, or not at all. Where a loan becomes subject to a Forward Purchase Agreement, BGCF will (subject to the conditions set out in paragraph 6.11.8 below) neither receive the market value gain nor bear the market value loss that occurs between the date when the loan is added to the Forward Purchase Agreement and the date when the transfer occurs.

6.10.2 Each Forward Sale between BGCF and a CLO will become effective on either the pricing date or the issue date of the relevant CLO and will be conditional upon:

6.10.3 the occurrence of the closing date of the relevant CLO;

6.10.4 the assets that are the subject of such Forward Sale satisfying a set of eligibility criteria on the closing date of the relevant CLO as agreed between BGCF and the relevant CLO; and

6.10.5 such other conditions which BGCF agrees to from time to time.

6.10.6 The Forward Purchase Agreements will contain standard limited recourse and non-petition provisions with respect to the Loan Warehouse, BGCF and with respect to the relevant CLO (as applicable).

6.10.7 The governing law of the Forward Purchase Agreements will be English law.

6.11 BGCF Account Bank Agreement

6.11.1 An account bank agreement dated 2 July 2014, as amended, supplemented or modified from time to time, entered into between: (i) BGCF; and (ii) Citibank, N.A., London Branch (as "**BGCF Account Bank**") (the "**BGCF Account Bank Agreement**"), pursuant to which BGCF appointed the BGCF Account Bank to act as account bank of BGCF for an annual fee of €6,000 payable by BGCF.

6.11.2 The BGCF Account Bank Agreement contains terms requiring the BGCF Account Bank to establish a cash account(s) in the name of BGCF and to deposit and withdraw certain amounts from such cash account(s) upon the instructions of an authorised person of BGCF.

6.11.3 The BGCF Account Bank may be replaced by BGCF giving written notice to the BGCF Account Bank.

6.11.4 The BGCF Account Bank may at any time resign as account bank for any reason by giving at least 45 days' written notice to BGCF.

6.11.5 BGCF has given certain market standard indemnities in favour of the BGCF Account Bank in respect of the BGCF Account Bank's potential losses in carrying on its responsibilities under the BGCF Account Bank Agreement.

6.11.6 The BGCF Account Bank Agreement contains standard limited recourse and non-petition provisions with respect to BGCF.

6.11.7 The BGCF Account Bank Agreement is governed by English law.

6.12 **BGCF Custody Agreement**

6.12.1 A custody agreement dated 2 July 2014, as amended, supplemented or modified from time to time, entered into between (i) BGCF; and (ii) Citibank, N.A., London Branch (as "**BGCF Custodian**") (the "**BGCF Custody Agreement**"), pursuant to which the BGCF Custodian was appointed to act as custodian of certain of BGCF's investments and other assets. The BGCF Custodian receives a fee of 1 bp per annum on the nominal value of BGCF's assets held through Euroclear, and 0.6 bp per annum on the nominal value of BGCF's assets held through DTCC.

6.12.2 The BGCF Custodian provides custody services in respect of such of the property of BGCF which is delivered to and accepted by the Custodian as and when such custody services may be required. Securities are held by the Custodian in one or more custody accounts in the name of BGCF and separately designated in the books of the Custodian as belonging to BGCF.

6.12.3 The BGCF Custody Agreement may be terminated by either party giving not less than 60 days' notice in writing to the other.

6.12.4 The BGCF Custodian has a market standard indemnity from BGCF in relation to liabilities incurred other than as a result of its negligence, fraud, or wilful misconduct in carrying out its responsibilities under the BGCF Custody Agreement.

6.12.5 The BGCF Custody Agreement is governed by English law.

7 **CORPORATE GOVERNANCE**

BGCF will be required to comply with the provisions of the Companies Act 2014 (as amended from time to time) and its constitutional documents in the conduct of its business.

8 **RELATED PARTY TRANSACTIONS**

Other than as set out in the section entitled "*Material Contracts*" in Part VIII of this Prospectus, BGCF has not entered into any related party transactions.

9 **THIRD PARTY SOURCES**

Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10 **LITIGATION**

There are no, and have not been in the last 12 months, any governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have in the recent past had, a significant effect on BGCF's financial position or profitability.

PART IX

ADDITIONAL INFORMATION ON BGUCF

1. INCORPORATION AND ADMINISTRATION

- 1.1 BGUCF was incorporated as an exempted company with limited liability on 6 January 2016 in the Cayman Islands with the registration number IT-307238. The registered office of BGUCF is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The telephone number of BGUCF is +1 345-943-3100.
- 1.2 No standalone accounts have been prepared for BGUCF since incorporation since for these purposes BGUCF is consolidated with The Blackstone Group.
- 1.3 BGUCF does not, and will not, have any substantial assets other than: (i) collateralised loan obligations and commercial loans; and (ii) cash contributed to it by its shareholders or borrowed from lenders from time to time. The operations of BGUCF are subject to, *inter alia*, the provisions of the Companies Law (as amended) of the Cayman Islands.

2. SHARE CAPITAL

As at the date of this Prospectus, the authorised share capital of BGUCF is (1) U.S.\$50,000, divided into 250 ordinary voting shares of U.S.\$1.00 par value per share (the "**BGUCF Ordinary Shares**") and (2) 497,500,000 Preference Shares. The sole BGUCF Ordinary Share that has been issued as at the date of this Prospectus is held by Intertrust SPV (Cayman) Limited, under the terms of a declaration of trust in favour of charitable purposes. DFME expects that BGUCF will issue one or more additional classes of shares in connection with investments to be made in BGUCF by BGCF and by an affiliate of DFME. It is expected that any investment made by BGCF in BGUCF will be in a class of nonvoting shares.

3. DIRECTORS' AND OTHER INTERESTS

- 3.1 BGUCF has one director, GSO Management Services (Cayman) Limited. The director of BGUCF may serve as director of and provide services to other special purpose entities that issue CLOs and perform other duties for the BGUCF Administrator.
- 3.2 Other than its directorship of BGUCF, GSO Management Services (Cayman) Limited has not acted and does not act as director to any other entity.
- 3.3 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to BGUCF of any of the directors of BGUCF and their private interests and/or other duties.

4. SERVICE PROVIDERS TO BGUCF

- 4.1 Intertrust SPV (Cayman) Limited acts as the administrator of BGUCF (together with its successors the "**BGUCF Administrator**"). The BGUCF Administrator's registered office is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. Pursuant to the terms of an administration agreement between the BGUCF Administrator and BGUCF (as amended, the "**BGUCF Administration Agreement**"), the BGUCF Administrator will perform various corporate administrative functions on behalf of BGUCF, including communications with BGUCF's shareholders and the general public and the provision of certain clerical, administrative and other corporate services. In consideration for the foregoing, the BGUCF Administrator will receive fees of and reimbursement of its expenses, as set out in paragraph 6.2.2 below.
- 4.2 DFM acts as the BGUCF Manager to BGUCF, and will be responsible for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets

and the financing thereof. DFM is a Delaware limited liability company, incorporated on 7 June 2007 with registered number 4366626, with its registered office at 345 Park Avenue, New York, NY 10154 (phone number: +1-212-503-2100). DFM is authorised by the Central Bank of Ireland as a non-EU Alternative Investment Fund Manager and is registered as an investment adviser under the Investment Advisers Act of 1940.

- 4.3 BGUCF's assets are held by its custodian, Citibank, N.A., pursuant to a Custodial and Asset Administration Agreement dated as of February 15 2017 among BGUCF, Virtus Partners Fund Services Ireland Limited and Citibank, N.A.

5. MEMORANDUM AND ARTICLES

5.1 Objects

BGUCF's Memorandum of Association provides that the objects for which BGUCF is established are unrestricted and it has full power and authority to carry out any object not prohibited by Section 7(4) of the Companies Law (as amended) of the Cayman Islands.

BGUCF's Articles include provisions to the following effect:

5.2 Share capital

The share capital of BGUCF is (1) U.S.\$50,000 divided into 250 BGUCF Ordinary Shares of a nominal or par value of U.S.\$1.00 each. and (2) 497,500,000 Preference Shares. The sole BGUCF Ordinary Share that has been issued as at the date of this Prospectus is held by Intertrust SPV (Cayman) Limited, under the terms of a declaration of trust in favour of charitable purposes.

5.3 Alteration of share capital

BGUCF may consolidate and divide all or any of its shares into shares of a larger amount, convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination, subdivide its existing shares into a smaller amount and cancel unissued shares as may be provided by the BGUCF Articles from time to time.

5.4 Purchase of own shares

Subject to applicable law, BGUCF may purchase its own shares (including any redeemable shares) on such terms and in such manner as the directors may determine and agree with the relevant shareholder.

5.5 Share rights

The directors of BGUCF shall be entitled to issue all unissued shares to such persons and on such terms, having such rights (including with respect to voting, dividends and redemption rights) or being subject to such restrictions as the directors of BGUCF in their absolute discretion shall think fit.

The directors of BGUCF, or the members of BGUCF by ordinary resolution, may authorise the division of shares into any number of classes and the different class may be established with such rights, restrictions, preferences, privileges and payment obligations as between the different classes as may be determined by the directors of BGUCF or its members by ordinary resolution.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* therewith or the redemption or purchase of shares of any class by BGUCF.

5.6 Allotment of securities and pre-emption rights

The directors are generally authorised to exercise all the powers of BGUCF to allot relevant securities within the meaning of applicable law.

5.7 **Variation of rights**

If at any time the share capital of BGUCF is divided into different classes of shares, the rights attached to any class (subject to the terms of issue of the shares of that class) of shares may be materially adversely varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* therewith or the redemption or purchase of shares of any class by BGUCF.

5.8 **Transfer of shares**

Any member may, subject to the BGUCF Articles, transfer all or any of its shares by instrument in writing. All share transfers are however subject the approval of the directors of BGUCF in their absolute discretion.

5.9 **General meetings**

General meetings of BGUCF shall be held whenever the directors may think fit, or on the written requisition of any member or members entitled to attend and vote at general meetings of BGUCF who hold not less than 10 percent of the paid up voting share capital of BGUCF, in accordance with the procedures set out in the BGUCF Articles.

An annual general meeting and an extraordinary general meeting shall be called by at least 7 days' notice in writing.

All general meetings other than annual general meetings shall be called extraordinary general meetings.

5.10 **Voting rights**

Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person or by proxy shall at a general meeting have one vote and on a poll every member and every proxy shall have one vote for each share of which he or the person represented by proxy is the holder.

No member shall be entitled to vote at any general meeting unless all calls or other sums immediately payable by him in respect of shares in BGUCF have been paid.

5.11 **Appointment of Directors**

The number of directors of BGUCF shall be unlimited, unless otherwise determined by an ordinary resolution.

The first directors of BGUCF shall be determined by a majority of, or elected at a meeting of, the subscribers of the Memorandum of Association of BGUCF.

BGUCF may by ordinary resolution appoint any person to be a director of BGUCF.

The directors of BGUCF have the power at any time to appoint a person as a director, either as a result of a casual vacancy or as an additional director, subject to the maximum number (if any) imposed by ordinary resolution.

5.12 **No share qualification**

The BGUCF Articles do not require a director to hold any shares in the capital of BGUCF by way of qualification.

5.13 Retirement of Directors

The directors will not retire by rotation. A director of BGUCF shall hold office until such time as he is removed from office by ordinary resolution or his office is vacated in accordance with the BGUCF Articles.

5.14 Remuneration of Directors

The remuneration of the directors may be determined by ordinary resolution.

5.15 Permitted interests of Directors

A director shall, if he is in any way interested in a contract or proposed contract with BGUCF, declare the nature of such interest at a meeting of the directors in accordance with applicable law.

A director may hold any other office or place of profit under BGUCF (other than the office of auditor) in conjunction with his office of director. No director shall be disqualified by his office from contracting with BGUCF nor shall any such contract or any contract or arrangement entered into or on behalf of BGUCF in which any director is, in any way, interested be liable to be avoided, nor shall any director being so interested be liable to account to BGUCF for any profit realised by any such contract or arrangement.

5.16 Restrictions on voting

A director may vote in respect of any contract, appointment or arrangement in which he is interested, and he shall be counted in the quorum present at the meeting in accordance with the BGUCF Articles.

5.17 Powers of Directors

The business of BGUCF shall be managed by the directors. They may exercise all such powers of BGUCF as are not, by applicable law or by the BGUCF Articles, required to be exercised by the members of BGUCF.

5.18 Proceedings of directors

Meetings of the directors of BGUCF may take place within or without the Cayman Islands. Questions arising at any meeting shall be decided by a majority of votes. Where there is an equality of votes, the chairman shall have a second or casting vote.

The quorum necessary for the transaction of business of the directors may be fixed by the directors, and unless so fixed, shall be two, and if there be two or less directors, shall be one.

The continuing directors may act so long as a quorum is present. If a quorum is not present, the continuing directors may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of BGUCF.

The directors may establish any committees, local boards or agencies for managing any of the affairs of BGUCF and may appoint any persons to be members of such committees or local boards as they think fit.

5.19 Indemnity of officers and insurance

Subject to applicable legislation, every director, secretary or other officer (but not including BGUCF's auditor) and the personal representatives of the same shall be indemnified and secured harmless out of the assets and funds of BGUCF against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such director, secretary or other officer in or about the conduct of the business of BGUCF or affairs or in the execution or discharge of his or her duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any

costs, expenses, losses or liabilities incurred by him in defending any civil proceedings concerning BGUCF or its affairs in any court within or without the Cayman Islands.

No director, secretary or other officer shall be liable for the acts, receipts, neglects or defaults or omissions of any other such director or officer or agent of the BGUCF or for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities or discretions of his office or in relation thereto, unless the same shall happen through such person's own dishonesty, actual fraud or willful default.

5.20 **Dividends and other distributions**

Subject to any rights and restrictions for the time being attached to any class or class of shares, or as otherwise provided in the BGUCF Articles, the directors of BGUCF may declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of BGUCF available therefor.

Dividends and distributions shall be paid in accordance with the relevant law.

5.21 **Capitalisation of profits and reserves**

Subject to applicable law and the BGUCF Articles, the directors of BGUCF may resolve to capitalise an amount standing to the credit or reserves whether or not available for distribution.

5.22 **Winding up**

If BGUCF shall be wound up the liquidator shall apply the assets of BGUCF in such manner and order as he thinks fit in satisfaction of creditors' claims.

If BGUCF is wound up, the liquidator may, with the sanction of an ordinary resolution and any other sanction required by the applicable law, divide the whole or any part of the assets of BGUCF (whether they consist of property of the same kind or not) among the shareholders in specie or kind and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between members or different classes of members.

6. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by BGUCF since its incorporation and are, or may be, material or that contain any provision under which BGUCF has any obligation or entitlement which is or may be material to it as at the date of this Prospectus.

6.1 **BGUCF Management Agreement**

6.1.1 A management agreement to be entered into between BGUCF and DFM (the "**BGUCF Management Agreement**"), pursuant to which the BGUCF Manager will be responsible for supervising and directing the investment and reinvestment of BGUCF's assets, advising BGUCF with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements, and performing on behalf of BGUCF the duties that have been specifically delegated to the BGUCF Manager in the various transaction documents entered into from time to time by the BGUCF Manager and/or BGUCF in connection with BGUCF's assets and the financing thereof (collectively, the "**Transaction Documents**"). In addition, pursuant to the terms of the BGUCF Management Agreement, the BGUCF Manager will be required to assist BGUCF with respect to any hedge agreements (to the extent any such agreement is entered into by BGUCF).

6.1.2 Pursuant to the BGUCF Management Agreement, BGUCF will indemnify the BGUCF Manager against liabilities incurred in performing its duties thereunder; provided, that BGUCF will not indemnify the BGUCF Manager for any liabilities incurred as a result of any acts or omissions

constituting bad faith, fraud, wilful misconduct or gross negligence or reckless disregard of the duties and obligations of the BGUCF Manager (a "**BGUCF Manager Breach**").

- 6.1.3 Pursuant to the terms of the Transaction Documents, BGUCF will be required to prepare certain reports with respect to BGUCF's assets. The BGUCF Manager will agree in the BGUCF Management Agreement that it will cooperate with BGUCF in the preparation of such reports.
- 6.1.4 As compensation for the performance of its obligations as the manager of BGUCF, the BGUCF Manager will be entitled to receive fees in an amount agreed to between BGUCF and the BGUCF Manager in writing from time to time (the "**BGUCF Management Fees**"). It is not currently contemplated that the BGUCF Manager will receive a fee for its services under the BGUCF Management Agreement. The BGUCF Manager will also be entitled to be reimbursed by BGUCF for its expenses incurred in connection with its obligations under the BGUCF Management Agreement and the Transaction Documents as administrative expenses in accordance with and subject to the relevant Transaction Documents.
- 6.1.5 Prior to engaging in any agency cross transactions (which, for the purposes of this section, shall mean an "agency cross transaction for an advisory client" as defined in Rule 206(3)-2(b) under the Investment Advisers Act), BGUCF and the BGUCF Manager will enter into an Independent Client Representative Agreement with the Independent Client Representative under which such Independent Client Representative will review such transactions or other similar matters and will be authorised by BGUCF to consent or decline to consent, on BGUCF's behalf, to the terms of any such transaction or other matter referred to it by the BGUCF Manager, subject to the terms of the Transaction Documents. Fees and expenses of the Independent Client Representative will be for the account of BGUCF and not the BGUCF Manager. The BGUCF Manager may arrange for BGUCF to acquire assets from, and sell assets to, Affiliates and clients of the BGUCF Manager from time to time subject to the applicable procedures in the BGUCF Management Agreement and the investment guidelines attached thereto.
- 6.1.6 The BGUCF Management Agreement may be terminated, and the BGUCF Manager may be removed, for cause by BGUCF, acting in accordance with directions as permitted by the Transaction Documents, upon 10 Business Days' prior written notice to the BGUCF Manager. For purposes of any such termination of the BGUCF Management Agreement, "cause" means any one of the following events:
- (a) the BGUCF Manager wilfully breaches, or wilfully takes any action that it knows violates any material provision of the BGUCF Management Agreement or any term of the Transaction Documents applicable to the BGUCF Manager;
 - (b) the BGUCF Manager breaches any provision of the BGUCF Management Agreement or any terms of the Transaction Documents applicable to it that, either individually or in the aggregate, has or could reasonably be expected to have a material adverse effect on the assets of BGUCF, or on BGUCF (excluding for purposes of this clause (b) any actions referred to in clause (a) above or clause (d) below) and fails to cure such breach within 30 days of becoming aware of, or receiving notice from the relevant custodian of, such breach or, if such breach is not capable of cure within 30 days, the BGUCF Manager fails to cure such breach within the period in which a reasonably diligent person could cure such breach (but in no event more than 90 days after becoming aware of or receiving notice from such custodian of such breach);
 - (c) certain bankruptcy events occur with respect to the BGUCF Manager as described in the BGUCF Management Agreement;
 - (d) the occurrence of an event of default that arises directly from a breach by the BGUCF Manager of its duties under the BGUCF Management Agreement, which breach or default is not cured within any applicable cure period set forth in the Transaction Documents;
 - (e) any action is taken by the BGUCF Manager, or any of its senior executive officers involved in the management of any of the assets of BGUCF, that constitutes fraud or criminal activity in connection with the performance of the BGUCF Manager's obligations under the BGUCF Management Agreement; or

- (f) the BGUCF Manager is indicted, or any of its senior executive officers is convicted, of a criminal offence under the laws of the United States or a state thereof or the laws of any other jurisdiction in which it conducts business, materially related to the BGUCF Manager's asset management business, unless, in the case of a conviction of a senior executive officer of the BGUCF Manager, such senior executive officer has, within 30 days after such occurrence, been removed from performing work in fulfilment of the BGUCF Manager's obligations under the BGUCF Management Agreement.

6.1.7 Pursuant to the terms of the BGUCF Management Agreement, if the BGUCF Manager becomes aware that any of the events specified in paragraph 6.1.6 above has occurred, the BGUCF Manager will be required to give prompt written notice thereof to BGUCF.

6.1.8 The BGUCF Management Agreement will automatically terminate upon the determination in good faith by BGUCF that BGUCF or BGUCF's pool of assets has become required to be registered under the Investment Company Act, and BGUCF notifies the BGUCF Manager thereof.

6.1.9 The BGUCF Manager may resign, upon 90 days' (or such shorter notice as is acceptable to BGUCF) written notice to BGUCF. Such resignation will not be effective until the date as of which a successor manager has been appointed by BGUCF in accordance with the BGUCF Management Agreement.

6.1.10 The BGUCF Management Agreement is governed by the law of the State New York.

6.2 **BGUCF Administration Agreement**

6.2.1 An administration agreement dated 25 February 2016 entered into between: (i) BGUCF; and (ii) Intertrust SPV (Cayman) Limited ("**BGUCF Administrator**"), pursuant to which the BGUCF Administrator was appointed to act as administrator of BGUCF, calculates its Net Asset Value and provides related management services (the "**BGUCF Administration Agreement**").

6.2.2 Under the terms of the BGUCF Administration Agreement, the BGUCF Administrator is entitled to the annual fees and certain miscellaneous fees and expenses, in each case, as determined in the Administration Agreement, including: (i) Set up fee – U.S.\$2,500; (ii) Administration fee – U.S.\$10,000 p.a.; (iii) Registered office fee – U.S.\$1,500 p.a.; (iv) FATCA registration – U.S.\$1,200; (v) FATCA Responsible Officer and Reporting – U.S.\$2,000 p.a.; (vi) Tax forms – U.S.\$250 (one-time fee in any one calendar year and U.S.\$2.00 for each subsequent copy); (vii) General disbursements fee – U.S.\$350 p.a.; and (viii) Liquidation fee – U.S.\$6,150.

6.2.3 The annual fees are payable *pro-rata* for the period from incorporation to the next following 1 January and thereafter payable annually on 1 January of each calendar year.

6.2.4 The BGUCF Administration Agreement may be terminated by either party (a) at any time by notice in writing served by such party if the other party shall commit any material breach of its obligations under the BGUCF Administration Agreement and (if such breach shall not be capable of remedy) shall fail within 15 days of receipt of notice in writing requiring it to do so to make good such breach or (b) by giving not less than one months' notice in writing.

6.2.5 BGUCF has given certain market standard indemnities in favour of the BGUCF Administrator in respect of the BGUCF Administrator's potential losses in carrying out its responsibilities under the BGUCF Administration Agreement.

6.2.6 The BGUCF Administration Agreement is governed by the laws of the Cayman Islands.

6.3 **BGUCF Custodial and Asset Administration Agreement**

6.3.1 A custodial and asset administration agreement dated 15 February 2017, as amended, supplemented or modified from time to time, entered into between (i) BGUCF; (ii) Virtus Partners, LLC and (iii) Citibank, N.A. (together with Virtus Partners, LLC, the "**BGUCF Asset Administrators**") (the "**BGUCF Custody Agreement**"), pursuant to which the BGUCF Asset

Administrators were appointed to establish accounts and perform certain administrative, custodial and other functions relating to BGUCF's assets.

6.3.2 The BGUCF Custody Agreement may be terminated by any party giving not less than 45 days' notice in writing to the other parties.

6.3.3 The BGUCF Asset Administrators have a market standard indemnity from BGUCF in relation to liabilities incurred other than as a result of the bad faith, gross negligence, fraud, wilful misconduct or reckless disregard on the part of such BGUCF Asset Administrator.

6.3.4 The BGUCF Custody Agreement is governed by New York law.

7. CORPORATE GOVERNANCE

BGUCF will be required to comply with the provisions of the Companies Law (as amended) of the Cayman Islands and its constitutional documents in the conduct of its business.

8. RELATED PARTY TRANSACTIONS

BGUCF intends to acquire assets issued by special purpose companies that are managed by DFM (its manager under the BGUCF Management Agreement) or its affiliates.

9. THIRD PARTY SOURCES

Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10. LITIGATION

There are no, and have not been in the last 12 months, any governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have in the recent past had, a significant effect on BGUCF's financial position or profitability.

PART X

FINANCIAL INFORMATION OF THE COMPANY

SECTION A

PUBLISHED ANNUAL AND INTERIM REPORTS AND ACCOUNTS OF THE COMPANY FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2018

1. Introduction

- 1.1 The annual reports and audited accounts of the Company for each of the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 and the unaudited half yearly financial report for the six months ended 30 June 2018 (the "**Company Financial Statements**") have been filed with the FCA and are incorporated by reference into the Prospectus. The Company Financial Statements are available at www.blackstone.com/bglf.
- 1.2 The unaudited half yearly financial report for the six months ended 30 June 2018 has been reviewed by Deloitte LLP. Their review is on page 17 of the report and sets out, among other things, the scope of their review and their conclusions.
- 1.3 The Company Financial Statements have been prepared in accordance with IFRS. IFRS comprises standards and interpretations approved by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee as adopted in the EU as at each relevant accounting period.
- 1.4 Investors should note that statements regarding current circumstances and forward-looking statements made in the Company Financial Statements speak as at the date of the relevant document and therefore such statements do not necessarily remain applicable as at the date of the Prospectus.
- 1.5 Should there be a conflict between the information included in the main body of the Prospectus and information in the Company Financial Statements, which are incorporated by reference, then the information in the main body of the Prospectus will, to the extent applicable, supersede information included in the Company Financial Statements.
- 1.6 Where the Company Financial Statements make reference to other documents, such other documents are not incorporated by reference into the Prospectus.
- 1.7 Any parts of the Company Financial Statements not incorporated into this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus.
- 1.8 Copies of the Company Financial Statements are available for inspection at the Company's registered office, set out in the section entitled "*Incorporation and Administration*" in Part VII of this Prospectus.

2. Operating and Financial Review

The Company Financial Statements include, on the pages specified in the table below, the following information:

	12 months to 31 December			6 months to 30 June
	2015	2016	2017	2018
Independent auditors' report	49	40	40	N/A
Independent Review Report	N/A	N/A	N/A	17
Statement of financial position	54	47	48	18
Statement of comprehensive income	55	48	49	19
Statement of changes in equity	56	49	50	20
Statement of cash flow	57	50	51	21
Notes to the financial statements	58	51	52	22

3. Selected Financial Information

The key figures that summarise the financial condition of the Company in respect of the period from 1 January 2015 to 30 June 2018, which have been extracted without material adjustment from the Company Financial Statements, are set out below. Investors should read the Company Financial Statements and not rely solely on the summarised information set out below:

	Year ended 31 Dec 2015 Audited (€)	Year ended 31 Dec 2016 Audited (€)	Year ended 31 Dec 2017 Audited (€)
Income	26,220,863	42,880,939	7,547,164
Expenses	(1,444,877)	(2,361,651)	(1,805,932)
Finance costs	(3,856)	(7,033)	(11,238)
Total comprehensive income	24,772,130	40,512,255	5,729,994
Dividends	(27,860,982)	(27,859,819)	(38,467,553)
Total assets	<u>326,347,683</u>	<u>332,736,168</u>	<u>379,713,972</u>
Liabilities	(377,323)	(397,848)	(173,651)
Net assets	<u>325,970,360</u>	<u>332,338,320</u>	<u>379,540,321</u>
Earnings per share	0.08	0.1237	0.0147
Dividends per share	0.08	0.09	0.10
NAV per share	0.9839	1.0238	0.9378

<i>6 months ended</i>	<i>30 Jun 2017</i> <i>Unaudited</i> <i>(€)</i>	<i>30 Jun 2018</i> <i>Unaudited</i> <i>(€)</i>
Income		
Realised gain/(loss) on foreign exchange	1,654	(1,044)
Net gains on financial assets at fair value through profit and loss	8,648,708	4,294,913
Total Income	<u>8,650,362</u>	<u>4,293,869</u>
Expenses	<u>(737,027)</u>	<u>(563,155)</u>
Profit	7,913,335	3,730,714
Finance costs	<u>(4,479)</u>	<u>(16,822)</u>
Total comprehensive income for the period attributable to shareholders	<u>7,908,856</u>	<u>3,713,892</u>
Dividends	<u>(18,232,529)</u>	<u>(20,235,024)</u>
Total assets	402,150,097	363,278,504
Liabilities	<u>(195,890)</u>	<u>(259,315)</u>
Net assets	<u>401,954,207</u>	<u>363,019,189</u>
Earnings per share	€0.0210	€0.0092
Dividends per share	€0.05	€0.05
NAV per share	€0.9932	€0.8970

SECTION B

ILLUSTRATIVE FINANCIAL INFORMATION RELATING TO THE ROLLOVER SHARES

1. INTRODUCTION

- 1.1 The nature and value of the Rollover Assets attributable to the Rollover Shares will not be known until the Rollover Date. As a result, and due to several other variables, it is not practicable for the Company to make any forecast of returns to the holders of Rollover Shares.
- 1.2 However, using the bases and assumptions set out in paragraph 3 below, the Company has made the following illustrative financial projections.

2. ILLUSTRATIVE FINANCIAL PROJECTIONS

Based on: (i) the performance of the net assets in the Carador Redemption Pool for the period to 30 September 2018 and the estimates arising from the bases and assumptions in paragraph 3 below; (ii) the performance of PPNs over the period of six months to 30 June 2018 (neither of which are profit forecasts); and (iii) the other assumptions listed below, the financial projections of potential returns on the Rollover Shares are as follows:

Total return calculations €'000	<i>6 months to</i> <i>June 2019</i>	<i>6 months to</i> <i>December 2019</i>	<i>12 months to</i> <i>December 2019</i>
Income from exposure to Rollover Assets	4,763	1,395	6,158
Income from indirect exposure to PPNs	125	3,362	3,487
Expenses	(152)	(142)	(294)
NAV attributable to the Rollover Shares	(2,599)	(2,447)	(5,046)
Total	2,137	2,168	4,305
Return on opening NAV of Rollover Shares	2.2%	2.3%	4.5%

● **Yield:**

Period from Rollover	Initial 6 months	Second 6 months	12 Months
Yield on CIFU Share price	5.3%	5.2%	10.5%

● **Conversion ratio: 0.625 Ordinary Shares for every C Share/Carador Share**

Based on the mid-market price of an Ordinary Share (€0.835) the holder of a Carador U.S. Dollar Share with a market price of \$0.635 (FX to €0.56) would receive an (annualised) income return of 10.5 per cent. on the market value of such Carador U.S. Dollar Share and a capital loss of 6.3 per cent., being a total return on a Carador U.S. Dollar Share (prior to the conversion of the Rollover Shares into Ordinary Shares) of 4.18 per cent. The capital loss/return on the eventual conversion of the Rollover Shares into Ordinary Shares is very sensitive to the then prevailing share price of the Ordinary Shares, such that if it was €0.035 higher (the highest closing price in the three months to 21 November 2018), the capital loss would reduce to 2.4 per cent. and the total return would have been 8.1 per cent.

A holder of Carador U.S. Dollar Shares electing to participate in the Rollover would make an illustrative capital gain of 1.2 per cent. by reference to the average Ordinary Share price for the year to date (2 January 2018 to 21 November 2018, €0.90225) and an illustrative total return of 11.7 per cent over the projected 12 month period following the Rollover Date.

3. BASES AND ASSUMPTIONS

The illustrative financial projections set out in paragraph 2 have been prepared using the following bases and assumptions. These bases and assumptions are based on estimates, which may not turn out to be accurate, and are for illustrative purposes only.

Rollover Assets & PPNs

- 3.1 the Carador portfolio as at 31 October 2018 is as released by Carador on 21 November 2018;

- 3.2 40 per cent. of the holders of Carador U.S. Dollar Shares and 2 per cent. of the holders of Carador Repurchase Shares elect to participate in the Rollover Opportunity. This assumption is based on the proportion of holders of Carador U.S. Dollar Shares who have indicated a preference to remain invested in a fund with a CLO portfolio, pursuant to a strategic review carried out by Carador;
- 3.3 the Rollover occurs on or before 31 December 2018;
- 3.4 the assets and liabilities attributable to Carador U.S. Dollar Shares and to Carador Repurchase Shares on the date of the Rollover will be the same as at 31 October 2018;
- 3.5 the C Share model timeline after C Share Conversion runs from 1 January 2019 to 31 December 2019;
- 3.6 the C Share Conversion Date is 31 December 2019;
- 3.7 the Rollover Assets will be transferred to the Company on the date the Rollover completes. The Rollover Assets will include cash, which is expected to be c.6-8 per cent. of the value of the Rollover Assets. This cash component of the Rollover Assets will, after expenses and dividend cover, be invested (indirectly) into PPNs;
- 3.8 cashflows are projected out over 12 months from the Rollover Date to ensure coverage of dividends and all expenses;
- 3.9 the Rollover Assets are realised in stages with full realisation anticipation, under normal market conditions, by December 2019;
- 3.10 the total amount realised from the realisation of the Rollover Assets will amount to 94 per cent. of the value of the Rollover Assets as at the date of the Rollover (which is the rate of realisation for the Carador Repurchase Pool as at 31 October 2018);
- 3.11 the following currency exchange rates apply: 1 Euro = 1.14 U.S. Dollars; 1 Euro = 0.89 GBP;
- 3.12 a month by month cashflow including all asset disposals, dividends and PPN investments is incorporated in the projections;
- 3.13 portfolio currency hedging of the Rollover Assets is not being implemented for the Rollover Shares;

Income

- 3.14 the assets which will comprise the Rollover Assets have historically paid c.3-4 per cent. each quarter. Around 95 per cent. of CLO equity distributions will be received in the first month of each quarter;
- 3.15 the Carador cashflows projections are based on the latest available portfolio information, after the portfolio CLO distributions in October 2018;
- 3.16 the allocation between interest and principal on the Rollover Assets CLO equity distributions is recognised on an effective interest basis. Average projected interest of cashflows is c.87 per cent. based on the current Carador portfolio as at 31 October 2018;
- 3.17 PPN interest is based on a historical average earned by the Company at a quarterly rate of 3 per cent. The Rollover Shares will receive their first interest payment attributable to PPNs in Q2 2019;
- 3.18 expenses, mostly fund administration and depositary expenses, are included based on quotes from the Administrator;

Dividend and yield

- 3.19 the distributable amount of income in the assets attributable to the Rollover Shares is initially comprised of the income on the Rollover Assets and, by Q2 2019, will include PPNs to which the Rollover Shares have indirect exposure (as the Rollover Assets are realised and re-invested indirectly into PPNs);

- 3.20 all or part of the net income received from the Rollover Assets will be distributed in the form of dividend (after reasonable expenses and retaining an element of cashflow receipts on certain Rollover Assets are exposed to);
- 3.21 there is discretion to include in the distributable amount any realised gains or losses;
- 3.22 the first dividend in respect of the Rollover Shares will be in February 2019 as set out in Part I of this Prospectus, which is assumed, solely for the purpose of the illustrative projections and without making a dividend forecast, to be €0.0209 per C Share. The dividend payable in respect of the first quarter of 2019 and subsequently will be paid within two months of the relevant quarter end;
- 3.23 dividend yield is calculated with annualised income attributable to the Rollover Shares, comprised of Rollover Assets distributions plus PPN income;
- 3.24 the basis for the dividend yield: assumes the Rollover Shares are being issued on the basis of one new C Share for every Carador U.S. Dollar Share, with the Carador U.S. Dollar Share price being \$0.635 (being the middle market price on the Latest Practicable Date);
- 3.25 other than the dividend proposed to be paid in February 2019 in respect of the C Shares as set out in Part I of this Prospectus, dividends are paid by the Company in the quarter immediately following the quarter in which income is received by the Company, and the yield has been calculated based on when the dividend is declared rather than paid;

Transaction costs

- 3.26 one off transaction costs are borne by the Rollover Shareholders up to 1 per cent. of the value of the Rollover Assets;
- 3.27 assumes transaction costs are accounted for as a deduction from equity, rather than being treated as a liability and impacting the Rollover Shares profit and loss on the Rollover Date (expected to be in January 2019);

Conversion from C Shares to Ordinary Shares

- 3.28 C Share capital is transferred to the Ordinary Shares. Ordinary Shares are issued to C Shareholders at the prevailing NAV per share at that time; and
- 3.29 the enlarged Ordinary Share class, incorporating the C Share capital in the NAV, continues from January 2020.

PART XI

FINANCIAL INFORMATION OF BGCF

SECTION A

**PUBLISHED ANNUAL REPORT AND AUDITED ACCOUNTS OF BGCF FOR THE
PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015**

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Registered Number: 542626

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

CONTENTS

	PAGES
DIRECTORS AND OTHER INFORMATION	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITORS' REPORT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
COMPANY STATEMENT OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
COMPANY STATEMENT OF CHANGES IN EQUITY	12
CONSOLIDATED STATEMENT OF CASH FLOWS	13
COMPANY STATEMENT OF CASH FLOWS	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Ms. Anne Flood (Irish resident and national) * Ms. Imelda Shine (Irish resident and national)* Mr. Aogan Foley (Irish resident and national) (appointed on 24 June 2015)* Mr. Fergal O' Leary (Irish resident and national) (appointed on 24 June 2015)*
REGISTERED OFFICE	3 rd Floor, Europa House Harcourt Centre Harcourt Street Dublin 2, Ireland
SERVICE SUPPORT PROVIDER AND CLO MANAGER	Blackstone / GSO Debt Funds Management Europe Limited ("GSO") Arthur Cox Building Earlsfort Terrace Dublin 2, Ireland
CUSTODIAN	Citibank N.A., London Branch Citigroup Centre Canada Square Canary Wharf London, E14 5LB United Kingdom
ADMINISTRATOR to 29 February 2016	State Street Fund Services (Ireland) Limited 78 Sir John Rogerson's Quay Dublin 2, Ireland
ADMINISTRATOR from 1 March 2016	VP Fund Services Limited 100 Wall Street New York, NY 10005 United States
COLLATERAL ADMINISTRATOR	Virtus Group LP 25 Canada Square Level 33 London, E14 5LQ United Kingdom
SECRETARY TO THE COMPANY	Intertrust Management Ireland Limited 3 rd Floor, Europa House Harcourt Centre Harcourt Street Dublin 2, Ireland
INDEPENDENT AUDITORS	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2, Ireland
IRISH LEGAL ADVISERS TO THE COMPANY	Arthur Cox Arthur Cox Building Earlsfort Terrace Dublin 2, Ireland
LISTING AGENT	Arthur Cox Listing Services Limited Arthur Cox Building Earlsfort Terrace Dublin 2, Ireland

* Independent of GSO and a Non-Executive Director

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT For the financial year ended 31 December 2015

The Directors present their report together with the audited consolidated financial statements for the financial year ended 31 December 2015. For the avoidance of doubt items in upper case have the same meaning as in the relevant entities' legal documentation.

Review of the development of the business

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company incorporated in Ireland on 16 April 2014, with the registered number 542626. It is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act, 1997, as amended. The Parent Company was established to originate investments using the proceeds from the issuance of Profit Participating Notes ("PPN") and other resources available to it such as the Variable Funding Notes ("VFNs") as described below.

The Parent Company has acquired the majority or all of the subordinated class notes issued by its subsidiaries, listed as follows (the "subsidiaries"):

Phoenix Park CLO Designated Activity Company;
Sorrento Park CLO Designated Activity Company;
Castle Park CLO Designated Activity Company;
Dartry Park CLO Designated Activity Company;
Dorchester Park CLO Limited;
Orwell Park CLO Designated Activity Company and
Tymon Park CLO Limited

A collateralised loan obligation ("CLO") is a pooled investment vehicle which invests in a diversified group of loan assets. To finance its investments the vehicle issues notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying assets.

The portfolios underlying the CLO Notes consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. Interest is payable on the notes issued by the subsidiaries on a quarterly basis.

The CLO Notes are outstanding at the financial year end and are subject to a final legal maturity date of 2027, 2028 and 2029 (please refer to Note 5). All of the aforementioned CLO Notes have been listed and are trading on the Main Securities Market of the Irish Stock Exchange except for Dorchester Park CLO Limited which is trading on the Global Securities Market of the Irish Stock Exchange.

The subordinated Noteholders are entitled to the residual cash flows arising from the underlying assets of the vehicles. The Parent Company consolidates the above, in accordance with IFRS 10.

Blackstone / GSO Debt Funds Management Europe Limited has been appointed as the Service Support Provider to the Parent Company and as the Manager to the subsidiaries and is referred to as GSO throughout this document.

The Parent Company and its subsidiaries together are referred to as the Group ("the Group").

Objective

The Parent Company's investment policy during the financial year is to invest predominantly in a diverse portfolio of senior secured loans and CLO Income Notes. The Parent Company intends to pursue its investment policy by using the proceeds from the issue of Notes (together with other resources available to it) to initially invest in senior secured loans. Subsequently, on the availability of appropriate market conditions, the Parent Company will also invest in CLO Income Notes issued by the Issuer CLOs (CLOs originated by the Parent Company). Initially, the Parent Company's investments will be focused predominantly in European senior secured loans, but the Parent Company has also invested in U.S. senior secured loans. As such, there is no limit on the maximum U.S. or European exposure. The Parent Company does not intend to invest directly in senior secured loans domiciled outside North America or Western Europe.

Results, activities and future developments

The results of operations are set out on page 8. The Directors do not anticipate any change in the structure or investment objectives of the Parent Company.

Directors

The Directors, who all served during the financial year, were:

Ms. Anne Flood
Ms. Imelda Shine
Mr. Aogan Foley (appointed on 24 June 2015)
Mr. Fergal O' Leary (appointed on 24 June 2015)

Secretary

Intertrust Management Ireland Limited acted as Company Secretary throughout the financial year.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2015

Directors' and Secretary's interests

The Directors, Ms. Anne Flood and Ms. Imelda Shine are also directors of the Company Secretary, Intertrust Management Ireland Limited. The Company Secretary charged EUR44,699 (31 December 2014: EUR31,759) for the financial period ended 31 December 2015 with no outstanding balance as at 31 December 2015 (31 December 2014: EUR31,759). Ms. Anne Flood and Ms. Imelda Shine were not paid a separate fee.

Intertrust Nominees (Ireland) Limited, an affiliate of the Company Secretary, holds 200 of the Parent Company's ordinary shares at a value of EUR200 on trust for charitable purposes.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and Company's and Group's financial statements in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position of the Company and the Group at the end of the financial year and of the profit or loss of the Company and the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company and the Group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company and the Group to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

In this regard State Street Fund Services (Ireland) Limited has been appointed for the purpose of maintaining adequate accounting records. Accordingly, the books of account are kept at the following address:

State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

The Directors are responsible for safeguarding the assets of the Company and its subsidiaries. In this regard they have entrusted the assets of the Company to the Custodian who has been appointed as Custodian to the Company pursuant to the terms of the Custodian Agreement. The Directors have a general responsibility for taking such steps to prevent and detect fraud and other irregularities.

Risk management objectives and policies

The main risks arising from the Parent Company's financial instruments are market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

For a detailed description of the risk management objectives and policies, please see Note 14.

Accounting records

The Directors ensure compliance with the Company's obligation to maintain adequate accounting records, in accordance with Sections 281 to 285 of the Companies Act 2014, by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited at 78 Sir John Rogerson's Quay, Dublin 2, Ireland. From 1 March 2016, the Directors have appointed VP Fund Services Limited for the purpose of maintaining adequate accounting records.

Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2015 (period ended 31 December 2014: Nil).

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2015

Corporate governance statement

Introduction

The Parent Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing rules of the Irish Stock Exchange. The Parent Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Parent Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Parent Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Parent Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, State Street Fund Services (Ireland) Limited and subsequently VP Fund Services Ltd, to maintain the accounting records of the Parent Company independently of the Service Support Provider and CLO Manager and the Collateral Administrator. As detailed in the Administration Agreement, the Administrator performs the duties of keeping the accounts of the Parent Company for the proper conduct of the Parent Company's administrative affairs.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Parent Company's financial statements.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Parent Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Capital Structure

No person has a significant direct or indirect holding of securities in the Parent Company. No person has any special rights of control over the Parent Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Parent Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Parent Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Parent Company to the Administrator.

Significant events during the financial year

The Parent Company established four new subsidiaries, namely Dorchester Park CLO Limited, Dartry Park CLO Designated Activity Company, Orwell Park CLO Designated Activity Company and Tymon Park CLO Limited.

The Forward Purchase Agreement relating to a portfolio of assets with Dorchester Park CLO Limited matured on 26 February 2015 when the Parent Company purchased USD28,000,000 of its Subordinated Notes, representing 60.95% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2015

Significant events during the financial year (continued)

The Forward Purchase Agreement relating to a portfolio of assets with Dartry Park CLO Designated Activity Company matured on 16 March 2015 when the Parent Company purchased EUR22,800,000 of its Subordinated Notes, representing 51.12% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Orwell Park CLO Designated Activity Company matured on 04 June 2015 when the Parent Company purchased EUR24,225,000 of its Subordinated Notes, representing 51.00% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Tymon Park CLO Limited matured on 17 December 2015 when the Parent Company purchased EUR22,700,000 of its Subordinated Notes, representing 51.01% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

There were no other significant events affecting the Parent Company since the financial year end which required adjustment to or disclosure in the financial statements.

Significant events after the financial year end

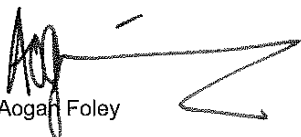
For significant events after the year end please refer to note 24.

Independent Auditors

The auditor, Deloitte, Chartered Accountants and Statutory Audit Firm has expressed its willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014, and a resolution that it be reappointed will be proposed by the Directors.

On behalf of the Board of Directors:

Director:



Aogan Foley

Director:



Imelda Shine

Date: 21 April 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKSTONE/GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

We have audited the financial statements of Blackstone/GSO Corporate Funding Designated Activity Company ('the Company') for the financial year ended 31 December 2015 which comprise the Group Financial Statements: the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Parent Company Financial Statements: the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the related notes 1 to 25. The relevant financial reporting framework that has been applied in the preparation of the Group and Parent Company Financial Statements is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- The Group and Parent Company financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 December 2015 and of the profit of the Group for the year then ended; and
- The Group and Parent Company financial statements have been properly prepared in accordance with the relevant financial reporting framework and, in particular with the requirements of the Companies Act 2014.

Continued on next page/

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BLACKSTONE/GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY**

Matters on which we are required to report by the Companies Acts 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited.
- The Parent Company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and, based on the work undertaken in the course of the audit, the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements, and has been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



Brian O'Callaghan
Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 21/6/16

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2015

	Note	31 Dec 2015 EUR	31 Dec 2014* EUR
Income from investments designated at fair value through profit or loss		101,153,515	13,880,129
Net (loss) on derivatives		(1,632,470)	(1,182,938)
Net foreign exchange (loss)		(2,125,365)	(1,937,385)
Miscellaneous income		(169,483)	-
Net operating gain		97,226,197	10,759,806
Operating expenses	12	(36,068,027)	(25,737,911)
Comprehensive loss			
Fair value movement on financial liabilities	17	21,586,963	28,396,098
Finance (expense) on financial liabilities	18	(82,737,976)	(13,415,941)
Net profit on ordinary activities before taxation		7,157	2,052
Taxation			
Tax on ordinary activities	11	(1,789)	(513)
Total comprehensive income		5,368	1,539

All results are from continuing activities.

*For the period from 16 April 2014 (date of incorporation) to 31 December 2014.

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

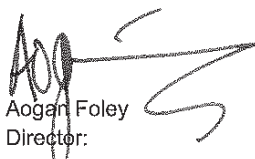
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	31 Dec 2015 EUR	31 Dec 2014 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	2,978,409,444	1,651,477,103
Held for trading			
- Derivative financial assets	2, 3, 13	1,064,492	122,994
Receivable for investments sold	2	26,226,989	35,633,279
Other receivables	8	12,903,986	6,540,010
Cash and cash equivalents	7	326,118,471	767,976,769
Total assets		<u>3,344,723,382</u>	<u>2,461,750,155</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(311,012,708)	(284,277,149)
- Debt issued by subsidiaries	4, 13	(2,753,682,387)	(1,202,548,753)
Held for trading			
- Derivative financial liabilities	2, 3, 13	(3,027,875)	(453,907)
Variable funding notes ("VFNs")	2, 6	(60,189,177)	(402,323,249)
Payable for investments purchased	2	(168,907,700)	(541,066,001)
Interest payable on debt issued by subsidiaries		(24,622,414)	(8,746,027)
Other payables and accrued expenses	9	(8,273,997)	(7,333,327)
Total liabilities		<u>(3,329,716,258)</u>	<u>(2,446,748,413)</u>
Net Assets		<u>15,007,124</u>	<u>15,001,742</u>
Capital and Reserves			
	10		
Called up share capital – Parent Company		215	215
Called up share capital – Minority Interest		7	3
Share premium		14,999,985	14,999,985
Retained earnings		6,917	1,539
		<u>15,007,124</u>	<u>15,001,742</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

Director:


Aogan Foley
Director:


Imelda Shine
Date: 21 April 2016

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	31 Dec 2015 EUR	31 Dec 2014 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	322,907,494	587,168,958
Held for trading			
- Derivative financial assets	2, 3, 13	-	33,785
Receivable for investments sold	2	163,280,093	472,771,051
Other receivables	8	1,836,439	5,501,703
Cash and cash equivalents	7	46,030,319	91,601,158
Total assets		<u>534,054,345</u>	<u>1,157,076,655</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(311,012,708)	(284,277,149)
Held for trading			
- Derivative financial liabilities	2, 3, 13	(939,403)	(288,660)
Variable funding notes	2, 6	(60,189,177)	(402,323,249)
Payable for investments purchased	2	(145,433,283)	(447,523,872)
Other payables and accrued expenses	9	(1,478,014)	(7,662,865)
Total liabilities		<u>(519,052,585)</u>	<u>(1,142,075,795)</u>
Net Assets		<u>15,001,760</u>	<u>15,000,860</u>
Capital and Reserves			
	10		
Called up share capital		215	215
Share premium		14,999,985	14,999,985
Retained earnings		1,560	660
		<u>15,001,760</u>	<u>15,000,860</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

Director:


Aogan Foley
Director:



Imelda Shine
Date: 21 April 2016

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2015**

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial period ended 2014*:					
At the beginning of the financial period		-	-	-	-
Shares Issued	10	223	19,999,980	-	20,000,203
Shares Redeemed	10	(5)	(4,999,995)	-	(5,000,000)
		218	14,999,985	-	15,000,203
Retained earnings		-	-	1,539	1,539
At the end of the financial period		218	14,999,985	1,539	15,001,742
		218	14,999,985	1,539	15,001,742
	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial year ended 2015:					
At beginning of the financial year		218	14,999,985	1,539	15,001,742
Shares Issued	10	4	-	-	4
Shares Redeemed	10	-	-	-	-
		222	14,999,985	1,539	15,001,746
Retained earnings		-	-	5,368	5,368
Currency remeasurement		-	-	10	10
At end of the financial year		222	14,999,985	6,917	15,007,124

*For the financial period from 16 April 2014 (date of incorporation) to 31 December 2014.

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2015**

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial period ended 2014*:					
At the beginning of the financial period		-	-	-	-
Shares Issued	10	220	19,999,980	-	20,000,200
Shares Redeemed	10	(5)	(4,999,995)	-	(5,000,000)
		215	14,999,985	-	15,000,200
Retained earnings		-	-	660	660
At the end of the financial period		215	14,999,985	660	15,000,860
For the financial year ended 2015:					
At beginning of the financial year		215	14,999,985	660	15,000,860
Shares Issued	10	-	-	-	-
Shares Redeemed	10	-	-	-	-
		215	14,999,985	660	15,000,860
Retained earnings		-	-	900	900
At end of the financial year		215	14,999,985	1,560	15,001,760

*For the financial period from 16 April 2014 (date of incorporation) to 31 December 2014.

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	31 Dec 2015	31 Dec 2014*
	EUR	EUR
Total comprehensive income	5,368	1,539
Adjustments for:		
Net loss on financial assets at fair value	15,518,156	566,895
Movement in debt issued by the Parent Company and its subsidiaries	(21,586,963)	(28,396,098)
Unrealised loss on derivatives	1,632,470	330,913
Unrealised loss on foreign exchange	1,985,569	2,107,424
Operating cash flows before movements in working capital	<u>(2,445,400)</u>	<u>(25,389,327)</u>
(Increase) in other receivables	(6,363,976)	(6,540,010)
Increase in other payables	940,670	7,333,327
Cash (used in)/generated by operations	<u>(5,423,306)</u>	<u>793,317</u>
Net cash (outflows) from operating activities	<u>(7,868,706)</u>	<u>(24,596,010)</u>
Investing activities		
Purchase of investments	(3,247,622,679)	(1,216,717,632)
Sales/paydowns of investments	1,547,793,204	70,106,356
Net cash (outflows) from investing activities	<u>(1,699,829,475)</u>	<u>(1,146,611,276)</u>
Financing activities		
Proceeds from VFNs	622,735,308	446,247,494
Repayments of VFNs	(964,869,380)	(43,924,245)
Proceeds from PPN	29,979,526	330,950,000
Redemption of PPN	-	(45,000,000)
Proceeds from debt issued by subsidiaries	1,593,400,575	1,229,272,000
Increase on interest payable on debt	15,543,001	8,746,027
Proceeds from share issuance - Parent Company	-	20,000,200
Proceeds from share issuance - Subsidiaries	4	3
Payments of shares redeemed - Parent Company	-	(5,000,000)
Interest paid on PPNs	(29,464,326)	-
Net cash inflows from financing activities	<u>1,267,324,708</u>	<u>1,941,291,479</u>
Net (decrease)/increase in cash and cash equivalents	<u>(440,373,473)</u>	<u>770,084,193</u>
Cash and cash equivalents at start of the financial year	767,976,769	-
Unrealised (loss) on foreign exchange	(1,985,569)	(2,107,424)
Currency remeasurement	500,744	-
Cash and cash equivalents at end of the financial year	<u>326,118,471</u>	<u>767,976,769</u>
Net cash flows from operating activities include:		
Interest paid	(75,714,429)	(841,238)
Interest received	109,559,124	8,742,741
Tax paid	(74,610)	-

*For the financial period from 16 April 2014 (date of incorporation) to 31 December 2014.

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	31 Dec 2015 EUR	31 Dec 2014* EUR
Total comprehensive income	900	660
Adjustments for:		
Net loss on financial assets at fair value	3,650,731	4,342,591
Movement in debt issued by the Parent Company	26,220,359	(1,672,851)
Unrealised loss on derivatives	684,528	254,875
Unrealised loss on foreign exchange	45,252	2,172,942
Operating cash flows before movements in working capital	<u>30,601,770</u>	<u>5,098,217</u>
Decrease/(increase) in other receivables	3,665,264	(5,501,703)
(Decrease)/increase in other payables	<u>(6,184,851)</u>	<u>7,662,865</u>
Cash (used in)/generated by operations	<u>(2,519,587)</u>	<u>2,161,162</u>
Net cash inflows from operating activities	<u>28,082,183</u>	<u>7,259,379</u>
Investing activities		
Purchase of investments	(2,121,981,999)	(1,202,951,883)
Sales/paydowns of investments	<u>2,389,993,101</u>	<u>586,193,155</u>
Net cash inflows/(outflows) from investing activities	<u>268,011,102</u>	<u>(616,758,728)</u>
Financing activities		
Proceeds from VFNs	622,735,308	446,247,494
Repayments of VFNs	(964,869,380)	(43,924,245)
Proceeds from PPN	29,979,526	330,950,000
Redemption of PPN	-	(45,000,000)
Proceeds from share issuance	-	20,000,200
Payments of shares redeemed	-	(5,000,000)
Interest paid on PPNs	<u>(29,464,326)</u>	<u>-</u>
Net cash (outflows)/inflows from financing activities	<u>(341,618,872)</u>	<u>703,273,449</u>
Net (decrease)/increase in cash and cash equivalents	<u>(45,525,587)</u>	<u>93,774,100</u>
Cash and cash equivalents at start of the financial year	91,601,158	-
Unrealised loss on foreign exchange	<u>(45,252)</u>	<u>(2,172,942)</u>
Cash and cash equivalents at end of the financial year	<u>46,030,319</u>	<u>91,601,158</u>
Net cash flows from operating activities include:		
Interest paid	(31,675,572)	(699,641)
Interest received	49,455,292	5,620,248
Tax paid	(73,875)	-

*For the financial period from 16 April 2014 (date of incorporation) to 31 December 2014

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

Note 1 General information

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company incorporated in Ireland on 16 April 2014. The Parent Company was established to originate investments using the proceeds from the issuance of profit participating notes ("PPN") and other resources available to it such as the Variable Funding Notes ("VFN"). The Parent Company is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act, 1997, as amended.

The Group is defined as the Parent Company and its subsidiaries:

Phoenix Park CLO Designated Activity Company	Dorchester Park CLO Limited
Sorrento Park CLO Designated Activity Company	Orwell Park CLO Designated Activity Company
Castle Park CLO Designated Activity Company	Tymon Park CLO Limited
Dartry Park CLO Designated Activity Company	

These consolidated financial statements relate to the financial statements for the Group.

A collateralised loan obligation ("CLO") is a pooled investment vehicle which invests in a diversified group of loan assets. To finance its investments the vehicle issues notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying assets.

The portfolios underlying the CLO Notes consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. Interest is payable on the notes issued by the subsidiaries on a quarterly basis.

The CLO Notes are outstanding at the financial year end and are subject to a final legal maturity date of 2027, 2028 and 2029 (please refer to Note 5). All of the aforementioned CLO Notes have been listed and are trading on the Main Securities Market of the Irish Stock Exchange except for Dorchester Park CLO Limited which is trading on the Global Securities Market of the Irish Stock Exchange.

Note 2 Significant accounting policies

Statement of compliance and basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") and the Irish Companies Act 2014 applicable to companies reporting under IFRS. They have been prepared on an historical cost basis with the exception of investments, derivatives, debt issued by the subsidiaries and the PPN, which are carried at fair value.

The financial statements are presented in Euro ("EUR") and rounded to the nearest EUR.

As permitted by Section 304 of the Companies Act 2014 the Parent Company is availing of the exemption from presenting its "separate" income statement in these financial statements and from filing it with the Registrar of Companies. The profit for the current period dealt with in the separate financial statements of Blackstone / GSO Corporate Funding Designated Activity Company, amounts to EUR900 (31 December 2014: EUR660).

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2015

There are no new standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2015 which have an impact on the Company's financial position or performance.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" amendments were issued in September 2014 and will become effective for the periods beginning on or after 1 January 2016. The amendments clarify the following: exemption from preparing consolidated financial statements; a subsidiary providing services that relate to the parent's investment activities; application of the equity method by a non-investment entity investor to an investment entity investee and disclosure requirements relating to an investment entity measuring all of its subsidiaries at fair value. These amendments are not expected to have any impact on the Group's financial position or performance nor are they expected to have any impact on these consolidated financial statements since the Parent Company does not meet the definition of an investment company and so will continue to consolidate its subsidiaries.

IFRS 14 "Regulatory Deferred Accounts" was issued in January 2014 and will become effective for the periods beginning on or after 1 January 2016. The new standard is not expected to have any impact on the Group's financial position, performance or disclosures in its financial statements.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and will become effective for periods beginning on or after 1 January 2017. The new standard is not expected to have any impact on the Group's financial position, performance or disclosures in its financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 2 Significant accounting policies (continued)

Statement of compliance and basis of preparation (continued)

Basis of consolidation

The Group financial statements incorporate the financial statements of the Parent Company and its subsidiaries. As at 31 December 2015 the Parent Company has seven subsidiaries, as listed in note 1, all of which have been originated.

The subsidiaries are deemed to be subsidiaries of Blackstone / GSO Corporate Funding Designated Activity Company under the provisions of IFRS 10 including the consideration of the following factors:

- The Parent Company owns at least 51% of the subordinated notes of each entity and so has exposure to variable returns;
- The Parent Company has contributed at least 50% of the assets of each entity;
- The Parent Company has the right to a residual balance of income.

The Parent Company has taken into account that it does not own any share capital of the entities.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(Please refer to Note 5 for further details of the subsidiary undertakings).

Cross holdings within Company

For the purposes of producing the Consolidated Financial Statements of the Group, investments by the Parent Company within the Group in the Notes of the subsidiaries, also known as "Cross Holdings" must be eliminated in order to prevent double counting. In preparing the Consolidated Statement of Financial Position of the Group, the value of financial assets is reduced by the value of Cross Holdings as at 31 December 2015 and 31 December 2014. In preparing the Consolidated Statement of Comprehensive Income of the Group, the net realised and unrealised gain/(loss) on financial assets, is reduced by the amount of realised and change in unrealised gains and losses on Cross Holdings earned during the financial year/period.

Foreign currency translation

Items included in the Group and Parent Company's financial statements are measured and also presented using the currency of the primary economic environment in which it operates (the functional currency). This is the Euro ("EUR") for all entities within the Group except Dorchester Park CLO Limited, which reflects the fact that the liabilities and the majority of their assets are in EUR. The functional currency for Dorchester Park CLO Limited is the US Dollar ("USD"), which reflects the fact that the liabilities and the majority of its assets are in USD.

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the financial year end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Euro at the foreign currency exchange rates ruling at the dates that the values were determined. All foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are included in the net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income. Foreign exchange gain/(loss) on financial assets at fair value through profit or loss are included in income from investments designated at fair value through profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- b) income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses would be translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in comprehensive income.

Judgments and use of estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 2 Significant accounting policies (continued)

Judgments and use of estimates (continued)

The key judgments used in the preparation of these consolidated financial statements are:

- the accounting policy choice regarding the designation of the loan assets, CLO Income Notes, PPN and debt issued by the subsidiaries as fair value through profit or loss; and
- the choice of valuation technique to use in the assessment of fair value of the financial instruments held. These include, in particular, using Markit sourced prices to value the loan assets and Thompson Reuters to value the CLO Income Notes, together with the bespoke models to value the PPN and the debt issued by the subsidiaries.

The determination of fair value is the key source of estimation uncertainty. This relates in particular to the carrying value of the loan assets, Income Notes, PPN and debt issued by the subsidiaries. More details on the approach to valuation of these instruments is included in the accounting policy on financial instruments. Please see also Note 13 for further details. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

Financial assets and liabilities are recognised in the Statement of Financial Position when the Group or Parent Company becomes a party to the contractual provisions of the instrument.

(i) Investments

IAS 39 "Financial Instruments: Recognition and Measurement" establishes specific categories into which all financial assets must be classified. The classification of financial instruments dictates how these assets are subsequently measured in the financial statements. There are four categories of financial assets: *assets at fair value through profit or loss*, *available for sale*, *loans and receivables* and *held to maturity*. All investments held at the reporting date are categorised as fair value through profit or loss.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recorded. All investments are classified as held at fair value through profit or loss on initial recognition. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in income from investments designated at fair value through profit or loss in the Statement of Comprehensive Income.

The Parent Company has two types of investments – loan assets and CLO Income Notes.

Where available, the fair value of financial instruments is based on their quoted market prices at the financial year end date without any deduction for estimated future selling costs. However, all of the loan asset fair value prices used in the financial statements are based on broker quotes received from Markit Group Limited ("Markit"). Financial assets are priced at current mid prices. 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 GSO, including use of recent arm's length market transactions, reference to the current 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 CLO Income Notes Issued by the subsidiaries listed on the Irish Stock Exchange is priced by Thompson Reuters and this price is used to establish the fair value of the CLO Income Notes held by the Parent Company and disclosed as financial assets at fair value through profit or loss in the Company Statement of Financial Position.

The Group and Parent Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Group and Parent Company uses the average method to determine realised gains and losses on derecognition.

(ii) Financial liabilities

A financial liability is recognised when the Parent Company and Group enters into a contract giving rise to an obligation.

The PPN issued by the Parent Company is recorded at fair value and is designated as liabilities at fair value through profit or loss. The fair value of the PPN is based on a model incorporating the fair value of all the underlying assets and liabilities to which it is exposed.

Debt issued by the subsidiaries is also recorded at fair value and is designated as liabilities at fair value through profit or loss. Debt issued by the subsidiaries and listed on the Irish Stock Exchange is valued in accordance with a model incorporating all the fair value of the underlying assets and liabilities to which it is exposed, which is the basis of its fair value.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 2 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial liabilities (continued)

VFNs are carried at amortised cost minus repayments and adjusted for the movement in foreign currency. All movements in foreign currency on the VFNs, commitment fees and interest charged on the amounts borrowed are recognised in the finance expense on financial liabilities in the Consolidated Statement of Comprehensive Income.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Cash and cash equivalents

Cash comprises of current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Details of the banks where short-term investments are held at the financial year end are disclosed in Note 7.

(iv) Forward purchase agreements

Forward purchase agreements are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. All forward purchase agreements are carried as assets when fair value is positive and as liabilities when fair value is negative.

The forward purchase agreements are over-the-counter ("OTC") contracts for delayed delivery of investments in which the buyer agrees to buy and the seller agrees to deliver specified investments at specified prices on a specified future date. Because the terms are not standardised, they are not traded on organised exchanges and generally can be terminated or closed out only by agreement of both parties to the contract. They are valued in accordance with the terms of the forward purchase agreement.

Subsequent changes in the fair value of the forward purchase agreements are recognised immediately in the Consolidated Statement of Comprehensive Income.

A forward purchase agreement is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(v) Swaps

A currency swap is an interest rate swap in which the cash flows are in different currencies. Upon initiation of a currency swap, the counterparties make an initial exchange of notional principals in the two currencies. During the life of the swap, each party pays interest (in the currency of the principal received) to the other. At the maturity of the swap, the parties make a final exchange of the initial principal amounts, reversing the initial exchange at the same spot rate. Swap contracts are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. Contracts are marked-to-market daily based upon calculations using a valuation model and the change, if any, is recorded as unrealised appreciation or depreciation. Payments received or paid on maturity or termination of the contract are recognised as realised gains or losses in the Consolidated Statement of Comprehensive Income. A swap contract is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Limited Recourse

The Notes are limited recourse obligations of the Parent Company and Group which are payable solely out of amounts received by the Parent Company and Group in respect of the collateral held. The net proceeds of the realisation of the collateral following an event of default, or on maturity of the Notes, may be insufficient to pay all amounts due on the Notes. The Subordinated Notes/PPN receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively for transactions contracted for but not yet delivered at the end of the financial year.

Interest income and expense

Interest income and expense are recognised in the Consolidated Statement of Comprehensive Income as they accrue, on an effective interest rate basis.

Expenses

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

Finance expense on financial liabilities

Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 2 Significant accounting policies (continued)

Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Group's activities.

Share capital

Ordinary shares have a right to vote but are not redeemable - they do not participate in the net income of the Group or Parent Company and are classified as equity. Share classes B1 and B2 do not have a right to vote and hold no right to receive a dividend - they do not participate in the net income of the Group or Parent Company and are also classified as equity.

Segment reporting

A segment is a distinguishable component of the Group or Parent Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different to those of other segments. The Group or Parent Company has only one line of business, which is its investment activities in debt securities and derivative financial instruments and represents its primary business segment.

Unfunded loans

Unfunded loans occur when the Group or Parent Company commits to purchase a loan asset and has purchased less the 100% of the commitment at the reporting date. The percentage outstanding as at the reporting date is the unfunded loan. The full 100% of the commitment is reflected in the Consolidated Statement of Financial Position at the reporting date as an asset designated at fair value through profit or loss. The percentage outstanding is reflected in the Consolidated Statement of Financial Position as a financial liability designated at fair value through profit or loss.

Organisational fees

All known organisational fees were recognised on an accruals basis in the Statement of Comprehensive Income.

Note 3 Derivative financial assets and liabilities

The Parent Company will, from time to time, enter into a forward purchase agreement whereby it will purchase and warehouse investments on behalf of a CLO Issuer and sell those same warehoused investments to the same CLO Issuer at a specified purchase price at a specified future date. The forward purchase agreements contain provisions whereby (i) recourse to the Parent Company under the forward purchase agreement would be limited to available funds and (ii) the CLO Issuer would be required to enter into non-petition covenants whereby the CLO Issuer would agree not to take action to petition or take any corporate action or other steps or legal proceedings for the winding up of the Parent Company. As at 31 December 2015 there was no forward purchase agreement open (31 December 2014: Dorchester Park CLO Limited with an unrealised value of EUR(254,875)).

The Group has also entered into currency swaps. The Group has a total unrealised gain of EUR1,064,492 (31 December 2014: EUR122,994) and an unrealised loss of EUR(3,027,875) (31 December 2014: EUR(453,907)) on all of its derivative financial assets and liabilities as at 31 December 2015.

Note 4 Profit participating note and debt issued by subsidiaries

The PPN is an unsecured, limited recourse obligation of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time from the debt obligations, CLO Income Notes and other obligations, which comply with the investment policy (refer to page 2). The Parent Company has issued the following PPN:

	Due date	Amount issued	Market Value
		EUR	31 Dec 2015
			EUR
Profit participating note	01/06/2044	(315,929,526)	(311,012,708)
Total		<u>(315,929,526)</u>	<u>(311,012,708)</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 4 Profit participating note and debt issued by subsidiaries (continued)

	Due date	Amount issued EUR	Market Value 31 Dec 2014 EUR
Profit participating note	01/06/2044	(285,950,000)	(284,277,149)
Total		<u>(285,950,000)</u>	<u>(284,277,149)</u>

The coupon on the PPN is payable on an available funds basis as set out in the Profit Participating Note Issuing and Purchase Agreement.

The rights attached to the debt issued by subsidiaries are as set out in the relevant offering documents.

The Group has issued Notes with the following market values for the financial year ended 31 December 2015 as follows:

Details	Debt issued by subsidiaries EUR	PPN EUR	Total EUR
Issued by the Parent Company	-	(311,012,708)	(311,012,708)
Issued by Phoenix Park CLO Limited	(396,161,826)	-	(396,161,826)
Issued by Sorrento Park CLO Limited	(494,774,153)	-	(494,774,153)
Issued by Castle Park CLO Limited	(398,055,987)	-	(398,055,987)
Issued by Dartry Park CLO Limited	(395,374,578)	-	(395,374,578)
Issued by Dorchester Park CLO Limited	(447,977,740)	-	(447,977,740)
Issued by Orwell Park CLO Limited	(397,298,310)	-	(397,298,310)
Issued by Tymon Park CLO Limited	(400,888,644)	-	(400,888,644)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	176,848,851	-	176,848,851
Total	<u>(2,753,682,387)</u>	<u>(311,012,708)</u>	<u>(3,064,695,095)</u>

The Group has issued Notes with the following market values for the period from 16 April 2014 to 31 December 2014 as follows:

Details	Debt issued by subsidiaries EUR	PPN EUR	Total EUR
Issued by the Parent Company	-	(284,277,149)	(284,277,149)
Issued by Phoenix Park CLO Limited	(397,574,879)	-	(397,574,879)
Issued by Sorrento Park CLO Limited	(498,459,949)	-	(498,459,949)
Issued by Castle Park CLO Limited	(401,379,100)	-	(401,379,100)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	94,865,175	-	94,865,175
Total	<u>(1,202,548,753)</u>	<u>(284,277,149)</u>	<u>(1,486,825,902)</u>

Note 5 Subsidiaries

The entities listed below are deemed to be subsidiaries of Blackstone / GSO Corporate Funding Designated Activity Company under the provisions of IFRS 10 including the consideration of the following factors:

- The Parent Company owns at least 51% of the subordinated notes of each entity and so has exposure to variable returns;
- The Parent Company has contributed at least 50% of the assets of each entity;
- The Parent Company has the right to a residual balance of income.

The Parent Company has taken into account that it does not own any share capital of the entities.

The collateral obligations have been sold by the Parent Company to its subsidiaries. The assets of the subsidiaries are not available to satisfy the obligations of the Parent Company.

Name of subsidiary	Place of incorporation and operation	Date of incorporation	% Subordinated Notes held
Phoenix Park CLO Designated Activity Company	Ireland	7 April 2014	51.38%
Sorrento Park CLO Designated Activity Company	Ireland	20 August 2014	60.53%
Castle Park CLO Designated Activity Company	Ireland	14 October 2014	100.00%
Dorchester Park CLO Limited	Ireland	25 November 2014	60.95%
Dartry Park CLO Designated Activity Company	Ireland	6 January 2015	51.12%
Orwell Park CLO Designated Activity Company	Ireland	6 March 2015	51.00%
Tymon Park CLO Limited	Ireland	26 May 2015	51.01%

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 5 Subsidiaries (continued)

The registered office for each subsidiary is 3rd Floor, Europa House, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The largest group in which the results of the subsidiaries are consolidated is that headed by Blackstone Group L.P.

Each of the subsidiaries has issued the following Notes, which are listed on the Irish Stock Exchange as at 31 December 2015:

	Phoenix Park CLO Designated Activity Company			Sorrento Park CLO Designated Activity Company			Castle Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Coupon Rate	Due date	Amount issued EUR	Coupon Rate	Due date	Amount issued EUR	Coupon Rate
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.35%	-	-	-	2028	(238,000,000)	1.35%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	1.25%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.85%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	2.05%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	2.00%	2028	(32,000,000)	2.15%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.71%	2028	(15,000,000)	3.00%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.55%	2027	(30,000,000)	2.55%	2028	(23,000,000)	2.70%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.40%	2028	(23,000,000)	3.65%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	(45,250,000)	Residual	2027	(57,000,000)	Residual	2028	(46,000,000)	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2015		<u>(396,161,826)</u>			<u>(494,774,153)</u>			<u>(398,055,987)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 5 Subsidiaries (continued)

	Dartry Park CLO Designated Activity Company			Dorchester Park CLO Limited			Orwell Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Coupon Rate	Due date	Amount issued USD	Coupon Rate	Due date	Amount issued EUR	Coupon Rate
Senior rated notes									
Class A senior secured floating rate notes	-	-		2027	(312,500,000)	1.400%	-	-	
Class A-1 senior secured floating rate notes	-	-		-	-		2029	(243,000,000)	1.300%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.300%	-	-		-	-	
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.585%	-	-		-	-	
Class A-2 senior secured floating rate notes	-	-		-	-		2029	(42,000,000)	2.000%
Class A-2A senior secured floating rate notes	2029	(30,000,000)	2.100%	-	-		-	-	
Class A-2B senior secured floating rate notes	-	-		-	-		-	-	
Class A-2B senior secured fixed rate notes	2029	(12,000,000)	2.531%	-	-		-	-	
Class B senior secured floating rate notes	-	-		2027	(62,750,000)	2.200%	-	-	
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.900%	-	-		2029	(24,000,000)	2.500%
Class C secured deferrable floating rate notes	-	-		2027	(27,250,000)	3.200%	-	-	
Class C senior secured deferrable floating rate notes	2029	(21,500,000)	3.750%	-	-		2029	(21,500,000)	3.250%
Class D secured deferrable floating rate notes	-	-		2027	(19,000,000)	3.55%	-	-	
Class D senior secured deferrable floating rate notes	2029	(24,500,000)	5.650%	-	-		2029	(25,000,000)	4.450%
Class E secured deferrable floating rate notes	-	-		2027	(25,000,000)	5.25%	-	-	
Class E senior secured deferrable floating rate notes	2029	(11,500,000)	7.000%	-	-		2029	(12,000,000)	5.200%
Class F secured deferrable floating rate notes	-	-		2027	(17,000,000)	6.25%	-	-	
Subordinated notes	2029	(44,600,000)	Residual	2027	(45,940,000)	Residual	2029	(47,500,000)	Residual
Total Issued		<u>(411,100,000)</u>			<u>(509,440,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2015		<u>(395,374,578)</u>			<u>(447,977,740)</u>			<u>(397,298,310)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 5 Subsidiaries (continued)

	Tymon Park CLO Limited		
	Due date	Amount issued EUR	Coupon Rate
Senior rated notes			
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.450%
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.580%
Class A-2A senior secured floating rate notes	2029	(27,000,000)	2.100%
Class A-2B senior secured fixed rate notes	2029	(15,000,000)	2.470%
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.950%
Class C secured deferrable floating rate notes	2029	(22,000,000)	3.750%
Class D senior secured deferrable floating rate notes	2029	(26,500,000)	5.700%
Class E senior secured deferrable floating rate notes	2029	(12,000,000)	6.750%
Subordinated notes	2029	(44,500,000)	Residual
Total Issued		<u>(414,000,000)</u>	
Total Market Value as at 31 December 2015		<u>(400,888,644)</u>	

Phoenix Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 29 July 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Sorrento Park CLO Designated Activity Company

All of the Notes, other than Class A1-B and A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 16 November 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Castle Park CLO Designated Activity Company

All of the Notes, other than Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 15 January 2028. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 5 **Subsidiaries (continued)**

Dartry Park CLO Designated Activity Company

All of the Notes, other than Class A1-B, Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 28 April 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Dorchester Park CLO Limited

All of the Notes, other than Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month LIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 20 January 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Orwell Park CLO Designated Activity Company

All of the Notes, other than Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 18 July 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Tymon Park CLO Limited

All of the Notes, other than Class A1-B and A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 21 January 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 5 Subsidiaries (continued)

Each of the subsidiaries has issued the following Notes, which are listed on the Irish Stock Exchange as at 31 December 2014:

	Phoenix Park CLO Designated Activity Company			Sorrento Park CLO Designated Activity Company			Castle Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Coupon Rate	Due date	Amount issued EUR	Coupon Rate	Due date	Amount issued EUR	Coupon Rate
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.35%	-	-	-	2028	(238,000,000)	1.35%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	1.25%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.85%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	2.05%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	2.00%	2028	(32,000,000)	2.15%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.71%	2028	(15,000,000)	3.00%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.55%	2027	(30,000,000)	2.55%	2028	(23,000,000)	2.70%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.40%	2028	(23,000,000)	3.65%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	(45,250,000)	Residual	2027	(57,000,000)	Residual	2028	(46,000,000)	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2014		<u>(397,574,879)</u>			<u>(498,459,949)</u>			<u>(401,379,100)</u>	

Note 6 Variable Funding Notes

On 8 August 2014 the Parent Company entered into a "Variable Funding Note Issuing and Purchasing Agreement" whereby Noteholders are required to make funds available to the Parent Company by way of the Parent Company issuing the variable funding notes ("VFNs") and requesting funding amounts from time to time in accordance with the agreement. The details are:

Noteholders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2015 EUR
Citibank, N.A.	(100,000,000)	21.04	(12,671,406)
BNP Paribas, London Branch	(125,000,000)	26.32	(15,839,257)
Deutsche Bank AG, London Branch	(125,000,000)	26.32	(15,839,257)
Bank of America N.A., London Branch	(125,000,000)	26.32	(15,839,257)
Total VFNs	<u>(475,000,000)</u>	<u>100.00</u>	<u>(60,189,177)</u>

Noteholders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2014 EUR
Citibank, N.A.	(100,000,000)	21.04	(84,699,632)
BNP Paribas, London Branch	(125,000,000)	26.32	(105,874,539)
Deutsche Bank AG, London Branch	(125,000,000)	26.32	(105,874,539)
Bank of America N.A., London Branch	(125,000,000)	26.32	(105,874,539)
Total VFNs	<u>(475,000,000)</u>	<u>100.00</u>	<u>(402,323,249)</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 6 Variable Funding Notes (continued)

The main conditions attached to the VFNs are:

The Noteholders will advance to the Parent Company, on a pro rata basis based on their respective funding share, amounts in Euro, British Pounds and/or USD up to an aggregate outstanding amount equal to the maximum funding amounts. No funding amount will be required to be advanced by the Noteholders until the following is confirmed:

- a. No event of default or potential event of default has occurred or is subsisting or would occur as a result of such advance;
- b. The Noteholders have received a funding notice with respect to the funding amount;
- c. Immediately after the advance, the sum of the committed funding amount and the allocated unfunded amount will not exceed the maximum funding amount;
- d. Immediately prior to and immediately after such advance, each coverage test is and will be satisfied;
- e. The funding amount is denominated in the same currency as the investments which will be purchased with the proceeds of the funding amount;
- f. The revolving period end date has not occurred; and
- g. No requirements of any law or regulation will prohibit or otherwise restrain the Noteholders from making the required funding amount.

Each or any of the Noteholders may waive any of the above conditions.

The VFNs have a revolving period end date which is the earliest of three calendar years from the date of the agreement (8 August 2017) or an agreed early amortisation date.

The Parent Company also entered into a Deed of Charge and Assignment, granting security to the Noteholders over the assets of the Parent Company.

Note 7 Cash and cash equivalents

	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Money Market Funds	26,672,024	-
Cash	<u>299,446,447</u>	<u>46,030,319</u>
	<u>326,118,471</u>	<u>46,030,319</u>
	Group	Parent Company
	31 Dec 2014	31 Dec 2014
	EUR	EUR
Money Market Funds	224,176,470	-
Cash	<u>543,800,299</u>	<u>91,601,158</u>
	<u>767,976,769</u>	<u>91,601,158</u>

The cash is held with the Custodian, Citibank N.A., London Branch which has a credit rating of A1 from Moody's as at 31 December 2015 (31 December 2014: A2). The cash invested in Money Market Funds is held with Goldman Sachs which has a credit rating of Aaa - mf (31 December 2014: Morgan Stanley Liquidity Funds which has a credit rating of Baa2 from Moody's and Blackrock Institutional Cash Series plc which has a credit rating of A+).

Note 8 Other receivables

	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Interest receivable	12,634,359	1,642,945
Other receivables	<u>269,627</u>	<u>193,494</u>
	<u>12,903,986</u>	<u>1,836,439</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 8 Other receivables (continued)

	Group	Parent Company
	31 Dec 2014	31 Dec 2014
	EUR	EUR
Interest receivable	6,069,211	4,623,047
Other receivables	470,799	878,656
	<u>6,540,010</u>	<u>5,501,703</u>

Note 9 Other payables and accrued expenses

	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Interest fee payable	(83,907)	(83,907)
Commitment fee payable	(1,220,450)	(1,220,450)
Management fee payable	(3,429,199)	-
Administration fee payable	(92,760)	(20,016)
Audit fee payable	(57,027)	(34,500)
Other payable	(3,390,654)	(119,141)
	<u>(8,273,997)</u>	<u>(1,478,014)</u>

	Group	Parent Company
	31 Dec 2014	31 Dec 2014
	EUR	EUR
Broker fee payable	(3,113,358)	(3,113,358)
Interest fee payable	-	(2,295,153)
Commitment fee payable	(2,068,066)	(2,068,066)
Management fee payable	(1,500,428)	-
Administration fee payable	(69,043)	(10,000)
Audit fee payable	(30,750)	(30,000)
Other payable	(551,682)	(146,288)
	<u>(7,333,327)</u>	<u>(7,662,865)</u>

Note 10 Share capital

Upon incorporation the authorised share capital of the Parent Company was EUR1,000,000 divided into 1,000,000 ordinary shares of EUR1.00 each.

The Directors have the right to allot unissued share capital of the Parent Company up to an equal amount of the authorised share capital. Without prejudice to current shareholders, any share may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine. Any shares may also be increased or reduced or divided into classes, as the Directors may determine.

On 3 June 2014, the Board of Directors approved the following change to the authorised share capital of the Parent Company:

The share capital of the Parent Company is EUR1,000,000 divided into ownership shares, being 999,800 ordinary shares of EUR1.00 each and non-ownership shares, being 100 B1 shares of EUR1.00 each and 100 B2 shares of EUR1.00 each.

The Ordinary Shares are ownership and voting shares. The B1 and B2 shares are non-ownership and non-voting shares. The issued share capital is held on trust for charitable purposes.

The class B1 shares were issued to Blackstone Treasury Asia Pte. Limited, a related party to GSO. Immediately upon Admission to the Irish Stock Exchange, the Class B1 shares were redeemed in their entirety and replaced instead with Class B2 shares which were held by Blackstone / GSO Loan Financing 2 Limited until 27 August 2015. On 27 August 2015 the Class B2 shares were transferred from Blackstone / GSO Loan Financing 2 Limited to Blackstone / GSO Loan Financing Limited.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 10 Share capital (continued)

Each of the subsidiaries has minimal share capital, being authorised share capital of EUR100 divided into 100 ordinary shares of EUR1.00 each. The issued share capital of each of the subsidiaries is EUR1.00 which is held in trust by Intertrust Nominees (Ireland) Limited for charitable purposes.

The following tables represent the movement in shares issued by the Group for the financial year ended 31 December 2015:

	Ordinary shares EUR	Ordinary shares Number	B1 shares EUR	B1 shares Number	B2 shares EUR	B2 shares Number
Opening balance	203	203	-	-	15,000,000	15
Issued Parent Company	-	-	-	-	-	-
Issued Subsidiaries	4	4	-	-	-	-
Share premium	-	-	-	-	-	-
Redeemed	-	-	-	-	-	-
Closing balance	<u>207</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>15</u>

The following tables represent the movement in shares issued by the Group for the financial period ended 31 December 2014:

	Ordinary shares EUR	Ordinary shares Number	B1 shares EUR	B1 shares Number	B2 shares EUR	B2 shares Number
Opening balance	-	-	-	-	-	-
Issued Parent Company	200	200	5,000,000	5	15	15
Issued Subsidiaries	3	3	-	-	-	-
Share premium	-	-	-	-	14,999,985	-
Redeemed	-	-	(5,000,000)	(5)	-	-
Closing balance	<u>203</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>15</u>

The following tables represent the movement in shares issued by the Parent Company for the financial year ended 31 December 2015:

	Ordinary shares EUR	Ordinary shares Number	B1 shares EUR	B1 shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	-	-	15,000,000	15
Issued	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Redeemed	-	-	-	-	-	-
Closing balance	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>15</u>

The following tables represent the movement in shares issued by the Parent Company for the financial period ended 31 December 2014:

	Ordinary shares EUR	Ordinary shares Number	B1 shares EUR	B1 shares Number	B2 shares EUR	B2 shares Number
Opening balance	-	-	-	-	-	-
Issued	200	200	5,000,000	5	15	15
Share premium	-	-	-	-	14,999,985	-
Redeemed	-	-	(5,000,000)	(5)	-	-
Closing balance	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>15</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 11	Taxation	Group 31 Dec 2015 EUR	Group 31 Dec 2014 EUR
	Current financial year tax	<u>(1,789)</u>	<u>(513)</u>
	Reconciliation of tax charge to profit before tax:		
	Profit before tax	<u>7,157</u>	<u>2,052</u>
	Corporation tax at 25%	<u>(1,789)</u>	<u>(513)</u>

Note 12	Operating expenses	Group 31 Dec 2015 EUR	Group 31 Dec 2014 EUR
	Legal fees	(4,068,082)	(1,892,678)
	Trustee fees	141,868	(51,636)
	Management fees	(11,394,738)	(1,545,284)
	Underwriter fees	(15,772,895)	(14,608,728)
	Organisational fees	-	(6,120,505)
	Administration fees	(121,020)	(29,408)
	Audit fees	(152,500)	(75,590)
	Other operating fees	<u>(4,700,660)</u>	<u>(1,414,082)</u>
		<u>(36,068,027)</u>	<u>(25,737,911)</u>

The audit fee of EUR152,500 (31 December 2014: EUR75,590) includes remuneration of EUR122,500 for the provision of the statutory audit work only. A further EUR30,000 (31 December 2014: EUR30,000) was charged for taxation services provided by Deloitte to the Group.

Note 13 Fair value hierarchy

Valuation of financial instruments

The Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted market price in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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 inputs could have a significant impact 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.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. The Group and the Parent Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

All of the holdings as at 31 December 2015 were broker priced through Markit and the majority were classified as Level 2 since the input into the Markit price consisted of more than one price. However a small number of holdings as at 31 December 2015 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. The CLO Income Notes issued by the subsidiaries and held by the Parent Company are priced by Thompson Reuters. Since this is a single pricing source, the CLO Income Notes are classified as Level 3.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The PPN and debt issued by the subsidiaries are categorised as Level 3. The PPN and the debt issued by the subsidiaries are valued using a model which is based on the fair value of the underlying assets and liabilities of the relevant entity.

For each class of assets and liabilities not measured at fair value in the Consolidated Statement of Financial Position but for which fair value is disclosed, the Group is required to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and Liabilities not carried at fair value are carried at amortised cost; their carrying values are reasonable approximations of fair value.

Cash and cash equivalents with banks and other short-term investments in an active market are categorised as Level 2.

The amortised cost of the VFNs equate to their fair value due to the floating interest rates and the proximity of the maturity dates.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Parent Company. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Parent Company for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2015:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	2,822,784,016	155,625,428	2,978,409,444
Held for trading				
- Derivative financial assets	-	1,064,492	-	1,064,492
Total financial assets	-	2,823,848,508	155,625,428	2,979,473,936
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPN	-	-	(311,012,708)	(311,012,708)
- Debt issued by subsidiaries	-	-	(2,753,682,387)	(2,753,682,387)
Held for trading				
- Derivative financial liabilities	-	(3,027,875)	-	(3,027,875)
Total financial liabilities	-	(3,027,875)	(3,064,695,095)	(3,067,722,970)

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2014:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	1,505,197,929	146,279,174	1,651,477,103
Held for trading				
- Derivative financial assets	-	122,994	-	122,994
Total financial assets	-	1,505,320,923	146,279,174	1,651,600,097
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPN	-	-	(284,277,149)	(284,277,149)
- Debt issued by subsidiaries	-	-	(1,202,548,753)	(1,202,548,753)
Held for trading				
- Derivative financial liabilities	-	(453,907)	-	(453,907)
Total financial liabilities	-	(453,907)	(1,486,825,902)	(1,487,279,809)

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period.

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2015:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	146,279,174	(1,486,825,902)
Net gains or losses in comprehensive income	(14,361,741)	460,729,228
Purchases/Issuances	195,620,057	(2,038,598,421)
Sales	(89,432,744)	-
Movement out of Level 3	(82,479,318)	-
Closing balance	<u>155,625,428</u>	<u>(3,064,695,095)</u>

The movement out of Level 3 represent holdings that were priced by Markit as at 31 December 2014 with only one price input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2015 with more than one price input resulting in a fair value hierarchy classification of Level 2.

The following table shows the movement in Level 3 of the fair value hierarchy for the period ended 31 December 2014:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	-	-
Net gains or losses in comprehensive income	(1,968,061)	28,396,098
Purchases/Issuances	196,727,399	(1,515,222,000)
Sales	(48,480,164)	-
Closing balance	<u>146,279,174</u>	<u>(1,486,825,902)</u>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

Sensitivity of level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2015 and 31 December 2014 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices. The CLO Income Notes were priced by Thompson Reuters which was classified as Level 3 because it was a single pricing source.

The assets classified as Level 3 represented 5.2% (31 December 2014: 8.9%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR7,781,271 (0.26% of the total financial assets) (31 December 2014: EUR7,313,959 (0.44% of total financial assets)). There also would be an equal and opposite effect on the valuation of the PPN and debt issued by the subsidiaries (0.28%) (31 December 2014: (0.49%)).

The financial liabilities at fair value through profit or loss consist of the PPN and debt issued by the subsidiaries. The PPN and the majority of the debt issued by the subsidiaries are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the VFNs and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPN and the debt issued by the subsidiaries – as discussed in the previous paragraph.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2015:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	137,816,910	185,090,584	322,907,494
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	<u>-</u>	<u>137,816,910</u>	<u>185,090,584</u>	<u>322,907,494</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPN	-	-	(311,012,708)	(311,012,708)
Held for trading				
- Derivative financial liabilities	-	(939,403)	-	(939,403)
Total financial liabilities	<u>-</u>	<u>(939,403)</u>	<u>(311,012,708)</u>	<u>(311,952,111)</u>

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2014:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	451,627,773	135,541,185	587,168,958
Held for trading				
- Derivative financial assets	-	33,785	-	33,785
Total financial assets	<u>-</u>	<u>451,661,558</u>	<u>135,541,185</u>	<u>587,202,743</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPN	-	-	(284,277,149)	(284,277,149)
Held for trading				
- Derivative financial liabilities	-	(288,660)	-	(288,660)
Total financial liabilities	<u>-</u>	<u>(288,660)</u>	<u>(284,277,149)</u>	<u>(284,565,809)</u>

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial year ended 31 December 2015:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	135,541,185	(284,277,149)
Movement out of Level 3	(25,441,206)	-
Net gains or losses in comprehensive income	(13,891,197)	3,243,967
Purchases/Issuances	161,640,730	(29,979,526)
Sales	(72,758,928)	-
Closing balance	<u>185,090,584</u>	<u>(311,012,708)</u>

The movement out of Level 3 represent holdings that were priced by Markit as at 31 December 2014 with only one price input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2015 with more than one price input resulting in a fair value hierarchy classification of Level 2.

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial period ended 31 December 2014:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	-	-
Total unrealised gains or losses in comprehensive income	(9,963,868)	1,672,851
Purchases/Issuances	193,911,717	(285,950,000)
Sales	(48,406,664)	-
Closing balance	<u>135,541,185</u>	<u>(284,277,149)</u>

The Parent Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

Sensitivity of level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2015 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices. The CLO Income Notes were priced by Thompson Reuters which were classified as Level 3 because it was a single pricing source.

The assets classified as Level 3 represented 57.3% (31 December 2014: 23.1%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR9,254,529 (2.87% of the total financial assets) (31 December 2014: EUR6,777,059 (1.15% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPN and the debt issued by the subsidiaries (2.98%) (31 December 2014: (2.38%)).

The CLO Income Notes are valued by Thompson 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 market sources independent of GSO. Additionally, Thompson 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.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 13 Fair value hierarchy (continued)

Sensitivity of level 3 holdings to unobservable inputs (continued)

The financial liabilities at fair value through profit or loss consist of the PPN. The PPN is valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the VFNs and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPN – as discussed in the previous paragraph.

The element of debt issued by the subsidiaries and purchased by the Parent Company – the CLO Income Notes is valued by Thompson Reuters. If the valuation had increased or decreased by 5% the value of the CLO Income Notes would move by EUR8,555,110 (31 December 2014: EUR4,743,259).

Note 14 Financial instruments and associated risks

The following note discloses all of the risks that the Group (including the Parent Company) is exposed to, whether the assets are held by the Parent Company or the subsidiaries. The Group is exposed to market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk arising from the financial instruments it holds. The information below details how the Group manages the aforementioned risks.

Risk management

GSO's approach to risk management includes both analytical and judgemental elements.

The principal risk in the Group is credit risk, so the focus of the process is on managing and mitigating specific credit risk for both borrowers in the Parent Company and the underlying subsidiaries.

The following limits (the "eligibility criteria") apply to senior secured loans (and, to the extent applicable, other corporate debt loan instruments) directly held by the Parent Company (and not through CLO Income Notes):

Maximum exposure	% of Parent Company's gross asset value
Per obligor	5
Per industry sector	15
	(with exception of one industry which may be up to 20 per cent)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these eligibility criteria, 'gross asset value' shall mean gross assets including any investments in CLO Income Notes and any undrawn commitment amount of any gearing under any term revolving credit facility. Further, for the avoidance of doubt, the eligibility criteria shall apply on a trade date basis.

Each of these eligibility criteria will be measured at the close of each business day on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by the Parent Company).

In addition, each CLO in which the Parent Company holds CLO Income Notes will have its own eligibility criteria and portfolio limits. These limits are designed to ensure the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such CLO.

The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO. The eligibility criteria and portfolio limits within a CLO will include the following:

- a limit on the weighted average life of the portfolio;
- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio;

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 14 Financial instruments and associated risks (continued)

Risk management (continued)

CLOs in which the Parent Company may hold CLO Income Notes are also expected to have certain other criteria and limits, including:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied are measured by GSO at the time of investment in each CLO.

Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk, which are discussed in detail under separate headings within this note.

The Group exposure to market risk is that the market value of assets that the Group invests in and some liabilities will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans.

The Group's market risk is managed on a daily basis by GSO as set out above in accordance with policies and procedures in place. The Parent Company's overall market positions are reported to the Board of Directors on a quarterly basis.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Group might suffer through holding market positions in the face of price movements caused by factors specific to the individual investment or factors affecting all instruments traded in the market.

As all of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPN.

(i) Currency risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk.

The Group's financial statements are 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 the Group. The Group may utilise different financial instruments to seek to hedge against declines in the value of the Group's positions as a result of changes in currency exchange rates.

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2015:

Group	Financial assets at fair value through profit or loss EUR	VFNs EUR	Derivative assets and liabilities EUR	Cash EUR	Other assets and liabilities EUR	Net exposure EUR	Sensitivity 10% EUR
GBP	151,212,112	(13,898,116)	(137,182,480)	2,919,857	466,058	3,517,431	351,743
USD	477,176,764	(36,691,061)	(19,746,261)	40,386,190	(457,250,348)	3,875,284	387,528

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

(i) Currency risk (continued)

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2014:

Group	Financial assets at fair value through profit or loss	VFNs	Derivative liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	47,502,244	(10,516,901)	(8,916,570)	68,517	(28,043,753)	93,537	9,354
USD	164,935,237	(86,225,349)	(2,455,577)	5,139,465	(81,124,631)	269,145	26,915

Sensitivity analysis Group and Parent Company

At 31 December 2015, had the Euro strengthened by 10% (31 December 2014: 10%) in relation to all currencies, with all other variables held constant, the net asset / liability exposure would have increased by the amounts shown above for the Group and below for the Parent Company. There would be no impact on the total comprehensive income of the Group or the Parent Company because the finance expense on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement. A 10% weakening of the base currency, against the currencies above and below, would have resulted in an equal but opposite effect than that on the table above and below, on the basis that all other variables remain constant. The calculations were based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2015:

Parent Company	Financial assets at fair value through profit or loss	VFNs	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	13,756,152	(13,898,116)	-	477,117	130,118	465,271	46,527
USD	41,269,827	(36,691,061)	(939,403)	5,665,918	(5,791,074)	3,514,207	351,421

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2014:

Parent Company	Financial assets at fair value through profit or loss	VFNs	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR
GBP	19,878,672	(10,516,901)	21,246	(9,736,941)	(353,924)	(35,392)
USD	160,195,088	(86,225,349)	2,680,854	(77,220,596)	(570,003)	(57,000)

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

Changes in interest rates affect the Group's interest income, as the majority of the Group's investments are leveraged loans, which are floating rate obligations.

The leveraged loans in the portfolio are all typically structured with a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3 Month or 6 Month LIBOR or EURIBOR, reset on a quarterly or semi-annual basis. The total interest earned on investments will vary from time to time with changes in the underlying reference rate.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2015:

Group	Floating Rate EUR	Fixed Rate EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	2,945,909,444	32,500,000	-	2,978,409,444
Held for trading				
- Derivative financial assets	-	-	1,064,492	1,064,492
Receivable for investments sold	-	-	26,226,989	26,226,989
Other receivables	-	-	12,903,986	12,903,986
Cash and cash equivalents	326,118,471	-	-	326,118,471
Total assets	<u>3,272,027,915</u>	<u>32,500,000</u>	<u>40,195,467</u>	<u>3,344,723,382</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(3,039,506,575)	(85,377,697)	-	(3,124,884,272)
Held for trading				
- Derivative financial liabilities	-	-	(3,027,875)	(3,027,875)
Payable for investments purchased	-	-	(168,907,700)	(168,907,700)
Other payables and accrued expenses	-	-	(32,896,411)	(32,896,411)
Total liabilities	<u>(3,039,506,575)</u>	<u>(85,377,697)</u>	<u>(204,831,986)</u>	<u>(3,329,716,258)</u>
Total interest sensitivity gap	<u>232,521,340</u>	<u>(52,877,697)</u>		

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2014:

Group	Floating Rate EUR	Fixed Rate EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	1,651,477,103	-	-	1,651,477,103
Held for trading				
- Derivative financial assets			122,994	122,994
Receivable for investments sold	-	-	35,633,279	35,633,279
Other receivables	-	-	6,540,010	6,540,010
Cash and cash equivalents	767,976,769	-	-	767,976,769
Total assets	<u>2,419,453,872</u>	<u>-</u>	<u>42,296,283</u>	<u>2,461,750,155</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(1,839,794,864)	(49,354,287)	-	(1,889,149,151)
Held for trading				
- Derivative financial liabilities	-	-	(453,907)	(453,907)
Payable for investments purchased	-	-	(541,066,001)	(541,066,001)
Other payables and accrued expenses	-	-	(16,079,354)	(16,079,354)
Total liabilities	<u>(1,839,794,864)</u>	<u>(49,354,287)</u>	<u>(557,599,262)</u>	<u>(2,446,748,413)</u>
Total interest sensitivity gap	<u>579,659,008</u>	<u>(49,354,287)</u>		

Sensitivity analysis

At 31 December 2015, had the base interest rates strengthened/weakened by 2% (31 December 2014: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR3,592,873 (31 December 2014: EUR10,606,094) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Group. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2015:

Parent Company	Floating Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	322,907,494	-	322,907,494
Receivable for investments sold	-	163,280,093	163,280,093
Other receivables	-	1,836,439	1,836,439
Cash and cash equivalents	46,030,319	-	46,030,319
Total assets	<u>368,937,813</u>	<u>165,116,532</u>	<u>534,054,345</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(371,201,885)	-	(371,201,885)
Held for trading			
- Derivative financial liability	-	(939,403)	(939,403)
Payable for investments purchased	-	(145,433,283)	(145,433,283)
Other payables and accrued expenses	-	(1,478,014)	(1,478,014)
Total liabilities	<u>(371,201,885)</u>	<u>(147,850,700)</u>	<u>(519,052,585)</u>
Total interest sensitivity gap	<u>(2,264,072)</u>		

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2014:

Parent Company	Floating Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	587,168,958	-	587,168,958
Held for trading			
- Derivative financial asset	-	33,785	33,785
Receivable for investments sold	-	472,771,051	472,771,051
Other receivables	-	5,501,703	5,501,703
Cash and cash equivalents	91,601,158	-	91,601,158
Total assets	<u>678,770,116</u>	<u>478,306,539</u>	<u>1,157,076,655</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(686,600,398)	-	(686,600,398)
Held for trading			
- Derivative financial liability	-	(288,660)	(288,660)
Payable for investments purchased	-	(447,523,872)	(447,523,872)
Other payables and accrued expenses	-	(7,662,865)	(7,662,865)
Total liabilities	<u>(686,600,398)</u>	<u>(455,475,397)</u>	<u>(1,142,075,795)</u>
Total interest sensitivity gap	<u>(7,830,282)</u>		

Sensitivity analysis

At 31 December 2015, had the base interest rates strengthened/weakened by 2% (31 December 2014: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR45,281 (31 December 2014: EUR156,606) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Parent Company. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

(iii) Price risk

All of the Group's financial instruments (except for VFNs, cash and cash equivalents and receivables and payables) are carried at fair value in the Consolidated Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the Group's financial assets and financial liabilities at the financial year end date approximated their fair values.

The Group attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting the Collateral Manager, subject to certain requirements, to sell Collateral Obligations and reinvest the proceeds.

Where possible, prices are received from brokers on a monthly basis. Broker prices are sourced from Markit Partners, a composite price provider.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 **Financial instruments and associated risks (continued)**

Market risk (continued)

(iii) Price risk (continued)

At 31 December 2015, the carrying amounts of debt investments in respect of which fair values were determined directly, in full or in part, using valuation techniques amounted to EUR2,978,409,444 (31 December 2014: EUR1,651,477,103) for the Group and EUR322,907,494 (31 December 2014: EUR587,168,958) for the Parent Company.

At 31 December 2015, the carrying amounts of debt in respect of which fair values were estimated using valuation techniques, amounted to EUR(3,064,695,095) (31 December 2014: EUR(1,486,825,902)) for the Group and EUR(311,012,708) (31 December 2014: EUR284,277,149) for the Parent Company.

Key sources of estimation uncertainty

As indicated in Note 2, all of the Group's financial instruments are measured at fair value in the Consolidated Statement of Financial Position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the Group's financial instruments, more than one publically available prices are obtainable. However, certain financial instruments, for example, those classified as Level 3 are fair valued using Market prices where the input was only one price.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore cannot be determined with precision.

Sensitivity Analysis

A 5% increase in investment prices at 31 December 2015 would have increased the value of investments designated at fair value through profit or loss by EUR148,920,472 (31 December 2014: EUR82,573,855) for the Group and EUR16,145,375 (31 December 2014: EUR29,358,448) for the Parent Company and it would have also increased the value of the PPN and debt issued by the subsidiaries by an equal amount. This calculation is done on a gross basis and does not take into account assets subject to a forward purchase agreement. A 5% decrease would have an equal and opposite effect. The net impact on the net assets of the Group or the Parent Company would be EUR Nil (31 December 2014: Nil).

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Group may invest in investments such as leveraged loans which are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans.

Leveraged loan obligations are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to leveraged loans is gained by purchase of sub-participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Group for monies received in respect of leveraged loans directly held by it. In analysing each leveraged loan or sub-participation, GSO will compare the relative significance of the risks against the expected benefits of the investment.

In purchasing sub-participations, the Group generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, the Group will assume the credit risk of both the obligor and the institution selling the sub-participation. There were no sub-participations in the portfolio as at 31 December 2015.

The Group's credit risk concentration is spread between a number of counterparties. The top ten largest holdings represented 12.78% (31 December 2014: 14.2%) of the Group's assets and 65.65% (31 December 2014: 33.9%) of the Parent Company's assets.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the financial year end date.

GSO through its investment strategy will endeavor to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysis having relevant sector experience.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

The analysis involves developing a full understanding of the business and associated risk of the issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. GSO analyses credit concentration based on the counterparty and industry of the financial assets that the Group holds.

The Group held investments with the following credit quality as rated by Moody's:

Rating	31 Dec 2015	31 Dec 2014
B1	36.6%	22.4%
B2	32.9%	40.9%
B3	9.7%	21.1%
Ba1	3.1%	1.5%
Ba2	1.7%	1.6%
Ba3	11.8%	8.1%
Baa2	0.2%	0.7%
Baa3	0.4%	-
Caa1	1.3%	0.4%
Caa2	0.2%	-
Not Rated	2.1%	3.3%
Total	100%	100%

The Parent Company held investments with the following credit quality as rated by Moody's:

Rating	31 Dec 2015	31 Dec 2014
B1	9.8%	19.7%
B2	13.3%	35.6%
B3	11.4%	25.8%
Ba1	1.1%	-
Ba2	-	0.4%
Ba3	2.3%	2.2%
Not Rated	62.1%	16.3%
Total	100%	100%

The Credit ratings of the counterparties holding the cash and cash equivalents is disclosed in note 7.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the high credit quality of the brokers used. The Group monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

At the reporting date, the Group's financial assets exposed to credit risk are as follows:

	31 Dec 2015	31 Dec 2014
	EUR	EUR
Financial assets designated at fair value through profit or loss	2,978,409,444	1,651,477,103
Derivative financial assets	1,064,492	122,994
Receivables for investments sold	26,226,989	35,633,279
Receivables	12,903,986	6,540,010
Cash at bank	326,118,471	767,976,769
Total	3,344,723,382	2,461,750,155

At the reporting date, the Parent Company's financial assets exposed to credit risk are as follows:

	31 Dec 2015	31 Dec 2014
	EUR	EUR
Financial assets designated at fair value through profit or loss	322,907,494	587,168,958
Derivative financial assets	-	33,785
Receivables for investments sold	163,280,093	472,771,051
Receivables	1,836,439	5,501,703
Cash at bank	46,030,319	91,601,158
Total	534,054,345	1,157,076,655

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

Amounts in the above tables are based on the carrying value of the financial assets as at the financial year end date.

A record of the loan holdings is held by the agent banks. Bankruptcy or insolvency of an agent bank may cause the Group's rights with respect to securities held by the agent bank to be delayed. If an agent bank was to become insolvent or bankrupt, historical evidence has shown the risk of monetary loss to the Group to be minor (or indeed zero) as the duties of the incumbent agent bank can be transferred to a new agent bank in short order.

All of the cash held by the Group is held by the Custodian, Citibank N.A., London Branch. Cash as a practical matter may not be held in physical segregation. Therefore bankruptcy or insolvency by the Custodian may cause the Group's rights with respect to the assets held by the Custodian to be delayed or limited. The Group monitors its risk by reviewing the credit quality of the Custodian on a monthly basis, as reported by Standard and Poor's, Moody's and Fitch. In addition, GSO monitors the financial position of the Custodian on a quarterly basis. If the credit quality or the financial position of the Custodian deteriorates GSO will move the cash holdings to another bank. The credit rating for Citibank N.A. is A1 as at 31 December 2015 (31 December 2014: A2).

The Group's financial assets exposed to credit risk were concentrated in the following industries:

	31 Dec 2015	31 Dec 2014
Aerospace & Defense	1.4%	-
Automotive	2.3%	1.7%
Banking, Finance, Insurance & Real Estate	4.2%	4.9%
Beverage, Food & Tobacco	4.8%	5.1%
Capital Equipment	4.5%	7.9%
Chemicals, Plastics and Rubber	7.0%	8.0%
Construction & Building	6.6%	7.4%
Consumer Products	1.9%	1.2%
Containers, Packaging & Glass	6.3%	2.7%
Energy: Oil & Gas	1.3%	2.2%
Healthcare & Pharmaceuticals	12.4%	14.7%
High Tech Industries	6.7%	5.6%
Hotel, Gaming & Leisure	7.1%	5.1%
Media	10.8%	9.2%
Retail	3.7%	5.5%
Services - Business	9.6%	7.7%
Services - Consumer	-	1.7%
Telecommunications	6.5%	4.3%
Other	2.9%	5.1%
	<u>100%</u>	<u>100%</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

The Parent Company's financial assets exposed to credit risk were concentrated in the following industries:

	31 Dec 2015	31 Dec 2014
Automotive	-	1.4%
Banking, Finance, Insurance & Real Estate	-	3.6%
Beverage, Food & Tobacco	1.7%	3.0%
Capital Equipment	1.1%	5.7%
Chemicals, Plastics and Rubber	1.4%	5.7%
Construction & Building	2.9%	7.8%
Containers, Packaging & Glass	2.8%	1.4%
Energy: Oil & Gas	-	2.6%
Healthcare & Pharmaceuticals	2.5%	12.3%
High Tech Industries	1.1%	3.9%
Hotel, Gaming & Leisure	4.3%	3.0%
Media	7.7%	5.4%
Retail	4.0%	4.6%
Services - Business	59.1%	25.8%
Services - Consumer	-	4.8%
Telecommunications	7.6%	4.2%
Utilities	2.4%	-
Other	1.4%	4.8%
	<u>100%</u>	<u>100%</u>

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The PPN issued to Blackstone / GSO Loan Financing Limited has limited recourse. The recourse of the Noteholders is limited to the proceeds available at such time from the debt obligations, CLO Income Notes and other obligations which comply with the investment policy. Therefore the associated liquidity risk of the PPN is reduced.

The Notes are limited recourse obligations of the subsidiaries which are payable solely out of amounts received by or on behalf of the subsidiaries in respect of the Collateral (as defined in each subsidiary's Prospectus). The net proceeds of the realisation of the security over the Collateral upon acceleration of the Notes following an Event of Default (as defined in each subsidiary's Prospectus) may be insufficient to pay all amounts due on the Notes after making payments to other creditors of the subsidiaries ranking in priority thereto or pari passu therewith. In the event of a shortfall in such proceeds, the subsidiaries will not be obliged to pay, and the other assets (including the subsidiaries' Irish Account and the rights of the subsidiaries under the Corporate Services Agreement (as defined in each subsidiary's Prospectus)) of the subsidiaries will not be available for payment of such shortfall, all claims in respect of such shortfall will be extinguished. Therefore the liquidity risk relating to the subsidiaries' Notes is reduced.

The VFNs have a revolving period end date of 8 August 2017. The Parent Company must adhere to the conditions set out in the Variable Funding Note Issue and Purchasing Agreement. If these conditions are breached, the Noteholders have the right to redeem their Notes immediately. Please refer to Note 22 for details of the charges granted to the variable funding noteholders.

The Group may invest in investments such as leveraged loans which are below investment grade, which as a result carry greater liquidity risk than investment grade sovereign or corporate bonds or loans.

Due to the unique and customised nature of loan agreements evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as publicly traded securities. Although the range of investors in private debt has broadened, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity in loan trading which currently exists in the market. In addition, the terms of these assets may restrict their transferability without borrower consent. GSO will consider any such restriction, along with all other factors, in determining whether or not to advise the Group to acquire participation in each asset.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 14 Financial instruments and associated risks (continued)

Liquidity risk (continued)

The requirement to sell investments quickly may result in an adverse impact on the value of holdings as forced sales may potentially be made below the fair value of investments. However, the likelihood of this happening is extremely low since the Group does not have any redeemable shares.

As the private debt assets in which the Group invests typically settle at least T+10, the Group's constitutional documentation makes provision for a range of measures to assist with the management of liquidity on an ongoing basis, including, the ability to borrow.

The liquidity risk of the Group as at 31 December 2015 is as follows:

	Within 6 months	Greater than 6 months	Total
	EUR	EUR	EUR
Payable for investments purchased	(168,907,700)	-	(168,907,700)
Financial liabilities at fair value	-	(3,064,695,095)	(3,064,695,095)
Variable funding notes	-	(60,189,177)	(60,189,177)
Derivative financial liabilities	(3,027,875)	-	(3,027,875)
Interest payable on CLO Notes	(24,622,414)	-	(24,622,414)
Other payables and accrued expenses	(8,273,997)	-	(8,273,997)
	<u>(204,831,986)</u>	<u>(3,124,884,272)</u>	<u>(3,329,716,258)</u>

The liquidity risk of the Parent Company as at 31 December 2015 is as follows:

	Within 6 months	Greater than 6 months	Total
	EUR	EUR	EUR
Payable for investments purchased	(145,433,283)	-	(145,433,283)
Financial liabilities at fair value	-	(311,012,708)	(311,012,708)
Variable funding notes	-	(60,189,177)	(60,189,177)
Derivative financial liabilities	(939,403)	-	(939,403)
Other payables and accrued expenses	(1,478,014)	-	(1,478,014)
	<u>(147,850,700)</u>	<u>(371,201,885)</u>	<u>(519,052,585)</u>

Note 15 Exchange rates

The following exchange rates (against the EUR) were used to convert the investments and other assets and liabilities denominated in currencies other than EUR at:

	31 Dec 2015	31 Dec 2014
Great British Pounds	0.737024	0.776369
United States Dollars	1.086300	1.210050

The following exchange rates (against the USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD at:

	31 Dec 2015	31 Dec 2014
Great British Pounds	0.678472	-
Euro	0.920556	-

The average exchange rates used to convert to EUR in the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and the Consolidated and Company Statement of Cash Flows were as follows:

	31 Dec 2015	31 Dec 2014
United States Dollars	1.102302	-

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 16 Related party transactions

GSO

The Group has appointed Blackstone / GSO Debt Funds Management Europe Limited ("GSO"), an investment management company incorporated in Ireland as service support provider and CLO Manager. The subsidiaries pay collateral management fees to GSO. GSO is entitled to a fee of 15 basis points when acting as the senior manager of the portfolios and 35 basis points when acting as the sub manager of the portfolios.

GSO charged EUR11,394,738 (31 December 2014: EUR1,545,284) on behalf of the Group for the financial year ended 31 December 2015 with EUR3,429,200 (31 December 2014: EUR1,500,428) outstanding at the financial year end.

PPN issued to Blackstone / GSO Loan Financing Limited

The Parent Company is partially funded for its acquisition of investments by way of a PPN issued to Blackstone / GSO Loan Financing Limited. The PPN is unsecured, limited recourse obligations of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time from the debt obligations, CLO Income Notes and other obligations, which comply with the investment policy. The carrying amount of these financial liabilities designated at fair value through profit or loss as at 31 December 2015 was EUR4,916,818 (31 December 2014: EUR1,672,851) lower than the contractual amount at maturity, giving a fair value of EUR311,012,708 as at 31 December 2015 (31 December 2014: EUR284,277,149).

In the event that accumulated losses prove not to be recoverable during the life of the Parent Company, then this will reduce the obligation to the Noteholders (i.e. contractual amounts at maturity by an equivalent amount).

Blackstone Treasury Asia Pte. Limited bought and sold 5 B1 shares in the Parent Company for EUR5,000,000 during the prior financial period. It did not hold any shares as at 31 December 2015.

Blackstone / GSO Loan Financing 2 Limited, a 100% owned subsidiary of Blackstone / GSO Loan Financing Limited, bought 15 B2 shares in the Parent Company for an amount of EUR15,000,000 during the prior period. It transferred these same shares to Blackstone / GSO Loan Financing Limited on 27 August 2015. Blackstone / GSO Loan Financing Limited continue to hold these shares as at 31 December 2015.

Directors' interests

The Directors of the Parent Company, Ms Anne Flood and Ms Imelda Shine are also directors of the Company Secretary, Intertrust Management Ireland Limited. The Company Secretary charged EUR44,699 for the financial year ended 31 December 2015 (31 December 2014: EUR31,759) of which EURNil was outstanding at the financial year end (31 December 2014: EUR31,759). Ms Anne Flood and Ms Imelda Shine were not paid a separate fee.

Cross holdings within the Group

The following related party transactions took place within the Group whereby the Parent Company traded with subsidiaries within the Group and the subsidiaries traded with each other:

Trade details	Currency	Trade Value	Trade Value
		31 Dec 2015	31 Dec 2014
Parent Company traded with Phoenix Park CLO Designated Activity Company	EUR	79,797,373	382,609,550
Parent Company traded with Sorrento Park CLO Designated Activity Company	EUR	46,057,579	353,157,301
Parent Company traded with Castle Park CLO Designated Activity Company	EUR	77,065,149	273,788,424
Parent Company traded with Dartry Park CLO Designated Activity Company	EUR	318,820,160	-
Parent Company traded with Orwell Park CLO Designated Activity Company	EUR	312,263,884	-
Parent Company traded with Dorchester Park CLO Limited	EUR	397,601,120	-
Parent Company traded with Tymon Park CLO Limited	EUR	357,858,402	-
Phoenix Park CLO Designated Activity Company traded with Castle Park CLO Designated Activity Company	EUR	1,961,686	2,006,459
Phoenix Park CLO Designated Activity Company traded with Dartry Park CLO Designated Activity Company	EUR	3,953,602	-
Phoenix Park CLO Designated Activity Company traded with Sorrento Park CLO Designated Activity Company	EUR	991,379	-
Sorrento Park CLO Designated Activity Company traded with Castle Park CLO Designated Activity Company	EUR	8,242,647	1,986,160
Sorrento Park CLO Designated Activity Company traded with Dartry Park CLO Designated Activity Company	EUR	1,987,866	-
Sorrento Park CLO Designated Activity Company traded with Phoenix Park CLO Designated Activity Company	EUR	1,005,242	-

The Parent Company traded with CLOs managed by GSO to the value of EUR155,740,635 (31 December 2014: EUR383,334,364).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 17 Fair value movement on financial liabilities

The unrealised gain on financial liabilities reflects the movement in value of the Notes (which are classified as financial liabilities at fair value through profit or loss) issued by the Group. It consists of:

	Group 31 Dec 2015 EUR	Group 31 Dec 2014 EUR
Fair value movement on Parent Company financial liabilities	(26,220,359)	1,672,851
Fair value movement on Phoenix Park CLO Designated Activity Company financial liabilities	1,389,732	13,200,221
Fair value movement on Sorrento Park CLO Designated Activity Company financial liabilities	3,126,280	14,350,051
Fair value movement on Castle Park CLO Designated Activity Company financial liabilities	30,379	8,057,800
Fair value movement on Dorchester Park CLO Limited financial liabilities	11,804,771	-
Fair value movement on Dartry Park CLO Designated Activity Company financial liabilities	10,859,947	-
Fair value movement on Orwell Park CLO Designated Activity Company financial liabilities	13,606,657	-
Fair value movement on Tymon Park CLO Limited financial liabilities	6,989,556	-
	<u>21,586,963</u>	<u>37,280,923</u>

Note 18 Finance expense on financial liabilities

The finance expense on financial liabilities consists of:

	Group 31 Dec 2015 EUR	Group 31 Dec 2014 EUR
Finance expense on debt issued by subsidiaries	(64,660,382)	(8,887,624)
Finance expense on VFNs	(18,077,594)	(4,528,317)
	<u>(82,737,976)</u>	<u>(13,415,941)</u>

Note 19 Master netting agreements

None of the financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. None of the financial assets and financial liabilities are offset in the Consolidated or Company Statement of Financial Position.

Note 20 Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2015.

Note 21 Contingent liabilities

There are no contingent liabilities as at 31 December 2015 or 31 December 2014.

Note 22 Charges

The PPN is secured by the assignment of a fixed first charge of the Parent Company's rights, title and interest on investments held and on its cash. This charge is subordinated to the charge assigned to the VFN. This charge was not exercised during the current or prior financial periods.

The VFN is also secured by a Deed of Charge and Assignment over the Parent Company's assets. This charge has priority over the charge assigned to the PPN and was not exercised during the current or prior financial periods.

Note 23 Significant events during the financial year

The Parent Company established four new subsidiaries, namely Dorchester Park CLO Limited, Dartry Park CLO Designated Activity Company, Orwell Park CLO Designated Activity Company and Tymon Park CLO Limited.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 23 Significant events during the financial year (continued)

The Forward Purchase Agreement relating to a portfolio of assets with Dorchester Park CLO Limited matured on 26 February 2015 when the Parent Company purchased USD28,000,000 of its Subordinated Notes, representing 60.95% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Dartry Park CLO Designated Activity Company matured on 16 March 2015 when the Parent Company purchased EUR22,800,000 of its Subordinated Notes, representing 51.12% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Orwell Park CLO Designated Activity Company matured on 04 June 2015 when the Parent Company purchased EUR24,225,000 of its Subordinated Notes, representing 51.00% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Tymon Park CLO Limited matured on 17 December 2015 when the Parent Company purchased EUR22,700,000 of its Subordinated Notes, representing 51.01% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

There were no other significant events affecting the Parent Company since the financial year end which required adjustment to or disclosure in the financial statements.

Note 24 Significant events after financial year end

A Forward Purchase Agreement relating to a portfolio of assets with Elm Park CLO Designated Activity Company was executed on 18 January 2016 and it remains open at the time of signing these consolidated financial statements.

In line with the Companies Act 2014 the Parent Company and several of its subsidiaries updated their designation from a Limited Company to a Designated Activity Company as follows:

Entity	Date
Blackstone / GSO Corporate Funding Designated Activity Company	29 February 2016
Phoenix Park CLO Designated Activity Company	25 February 2016
Sorrento Park CLO Designated Activity Company	25 February 2016
Castle Park CLO Designated Activity Company	25 February 2016
Dartry Park CLO Designated Activity Company	25 February 2016
Orwell Park CLO Designated Activity Company	25 February 2016

From 1 March 2016 VP Fund Services Limited, 100 Wall Street, New York, NY 10005, United States is appointed as Administrator to the Parent Company.

The Parent Company's objective was updated on 3 February 2016. The update was incorporated in an amendment to the Profit Participating Note Issuing and Purchase Agreement between the Parent Company and Blackstone / GSO Loan Financing Limited. The new investment objective is:

The Parent Company's investment policy is to invest predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made directly or through investments in Loan Warehouses) and in CLO Securities, and generate attractive risk-adjusted returns from such portfolios. The Parent Company will use the proceeds from the issue of the profit participating instruments (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest predominantly in:

- (i) senior secured loans, CLO Securities and Loan Warehouses; or
- (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses.

The Parent Company may invest (directly or through other Risk Retention Companies) predominantly in European or U.S. senior secured loans, CLO Securities, Loan Warehouses and other assets. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks ("First Loss"), will typically be in the form of an obligation to purchase preference shares or a subordinated loan.

There is no limit on the maximum U.S. or European exposure. The Parent Company is not expected to invest (directly or through other Risk Retention Companies) substantially directly in senior secured loans domiciled outside North America or Western Europe.

Note 24 Significant events after financial year end (continued)

There were no other significant events affecting the Parent Company after the financial year end which required adjustment to or disclosure in the financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2015

Note 25 Approval of financial statements

The Directors approved the financial statements on 21 April 2016.

SECTION B

**PUBLISHED ANNUAL REPORT AND AUDITED ACCOUNTS OF BGSF FOR THE
PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016**

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Registered Number: 542626

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

CONTENTS

	PAGE
DIRECTORS AND OTHER INFORMATION	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITORS' REPORT	7
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
COMPANY STATEMENT OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
COMPANY STATEMENT OF CHANGES IN EQUITY	13
CONSOLIDATED STATEMENT OF CASH FLOWS	14
COMPANY STATEMENT OF CASH FLOWS	15
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	16

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Ms. Anne Flood (Irish resident and national) * Ms. Imelda Shine (Irish resident and national)* Mr. Aogan Foley (Irish resident and national)* Mr. Fergal O' Leary (Irish resident and national)*	
REGISTERED OFFICE	2 nd Floor, 1-2 Victoria Buildings Haddington Road Dublin 4, Ireland D04 XN32	
SERVICE SUPPORT PROVIDER AND CLO MANAGER	Blackstone / GSO Debt Funds Management Europe Limited ("GSO") 10 Earlsfort Terrace Dublin 2, Ireland D02 T380	
CUSTODIAN	Citibank N.A., London Branch Citigroup Centre Canada Square Canary Wharf London, E14 5LB United Kingdom	
ADMINISTRATOR to 29 February 2016	State Street Fund Services (Ireland) Limited 78 Sir John Rogerson's Quay Dublin 2, Ireland D02 HD32	
ADMINISTRATOR from 1 March 2016	<i>Ireland:</i> Virtus Partners Fund Services Ireland Ltd Fitzwilliam Hall Fitzwilliam Place Dublin 2, Ireland D02 V882	<i>US:</i> VP Fund Services Limited 100 Wall Street New York, NY 10005 United States
COLLATERAL ADMINISTRATOR	Virtus Group LP 25 Canada Square Level 33 London, E14 5LQ United Kingdom	
SECRETARY TO THE COMPANY	Intertrust Management Ireland Limited 2 nd Floor, 1-2 Victoria Buildings Haddington Road Dublin 4, Ireland D04 XN32	
INDEPENDENT AUDITORS	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2, Ireland D02 AY28	
IRISH LEGAL ADVISERS TO THE COMPANY	Arthur Cox 10 Earlsfort Terrace Dublin 2, Ireland D02 T380	
LISTING AGENT	Arthur Cox Listing Services Limited 10 Earlsfort Terrace Dublin 2, Ireland D02 T380	

* Independent of GSO and a Non-Executive Director

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

For the financial year ended 31 December 2016

The Directors present their report together with the audited consolidated financial statements for the financial year ended 31 December 2016. For the avoidance of doubt, items in upper case have the same meaning as in the relevant entities' legal documentation.

Review of the development of the business

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company which was incorporated in Ireland on 16 April 2014 with the registration number 542626. It is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act 1997, as amended. The Parent Company was established to originate investments using the proceeds from the issuance of Profit Participating Notes ("PPNs") and other resources available to it, such as the Variable Funding Notes ("VFNs") as described below.

The Parent Company has acquired the majority or all of the subordinated class notes issued by its subsidiaries, with the exception of Bristol Park CLO Limited. The Parent Company has also acquired preference shares in Grippen Park CLO Warehouse. The Parent Company's subsidiaries (the "subsidiaries") are listed as follows:

Phoenix Park CLO Designated Activity Company ("DAC")	Tymon Park CLO DAC
Sorrento Park CLO DAC	Elm Park CLO DAC
Castle Park CLO DAC	Griffith Park CLO DAC
Dartry Park CLO DAC	Bristol Park CLO Limited
Dorchester Park CLO DAC	Grippen Park CLO Warehouse
Orwell Park CLO DAC	Clarinda Park CLO DAC

In the case of the subsidiaries listed above, the Directors have determined that the Parent Company has control in accordance with the financial reporting framework.

A collateralised loan obligation ("CLO") is a pooled investment vehicle which invests in a diversified group of loan assets. To finance its investments the vehicle issues CLO Notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying assets.

The portfolios underlying the CLO Notes consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. Interest is payable on the CLO Notes on a quarterly basis.

The CLO Notes are outstanding at the financial year end and are subject to legal maturity dates of 2027, 2028 or 2029 (please refer to Note 5). All of the CLO Notes have been listed and are trading on the Main Securities Market of the Irish Stock Exchange plc, except for Dorchester Park CLO DAC and Bristol Park CLO Limited which are trading on the Global Exchange Market of the Irish Stock Exchange.

The subordinated Noteholders are entitled to the residual cash flows arising from the underlying assets of the CLOs. The Parent Company consolidates the above CLOs, in accordance with IFRS 10.

Blackstone / GSO Debt Funds Management Europe Limited has been appointed as the Service Support Provider to the Parent Company and as the Manager to the majority of subsidiaries and is referred to as GSO throughout this document. GSO / Blackstone Debt Fund Management LLC, an affiliate, has been appointed as the Manager to Dorchester Park CLO DAC and Bristol Park CLO Limited.

The Parent Company and its subsidiaries together are referred to as the Group ("the Group").

Objective

The Parent Company's investment policy is to invest predominantly in (i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans), such investments being made directly or through investments in loan warehouses; (ii) CLO Securities; and (iii) other risk retention companies. The Parent Company intends to pursue its investment policy by using the proceeds from the issue of Profit Participating Notes (together with other resources available to it) to initially invest in senior secured loans. Subsequently, on the availability of appropriate market conditions, the Parent Company will also invest in CLO Income Notes issued by the Issuer CLOs (CLOs originated by the Parent Company). Initially, the Parent Company's investments will be focused predominantly in European senior secured loans, but the Parent Company has also invested in U.S. senior secured loans. As such, there is no limit on the maximum U.S. or European exposure. The Parent Company does not intend to invest directly in senior secured loans domiciled outside North America or Western Europe.

Results, activities and future developments

The results of operations are set out on page 9. The Directors do not anticipate any change in the structure or investment objectives of the Parent Company.

Directors

The Directors, who all served during the financial year, are listed on page 1.

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2016

Secretary

Intertrust Management Ireland Limited acted as Company Secretary throughout the financial year.

Directors' and Secretary's interests

Two of the Directors of the Parent Company, Ms. Anne Flood and Ms. Imelda Shine, are also directors of the Company Secretary, Intertrust Management Ireland Limited. The Company Secretary charged EUR37,000 (31 December 2015: EUR44,699) for the financial year ended 31 December 2016 with EUR7,352 outstanding balance as at 31 December 2016 (31 December 2015: Nil). Ms. Anne Flood and Ms. Imelda Shine were not paid a separate fee.

Intertrust Nominees (Ireland) Limited, an affiliate of the Company Secretary, holds 200 of the Parent Company's ordinary shares at a value of EUR200 on trust for charitable purposes.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and Company's and Group's financial statements in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position of the Company and the Group at the end of the financial year and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company and the Group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company and the Group to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

In this regard VP Fund Services Limited has been appointed for the purpose of maintaining adequate accounting records. Accordingly, the books of account are kept at the Parent Company's registered office.

The Directors are responsible for safeguarding the assets of the Company and its subsidiaries. In this regard they have entrusted the assets of the Company to the Custodian who has been appointed as Custodian to the Company pursuant to the terms of the Custodian Agreement. The Directors have a general responsibility for taking such steps to prevent and detect fraud and other irregularities.

Risk management objectives and policies

The main risks arising from the Parent Company's financial instruments are market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. For a detailed description of the risk management objectives and policies, please see Note 14.

Accounting records

The Directors ensure compliance with the Company's obligation to maintain adequate accounting records, in accordance with Sections 281 to 285 of the Companies Act 2014, by appointing an administrator to aide in fulfilling their responsibilities.

Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2016 (year ended 31 December 2015: Nil).

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2016

Corporate governance statement

Introduction

The Parent Company is subject to and complies with Irish Statute law, comprising the Companies Act 2014 and the Listing rules of the Main Securities Market and the Global Exchange Market of the Irish Stock Exchange. The Parent Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Parent Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal controls and risk management systems in relation to the financial reporting process of the Parent Company. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve the Parent Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal controls and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, VP Fund Services Ltd, to maintain the accounting records of the Parent Company independently of the Service Support Provider and CLO Manager and the Collateral Administrator. As detailed in the Administration Agreement, the Administrator performs the duties of keeping the accounts of the Parent Company for the proper conduct of the Parent Company's administrative affairs.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Parent Company's financial statements.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Parent Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Capital Structure

No person has a significant direct or indirect holding of securities in the Parent Company. No person has any special rights of control over the Parent Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Parent Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Parent Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Parent Company to the Administrator.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (continued) For the financial year ended 31 December 2016

Significant events during the financial year

On 13 October 2016 Blackstone / GSO Corporate Funding EUR Fund (the "EUR Fund") and Blackstone / GSO Corporate Funding USD Fund (the "USD Fund") were approved by the Central Bank of Ireland as sub-funds of Blackstone / GSO Investment Funds, a unit trust authorised on 29 April 2008 under the Unit Trusts Act, 1990. On 1 November the Parent Company issued a PPN to the value of EUR116,000,000 to the EUR Fund which represented the initial investment.

The Parent Company established three new originated subsidiaries, namely Elm Park CLO DAC, Griffith Park CLO DAC, and Clarinda Park CLO DAC. The Parent Company established two new significant investments in Bristol Park CLO Limited and Grippen Park CLO Warehouse, both of which are considered to be under the parent company's control and hence are consolidated.

The Forward Purchase Agreement relating to a portfolio of assets with Elm Park CLO DAC matured on 26 May 2016 when the Parent Company purchased EUR46,930,000 of its Subordinated Notes, representing 82.43% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Griffith Park CLO DAC matured on 8 September 2016 when the Parent Company purchased EUR29,000,000 of its Subordinated Notes, representing 59.55% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

On 8 December 2016 the Parent Company purchased USD10,000,000 of Bristol Park CLO Limited's Subordinated Notes, representing 18.25%.

On 31 August 2016 the Parent Company invested USD5,000,000, and a further USD6,000,000 on 7 December 2016, in the form of Preference Shares in Grippen Park CLO Warehouse managed by an affiliate of the Manager.

The Forward Purchase Agreement relating to a portfolio of assets with Clarinda Park CLO DAC matured on 15 November 2016 when the Parent Company purchased EUR23,100,000 of its Subordinated Notes, representing 51.22% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

On 1 November 2016 the total maximum funding amount for Variable Funding Notes was reduced to EUR300,000,000.

On 20 December 2016 the Class B2 shares were cancelled and the value of EUR15 plus EUR14,999,985 premium was repaid to Blackstone / GSO Loan Financing Limited.

Blackstone / GSO Loan Financing Limited subsequently invested EUR15,000,000 in additional Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. cash settled warrants, who in turn invested EUR15,000,000 in additional PPNs issued by the Parent Company.

There were no other significant events affecting the Parent Company during the financial year which require adjustment to or disclosure in the financial statements.

Significant events after the financial year end

For significant events after the financial year end please refer to Note 24.

Going Concern

The Parent Company's financial statements for the financial year ended 31 December 2016 have been prepared on a going concern basis and the Directors believe that the going concern basis is appropriate, based on the assessment of future cash flows and projections.

Compliance policy statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations received from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2016**

Statement of disclosure to the Company's statutory auditors

Each of the Directors in office at the date of the approval of the Director's report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- the Directors have taken all the steps that he or she ought to have as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Audit committee statement

As permitted by Section 167(3)(b) Companies Act 2014 (as amended), the board of Directors (the "Board") has elected not to have an audit committee. This election is for the following reasons:

- the knowledge and expertise of the Board allows them to have sufficient oversight and discharge the following responsibilities that would otherwise be carried out by an audit committee:
 - (i) the monitoring of the financial reporting process;
 - (ii) the monitoring of the effectiveness of the Company's systems of internal control, internal audit and risk management;
 - (iii) the monitoring of the statutory audit of the Company's financial statements; and
 - (iv) the review and monitoring of the independence of the statutory auditors and in particular the provision of additional services to the Company;
- the quarterly board meetings and also the ad hoc meetings of the Board allows the Board to oversee the general management and conduct of all aspects of the Company's business including those outlined above; and
- the Board is and shall at all times be made up of persons each of whom has the appropriate knowledge and experience to be a director of the Company, having regard to the responsibilities outlined above and any other statutory duties.

Independent Auditors

The auditor, Deloitte, Chartered Accountants and Statutory Audit Firm has expressed its willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

On behalf of the Board of Directors:

Director:

Aogan Foley

Date: 7/4/17

Director:

Imelda Shine

Imelda Shine

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

We have audited the financial statements of Blackstone/GSO Corporate Funding Designated Activity Company ('the Company') for the financial year ended 31 December 2016 which comprise the Group Financial Statements: the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Parent Company Financial Statements: the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the related notes 1 to 25. The relevant financial reporting framework that has been applied in the preparation of the Group and Parent Company Financial Statements is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014 as amended. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Report under Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in Annual Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- The Group and Parent Company financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 December 2016 and of the profit of the group for the year then ended; and
- The Group and Parent Company financial statements have been properly prepared in accordance with the relevant financial reporting framework and, in particular with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Acts 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The Parent Company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and, based on the work undertaken in the course of the audit, the description in the Annual Corporate Governance Review of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements, and has been prepared in accordance with Section 1373 Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

/Continued from previous page

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BLACKSTONE/GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY**

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which requires us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



Brian O'Callaghan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 7/4/17

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2016

	Note	31 Dec 2016 EUR	31 Dec 2015 EUR
Income from investments designated at fair value through profit or loss	2	235,850,803	101,153,515
Net gain/(loss) on derivatives	2	14,674,285	(1,632,470)
Net foreign exchange gain/(loss)		99,541	(2,125,365)
Miscellaneous income/(expense)		<u>24,426</u>	<u>(169,483)</u>
Net operating gain		250,649,055	97,226,197
Operating expenses	12	(52,846,223)	(36,068,027)
Comprehensive loss			
Fair value movement on financial liabilities	17	(100,316,098)	21,586,963
Finance (expense) on financial liabilities	18	(97,474,759)	(82,737,976)
Net profit on ordinary activities before taxation		11,975	7,157
Taxation			
Tax on ordinary activities	11	(2,533)	(1,789)
Total comprehensive income		<u>9,442</u>	<u>5,368</u>
Non-controlling interest		3,923	1,653
Total comprehensive income for the Group		<u>5,519</u>	<u>3,715</u>

All results are from continuing activities.

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

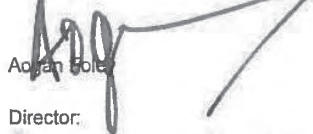
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016**

	Note	31 Dec 2016 EUR	31 Dec 2015 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	5,206,649,375	2,978,409,444
Held for trading			
- Derivative financial assets	2, 3, 13	19,590,530	1,064,492
Receivable for investments sold	2	20,285,927	26,226,989
Other receivables	8	17,065,728	12,903,986
Cash and cash equivalents	7	<u>625,869,931</u>	<u>326,118,471</u>
Total assets		<u>5,889,461,491</u>	<u>3,344,723,382</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(451,337,094)	(311,012,708)
- Debt issued by subsidiaries	4, 13	(4,759,239,810)	(2,753,682,387)
Held for trading			
- Derivative financial liabilities	2, 3, 13	(5,236,868)	(3,027,875)
Variable funding notes ("VFNs")	2, 6	(297,388,234)	(60,189,177)
Payable for investments purchased	2	(345,285,241)	(168,907,700)
Interest payable on debt issued by subsidiaries		(18,748,953)	(24,622,414)
Other payables and accrued expenses	9	<u>(12,208,703)</u>	<u>(8,273,997)</u>
Total liabilities		<u>(5,889,444,903)</u>	<u>(3,329,716,258)</u>
Net Assets		<u>16,588</u>	<u>15,007,124</u>
Capital and Reserves			
	10		
Called up share capital – Parent Company		200	215
Share premium		-	14,999,985
Retained earnings		<u>10,395</u>	<u>4,876</u>
		10,595	15,005,076
Non-controlling interest		<u>5,993</u>	<u>2,048</u>
		<u>16,588</u>	<u>15,007,124</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

Director:



Adrian Holt

Director:



Imelda Shine

Date: 7/4/17

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF FINANCIAL POSITION
For the financial year ended 31 December 2016

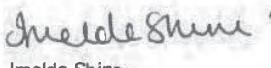
	Note	31 Dec 2016 EUR	31 Dec 2015 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	620,460,349	322,907,494
Held for trading			
- Derivative financial assets	2, 3, 13	-	-
Receivable for investments sold	2	184,379,820	163,280,093
Other receivables	8	11,171,514	1,836,439
Cash and cash equivalents	7	30,013,469	46,030,319
Total assets		<u>846,025,152</u>	<u>534,054,345</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(451,337,094)	(311,012,708)
Held for trading			
- Derivative financial liabilities	2, 3, 13	(1,481,665)	(939,403)
Variable funding notes	2, 6	(297,388,234)	(60,189,177)
Payable for investments purchased	2	(94,478,627)	(145,433,283)
Other payables and accrued expenses	9	(1,336,872)	(1,478,014)
Total liabilities		<u>(846,022,492)</u>	<u>(519,052,585)</u>
Net Assets		<u>2,660</u>	<u>15,001,760</u>
Capital and Reserves			
Called up share capital	10	200	215
Share premium		-	14,999,985
Retained earnings		2,460	1,560
		<u>2,660</u>	<u>15,001,760</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

Director:


Aogan Foley
Director:



Imelda Shine
Date: 7/4/17

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Non- Controlling Interest EUR	Total EUR
For the financial year ended 2015:						
At the beginning of the financial year		215	14,999,985	1,161	381	15,001,742
Shares Issued	10	-	-	-	4	4
Shares Redeemed	10	-	-	-	-	-
Total comprehensive income		-	-	3,715	1,653	5,368
Currency remeasurement		-	-	-	10	10
At the end of the financial year		<u>215</u>	<u>14,999,985</u>	<u>4,876</u>	<u>2,048</u>	<u>15,007,124</u>
	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Non- Controlling Interest EUR	Total EUR
For the financial year ended 2016:						
At the beginning of the financial year		215	14,999,985	4,876	2,048	15,007,124
Shares Issued	10	-	-	-	5	5
Shares Redeemed	10	(15)	(14,999,985)	-	-	(15,000,000)
Total comprehensive income		-	-	5,519	3,923	9,442
Currency remeasurement		-	-	-	17	17
At the end of the financial year		<u>200</u>	<u>-</u>	<u>10,395</u>	<u>5,993</u>	<u>16,588</u>

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial year ended 2015:					
At the beginning of the financial year		215	14,999,985	660	15,000,860
Shares Issued	10	-	-	-	-
Shares Redeemed	10	-	-	-	-
		215	14,999,985	660	15,000,860
Total comprehensive income		-	-	900	900
At the end of the financial year		215	14,999,985	1,560	15,001,760
		215	14,999,985	1,560	15,001,760
For the financial year ended 2016:					
At beginning of the financial year		215	14,999,985	1,560	15,001,760
Shares Issued	10	-	-	-	-
Shares Redeemed	10	(15)	(14,999,985)	-	(15,000,000)
		200	-	1,560	1,760
Total comprehensive income		-	-	900	900
At the end of the financial year		200	-	2,460	2,660
		200	-	2,460	2,660

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016

	31 Dec 2016 EUR	31 Dec 2015 EUR
Total comprehensive income	9,442	5,368
Adjustments for:		
Net (gain)/loss on financial assets at fair value	(57,658,161)	17,503,725
Movement in debt issued by the Parent Company and its subsidiaries	100,316,098	(21,586,963)
Unrealised (gain)/loss on derivatives	(16,317,045)	1,632,470
Operating cash flows before movements in working capital	<u>26,350,334</u>	<u>(2,445,400)</u>
(Increase) in other receivables	(4,161,742)	(6,363,976)
(Decrease)/Increase in other payables	(1,938,755)	16,483,671
Cash (used in)/ generated by operations	<u>(6,100,497)</u>	<u>10,119,695</u>
Net cash inflows/(outflows) from operating activities	<u>20,249,837</u>	<u>7,674,295</u>
Investing activities		
Purchase of investments	(6,147,701,089)	(3,247,622,679)
Sales/paydowns of investments	4,159,537,463	1,547,793,204
Net cash (outflows) from investing activities	<u>(1,988,163,626)</u>	<u>(1,699,829,475)</u>
Financing activities		
Proceeds from VFNs	958,063,799	622,735,308
Repayments of VFNs	(720,864,742)	(964,869,380)
Proceeds from PPNs	134,000,000	29,979,526
Redemption of PPNs	(10,000,000)	-
Proceeds from debt issued by subsidiaries	1,952,418,339	1,593,400,575
Proceeds from share issuance - Parent Company	-	-
Proceeds from share issuance - Subsidiaries	5	4
Payments of shares redeemed	(15,000,000)	-
Interest paid on PPNs	(30,812,832)	(29,464,326)
Net cash inflows from financing activities	<u>2,267,804,569</u>	<u>1,251,781,707</u>
Net increase/(decrease) in cash and cash equivalents	<u>299,890,780</u>	<u>(440,373,473)</u>
Cash and cash equivalents at start of the financial year	326,118,471	767,976,769
Unrealised (loss) on foreign exchange	(39,779)	(1,985,569)
Currency remeasurement	(99,541)	500,744
Cash and cash equivalents at end of the financial year	<u>625,869,931</u>	<u>326,118,471</u>
Net cash flows from operating activities include:		
Interest paid	(117,778,680)	(75,714,429)
Interest received	158,070,545	109,559,124
Tax paid	(39,104)	(74,610)

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016

	31 Dec 2016 EUR	31 Dec 2015 EUR
Total comprehensive income	900	900
Adjustments for:		
Net (gain)/loss on financial assets at fair value	(1,253,029)	3,695,983
Movement in debt issued by the Parent Company	47,136,355	26,220,359
Unrealised loss on derivatives	542,262	684,528
Operating cash flows before movements in working capital	<u>46,426,488</u>	<u>30,601,770</u>
(Increase)/decrease in other receivables	(9,335,075)	3,665,264
(Decrease) in other payables	(141,142)	(6,184,851)
Cash (used in) operations	<u>(9,476,217)</u>	<u>(2,519,587)</u>
Net cash inflows from operating activities	<u>36,950,271</u>	<u>28,082,183</u>
Investing activities		
Purchase of investments	(3,363,018,756)	(2,121,981,999)
Sales/paydowns of investments	2,995,248,473	2,389,993,101
Net cash (outflows)/inflows from investing activities	<u>(367,770,283)</u>	<u>268,011,102</u>
Financing activities		
Proceeds from VFNs	958,063,799	622,735,308
Repayments of VFNs	(720,864,742)	(964,869,380)
Proceeds from PPNs	134,000,000	29,979,526
Redemption of PPNs	(10,000,000)	-
Proceeds from share issuance	-	-
Payments of shares redeemed	(15,000,000)	-
Interest paid on PPNs	(30,812,832)	(29,464,326)
Net cash inflows/(outflows) from financing activities	<u>315,386,225</u>	<u>(341,618,872)</u>
Net (decrease) in cash and cash equivalents	<u>(15,433,787)</u>	<u>(45,525,587)</u>
Cash and cash equivalents at start of the financial year	46,030,319	91,601,158
Unrealised gain/(loss) on foreign exchange	-	(45,252)
Currency remeasurement	(583,063)	-
Cash and cash equivalents at end of the financial year	<u>30,013,469</u>	<u>46,030,319</u>
Net cash flows from operating activities include:		
Interest paid	(30,812,832)	(31,675,572)
Interest received	47,681,925	49,455,292
Tax paid	(37,010)	(73,875)

The accompanying notes are an integral part of these financial statements.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

Note 1 General information

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company which was incorporated in Ireland on 16 April 2014. The Parent Company was established to originate investments using the proceeds from the issuance of profit participating notes ("PPNs") and other resources available to it such as the Variable Funding Notes ("VFN"). The Parent Company is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act 1997, as amended.

The Group is defined as the Parent Company and its subsidiaries:

Phoenix Park CLO DAC	Tymon Park CLO DAC
Sorrento Park CLO DAC	Elm Park CLO DAC
Castle Park CLO DAC	Griffith Park CLO DAC
Dartry Park CLO DAC	Bristol Park CLO Limited
Dorchester Park CLO DAC	Grippen Park CLO Warehouse
Orwell Park CLO DAC	Clarinda Park CLO DAC

These consolidated financial statements relate to the financial statements for the Group.

A collateralised loan obligation ("CLO") is a pooled investment vehicle which invests in a diversified group of loan assets. To finance its investments the vehicle issues CLO notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying assets.

The portfolios underlying the CLO Notes consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. Interest is payable on the CLO notes on a quarterly basis.

The CLO Notes are outstanding at the financial year end and are subject to legal maturity dates of 2027, 2028 or 2029 (please refer to Note 5). All of the aforementioned CLO Notes have been listed and are trading on the Main Securities Market of the Irish Stock Exchange except for Dorchester Park CLO DAC and Bristol Park CLO Limited which are trading on the Global Exchange Market of the Irish Stock Exchange.

Note 2 Significant accounting policies

Statement of compliance and basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") and the Companies Act 2014, as applicable to companies reporting under IFRS. They have been prepared on an historical cost basis with the exception of investments, derivatives, debt issued by the subsidiaries and the PPNS, which are carried at fair value.

The financial statements are presented in Euro ("EUR") and rounded to the nearest EUR.

As permitted by Section 304 of the Companies Act 2014, the Parent Company is availing of the exemption from presenting its individual income statement in these financial statements and from filing it with the Companies Registration Office. The profit for the current year dealt with in the separate financial statements of Blackstone / GSO Corporate Funding DAC, amounts to EUR900 (31 December 2015: EUR900).

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2016

There are no new standards, amendments or interpretations issued and effective for the financial year beginning 1 January 2016 which have an impact on the Company's financial position or performance.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted

International Accounting Standards ("IAS") 7 requires an entity to present a Statement of Cash Flows as an integral part of its primary financial statements. IAS 7 was amended on 29 January 2016, requiring entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for periods beginning on or after 1 January 2017. The amendment will affect the layout and disclosure of the Group's Statement of Cash Flows. Based on an initial assessment, this standard is not expected to have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 2 Significant accounting policies (continued)

Statement of compliance and basis of preparation (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted (continued)

International Financial Reporting Standards ("IFRS") 9, published in July 2014, will replace the existing guidance of IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. An initial assessment is currently being performed in order to determine whether there will be a material impact on the Group.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and will become effective for periods beginning on or after 1 January 2017. The new standard is not expected to have any impact on the Group's financial position, performance or disclosures in its financial statements.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Parent Company and its subsidiaries. As at 31 December 2016 the Parent Company has twelve subsidiaries (2015: seven), as listed in Note 1, ten of which have been originated.

The subsidiaries are deemed to be subsidiaries of Blackstone / GSO Corporate Funding DAC under the provisions of IFRS 10. For the ten CLOs Originated by the Parent Company, the following factors apply:

- The Parent Company owns at least 51% of the subordinated notes of each entity and so has exposure to variable returns;
- The Parent Company has contributed at least 50% of the assets of each entity;
- The Parent Company has the right to a residual balance of income.

For both Bristol Park CLO Limited and Grippen Park CLO Warehouse, the Parent Company has both power and influence, and the right to a residual balance of income.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Please refer to Note 5 for further details of the subsidiary undertakings.

Cross holdings within Company

For the purposes of producing the Consolidated Financial Statements of the Group, investments by the Parent Company within the Group in the Notes of the subsidiaries, also known as "Cross Holdings" must be eliminated in order to prevent double counting. In preparing the Consolidated Statement of Financial Position of the Group, the value of financial assets is reduced by the value of Cross Holdings as at 31 December 2016 and 31 December 2015. In preparing the Consolidated Statement of Comprehensive Income of the Group, the net realised and unrealised gain/(loss) on financial assets, is reduced by the amount of realised and change in unrealised gains and losses on Cross Holdings earned during the financial year.

Foreign currency translation

Items included in the Group and Parent Company's financial statements are measured and presented using the currency of the primary economic environment in which they operate (i.e. the functional currency). This is the Euro ("EUR") for all entities within the Group, except Dorchester Park CLO DAC, Bristol Park CLO Limited and Grippen Park CLO Warehouse. This reflects the fact that the liabilities and the majority of their assets are in EUR. The functional currency for Dorchester Park CLO DAC, Bristol Park CLO Limited and Grippen Park CLO Warehouse is the US Dollar ("USD"), which reflects the fact that the liabilities and the majority of their assets are in USD.

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the financial year end date. Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities, are recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 2 Significant accounting policies (continued)

Foreign currency translation (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Euro at the foreign currency exchange rates ruling at the dates that the values were determined. All foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are included in the net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income. Foreign exchange gains/(losses) on financial assets at fair value through profit or loss are included in income from investments designated at fair value through profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- b) income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses would be translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Judgments and use of estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The key judgments used in the preparation of these consolidated financial statements are:

- the accounting policy choice regarding the designation of the loan assets, CLO Income Notes, CLO Debt, PPNs, Preference Shares and debt issued by the subsidiaries as fair value through profit or loss; and
- the choice of valuation technique to use in the assessment of fair value of the financial instruments held. These include, in particular, using Markit Group Limited ("Markit") sourced prices to value the loan assets and Thomson Reuters to value the CLO Income Notes, together with bespoke models to value the PPNs and the debt issued by the subsidiaries.

The determination of fair value is the key source of estimation uncertainty. This relates in particular to the carrying value of the loan assets, Income Notes, PPNs and debt issued by the subsidiaries. More details on the approach to valuation of these instruments are included in the accounting policy on financial instruments. Please see also Note 13 for further details. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

Financial assets and liabilities are recognised in the Statement of Financial Position when the Group or Parent Company becomes a party to the contractual provisions of the instrument.

(i) Investments

IAS 39 establishes specific categories into which all financial assets must be classified. The classification of financial instruments dictates how these assets are subsequently measured in the financial statements. There are four categories of financial assets: *assets at fair value through profit or loss*, *available for sale*, *loans and receivables* and *held to maturity*. All investments held at the reporting date are categorised as fair value through profit or loss.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recorded. All investments are classified as held at fair value through profit or loss on initial recognition. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in income from investments designated at fair value through profit or loss in the Statement of Comprehensive Income.

The Parent Company has a variety of investment types – loan assets, preference shares, CLO Debt and CLO Income Notes.

Where available, the fair value of financial instruments is based on their quoted market prices at the financial year end date without any deduction for estimated future selling costs. However, all of the loan asset fair value prices used in the financial statements are based on broker quotes received from Markit. Financial assets are priced at current mid prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 2 **Significant accounting policies (continued)**

Financial instruments (continued)

(i) Investments (continued)

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 GSO, including use of recent arm's length market transactions, reference to the current 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. In cases where no third party price is available, GSO will determine the valuation based on the Parent Company's fair valuation policy and submit the valuation to the Board for approval.

The CLO Income Notes issued by the subsidiaries listed on the Irish Stock Exchange plc are valued by Thomson Reuters, or any other entity appointed to fulfil such role, from time to time, on the relevant NAV calculation date and this price is used to establish the fair value of the CLO Income Notes held by the Parent Company and disclosed as financial assets at fair value through profit or loss in the Company Statement of Financial Position. The CLO prices are determined independently by consideration of several factors including the following: discount rate, default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread. These factors are highly sensitive, and variations may materially affect the fair value of the asset.

The Group and Parent Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Group and Parent Company uses the average method to determine realised gains and losses on derecognition.

(ii) Financial liabilities

A financial liability is recognised when the Parent Company and Group enters into a contract giving rise to an obligation.

The PPNs issued by the Parent Company are recorded at fair value and are designated as liabilities at fair value through profit or loss. The fair value of the PPNs is based on a model incorporating the fair value of all the underlying assets and liabilities to which it is exposed.

Debt issued by the subsidiaries is also recorded at fair value and is designated as liabilities at fair value through profit or loss. Debt issued by the subsidiaries and listed on the Irish Stock Exchange plc is valued in accordance with a model incorporating all the fair value of the underlying assets and liabilities to which it is exposed, which is the basis of its fair value.

VFNs are carried at amortised cost minus repayments and adjusted for the movement in foreign currency. All movements in foreign currency on the VFNs are recognised in the net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income while commitment fees and interest charged on the amounts borrowed are recognised in the finance expense on financial liabilities in the Consolidated Statement of Comprehensive Income.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Cash and cash equivalents

Cash comprises of current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Details of the banks where short-term investments are held at the financial year end are disclosed in Note 7.

(iv) Forward purchase agreements

Forward purchase agreements are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. All forward purchase agreements are carried as assets when fair value is positive and as liabilities when fair value is negative.

The forward purchase agreements are over-the-counter ("OTC") contracts for delayed delivery of investments in which the buyer agrees to buy and the seller agrees to deliver specified investments at specified prices on a specified future date. Because the terms are not standardised, they are not traded on organised exchanges and generally can be terminated or closed out only by agreement of both parties to the contract. They are valued in accordance with the terms of the forward purchase agreement.

Subsequent changes in the fair value of the forward purchase agreements are recognised immediately in the Consolidated Statement of Comprehensive Income unless eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 2 Significant accounting policies (continued)

Financial instruments (continued)

(iv) Forward purchase agreements (continued)

A forward purchase agreement is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(v) Swaps

A currency swap is an interest rate swap in which the cash flows are in different currencies. Upon initiation of a currency swap, the counterparties make an initial exchange of notional principals in the two currencies. During the life of the swap, each party pays interest (in the currency of the principal received) to the other. At the maturity of the swap, the parties make a final exchange of the initial principal amounts, reversing the initial exchange at the same spot rate.

Swap contracts are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. Contracts are marked-to-market daily based upon calculations using a valuation model and the change, if any, is recorded as unrealised appreciation or depreciation. Payments received or paid, on maturity or termination of the contract, are recognised as realised gains or losses in the Consolidated Statement of Comprehensive Income. A swap contract is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Limited recourse

The Notes are limited recourse obligations of the Parent Company and Group which are payable solely out of amounts received by the Parent Company and Group in respect of the collateral held. The net proceeds of the realisation of the collateral following an event of default, or on maturity of the Notes, may be insufficient to pay all amounts due on the Notes. The Subordinated Notes/PPNs receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively for transactions contracted for but not yet delivered at the end of the financial year.

Interest income and expense

Interest income and expense are recognised in the Consolidated Statement of Comprehensive Income as they accrue, on an effective interest rate basis.

Expenses

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

Finance expense on financial liabilities

Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income.

Taxation

Current tax, including Irish corporation tax and foreign taxes, is provided on the Group's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the end of the reporting year.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting year. Provision is made at the rates expected to apply when the temporary differences reverse. Temporary differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 2 Significant accounting policies (continued)

Share capital

Ordinary shares have a right to vote but are not redeemable. Share class B2 does not have a right to vote and holds no right to receive a dividend. During the financial year share class B2 was cancelled and the value plus premium was repaid. Refer to Note 10 for details.

Segment reporting

A segment is a distinguishable component of the Group or Parent Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different to those of other segments. The Group or Parent Company has only one line of business, which is its investment activities in debt securities and derivative financial instruments and represents its primary business segment.

Unfunded loans

Unfunded loans occur when the Group or Parent Company commits to purchase a loan asset and has purchased less than 100% of the commitment at the reporting date. The commitments to purchase are not reflected in the Statement of Financial Position. Refer to Note 21.

Organisational fees

All known organisational fees were recognised on an accruals basis in the Statement of Comprehensive Income.

Note 3 Derivative financial assets and liabilities

The Parent Company will, from time to time, enter into a forward purchase agreement whereby it will purchase and warehouse investments on behalf of a CLO Issuer and sell those same warehoused investments to the same CLO Issuer at a specified purchase price at a specified future date. The forward purchase agreements contain provisions whereby (i) recourse to the Parent Company under the forward purchase agreement would be limited to available funds and (ii) the CLO Issuer would be required to enter into non-petition covenants whereby the CLO Issuer would agree not to take action to petition or take any corporate action or other steps or legal proceedings for the winding up of the Parent Company. As at 31 December 2016 there was one forward purchase agreement open in Palmerstown Park CLO DAC which subsequently closed post year end. No assets were traded by BGCF under the Forward Purchase Agreement prior to year end. (31 December 2015: No forward purchase agreements open).

The Group has also entered into currency swaps. The Group has a total unrealised gain of EUR19,590,530 (31 December 2015: EUR1,064,492) and an unrealised loss of EUR(5,236,868) (31 December 2015: EUR(3,027,875)) on all of its derivative financial assets and liabilities as at 31 December 2016.

Note 4 Profit participating note and debt issued by subsidiaries

The PPNs is an unsecured, limited recourse obligation of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time from the debt obligations, CLO Income Notes and other obligations, which comply with the investment policy (refer to page 3). The Parent Company has issued the following PPNs:

	Due date	Amount issued	Market Value 31 Dec 2016 EUR
Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l.	01/06/2044	(324,230,630)	(331,493,174)
Blackstone / GSO Corporate Funding EUR Fund	01/06/2044	(119,189,169)	(119,843,920)
Total		<u>(443,419,799)</u>	<u>(451,337,094)</u>
	Due date	Amount issued	Market Value 31 Dec 2015 EUR
Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l.	01/06/2044	(315,929,526)	(311,012,708)
Total		<u>(315,929,526)</u>	<u>(311,012,708)</u>

The coupon on the PPNs is payable on an available funds basis as set out in the Profit Participating Note Issuing and Purchase Agreement.

The rights attached to the debt issued by subsidiaries are as set out in the relevant offering documents.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 4 Profit participating note and debt issued by subsidiaries (continued)

The Group has issued Notes and Preference Shares with the following market values for the financial year ended 31 December 2016 as follows:

Details	Issued by subsidiaries EUR	PPNs EUR	Total EUR
Issued by the Parent Company	-	(451,337,094)	(451,337,094)
Issued by Phoenix Park CLO DAC	(402,350,384)	-	(402,350,384)
Issued by Sorrento Park CLO DAC	(500,371,535)	-	(500,371,535)
Issued by Castle Park CLO DAC	(403,710,317)	-	(403,710,317)
Issued by Dartry Park CLO DAC	(401,288,125)	-	(401,288,125)
Issued by Dorchester Park CLO DAC	(475,576,920)	-	(475,576,920)
Issued by Orwell Park CLO DAC	(402,223,581)	-	(402,223,581)
Issued by Tymon Park CLO DAC	(405,225,268)	-	(405,225,268)
Issued by Elm Park CLO DAC	(556,090,140)	-	(556,090,140)
Issued by Griffith Park CLO DAC	(444,983,200)	-	(444,983,200)
Issued by Bristol Park CLO Limited	(529,764,469)	-	(529,764,469)
Issued by Grippen Park CLO Warehouse	(115,043,644)	-	(115,043,644)
Issued by Clarinda Park CLO DAC	(404,701,031)	-	(404,701,031)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	282,088,804	-	282,088,804
Total	(4,759,239,810)	(451,337,094)	(5,210,576,904)

The Group has issued Notes with the following market values for the financial year ended 31 December 2015 as follows:

Details	Issued by subsidiaries EUR	PPNs EUR	Total EUR
Issued by the Parent Company	-	(311,012,708)	(311,012,708)
Issued by Phoenix Park CLO DAC	(396,161,826)	-	(396,161,826)
Issued by Sorrento Park CLO DAC	(494,774,153)	-	(494,774,153)
Issued by Castle Park CLO DAC	(398,055,987)	-	(398,055,987)
Issued by Dartry Park CLO DAC	(395,374,578)	-	(395,374,578)
Issued by Dorchester Park CLO DAC	(447,977,740)	-	(447,977,740)
Issued by Orwell Park CLO DAC	(397,298,310)	-	(397,298,310)
Issued by Tymon Park CLO DAC	(400,888,644)	-	(400,888,644)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	176,848,851	-	176,848,851
Total	(2,753,682,387)	(311,012,708)	(3,064,695,095)

Note 5 Subsidiaries

The subsidiaries are deemed to be subsidiaries of Blackstone / GSO Corporate Funding Designated Activity Company under the provisions of IFRS 10. For the ten CLOs originated by the Parent Company, the following factors apply:

- The Parent Company owns at least 51% of the subordinated notes of each entity and so has exposure to variable returns;
- The Parent Company has contributed at least 50% of the assets of each entity;
- The Parent Company has the right to a residual balance of income.

For both Bristol Park CLO Limited and Grippen Park CLO Warehouse, the Parent Company has both power and influence, and the right to a residual balance of income.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

Name of subsidiary	Place of incorporation and operation	Date of incorporation	% Subordinated Notes held
Phoenix Park CLO Designated Activity Company	Ireland	7 April 2014	51.38%
Sorrento Park CLO Designated Activity Company	Ireland	20 August 2014	51.75%
Castle Park CLO Designated Activity Company	Ireland	14 October 2014	100.00%
Dorchester Park CLO Designated Activity Company	Ireland	25 November 2014	60.95%
Dartry Park CLO Designated Activity Company	Ireland	6 January 2015	51.12%
Orwell Park CLO Designated Activity Company	Ireland	6 March 2015	51.00%
Tymon Park CLO Designated Activity Company	Ireland	26 May 2015	51.01%
Elm Park CLO Designated Activity Company	Ireland	11 January 2016	82.43%
Griffith Park CLO Designated Activity Company	Ireland	3 May 2016	59.55%
Bristol Park CLO Limited	Cayman Islands	20 June 2016	18.25%
Clarinda Park CLO Designated Activity Company	Ireland	18 August 2016	51.22%
			% Preference Shares held
Grippen Park CLO Warehouse	Cayman Islands	10 August 2016	34.13%

The registered office for each Irish subsidiary is 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland, D04 XN32. The largest group in which the results of the subsidiaries are consolidated is that headed by The Blackstone Group L.P.

Each of the subsidiaries has issued the following Notes, which are listed on the Irish Stock Exchange as at 31 December 2016:

	Phoenix Park CLO Designated Activity Company			Sorrento Park CLO Designated Activity Company			Castle Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.35%	-	-	-	2028	(238,000,000)	1.35%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	1.25%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.85%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	2.05%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	2.00%	2028	(32,000,000)	2.15%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.71%	2028	(15,000,000)	3.00%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.55%	2027	(30,000,000)	2.55%	2028	(23,000,000)	2.70%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.40%	2028	(23,000,000)	3.65%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	(45,250,000)	Residual	2027	(57,000,000)	Residual	2028	(46,000,000)	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2016		<u>(402,350,384)</u>			<u>(500,371,535)</u>			<u>(403,710,317)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

	Dartry Park CLO Designated Activity Company			Dorchester Park CLO Designated Activity Company			Orwell Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A senior secured floating rate notes	-	-	-	2027	(312,500,000)	1.400%	-	-	-
Class A-1 senior secured floating rate notes	-	-	-	-	-	-	2029	(243,000,000)	1.300%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.300%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.585%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	-	-	-	2029	(42,000,000)	2.000%
Class A-2A senior secured floating rate notes	2029	(30,000,000)	2.100%	-	-	-	-	-	-
Class A-2B senior secured floating rate notes	-	-	-	-	-	-	-	-	-
Class A-2B senior secured fixed rate notes	2029	(12,000,000)	2.531%	-	-	-	-	-	-
Class B senior secured floating rate notes	-	-	-	2027	(62,750,000)	2.200%	-	-	-
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.900%	-	-	-	2029	(24,000,000)	2.500%
Class C secured deferrable floating rate notes	-	-	-	2027	(27,250,000)	3.200%	-	-	-
Class C senior secured deferrable floating rate notes	2029	(21,500,000)	3.750%	-	-	-	2029	(21,500,000)	3.250%
Class D secured deferrable floating rate notes	-	-	-	2027	(19,000,000)	3.55%	-	-	-
Class D senior secured deferrable floating rate notes	2029	(24,500,000)	5.650%	-	-	-	2029	(25,000,000)	4.450%
Class E secured deferrable floating rate notes	-	-	-	2027	(25,000,000)	5.25%	-	-	-
Class E senior secured deferrable floating rate notes	2029	(11,500,000)	7.000%	-	-	-	2029	(12,000,000)	5.200%
Class F secured deferrable floating rate notes	-	-	-	2027	(17,000,000)	6.25%	-	-	-
Subordinated notes	2029	(44,600,000)	Residual	2027	(45,940,000)	Residual	2029	(47,500,000)	Residual
Total Issued		<u>(411,100,000)</u>			<u>(509,440,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2016		<u>(401,288,125)</u>			<u>(475,576,920)</u>			<u>(402,233,581)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

	Tymon Park CLO Designated Activity Company			Elm Park CLO Designated Activity Company			Griffith Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes				2029	(324,500,000)	1.500%	2029	(261,800,000)	1.230%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.450%						
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.580%						
Class A-2 senior secured floating rate notes				2029	(60,500,000)	2.100%			
Class A-2A senior secured floating rate notes	2029	(27,000,000)	2.100%				2029	(47,300,000)	2.000%
Class A-2B senior secured fixed rate notes	2029	(15,000,000)	2.470%				2029	(11,000,000)	2.150%
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.950%	2029	(42,500,000)	3.150%	2029	(22,700,000)	3.000%
Class C secured deferrable floating rate notes	2029	(22,000,000)	3.750%						
Class C senior secured deferrable floating rate notes				2029	(26,250,000)	4.350%	2029	(23,500,000)	4.100%
Class D senior secured deferrable floating rate notes	2029	(26,500,000)	5.700%	2029	(33,500,000)	6.400%	2029	(26,800,000)	6.400%
Class E senior secured deferrable floating rate notes	2029	(12,000,000)	6.750%	2029	(14,000,000)	8.650%	2029	(11,800,000)	9.350%
Subordinated notes	2029	(44,500,000)	Residual	2029	(56,930,000)	Residual	2029	(48,700,000)	Residual
Total Issued		<u>(414,000,000)</u>			<u>(558,180,000)</u>			<u>(453,600,000)</u>	
Total Market Value as at 31 December 2016		<u>(405,225,268)</u>			<u>(556,090,140)</u>			<u>(444,983,200)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

	Bristol Park CLO Limited			Clarinda Park CLO Designated Activity Company		
	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes						
Class A senior secured floating rate notes	2029	(357,500,000)	1.420%			
Class A-1 senior secured floating rate notes	2029			2029	(239,000,000)	1.150%
Class A-2 senior secured floating rate notes	2029			2029	(52,000,000)	1.750%
Class B senior secured floating rate notes	2029	(60,500,000)	1.900%			
Class B senior secured deferrable floating rate notes	2029			2029	(21,000,000)	2.700%
Class C secured deferrable floating rate notes	2029	(33,000,000)	2.600%			
Class C senior secured deferrable floating rate notes	2029			2029	(22,000,000)	3.700%
Class D secured deferrable floating rate notes	2029	(33,000,000)	4.100%			
Class D senior secured deferrable floating rate notes	2029			2029	(25,000,000)	6.350%
Class E secured deferrable floating rate notes	2029	(23,375,000)	7.250%			
Class E senior secured deferrable floating rate notes	2029			2029	(11,000,000)	8.100%
Subordinated notes	2029	(54,800,000)	Residual	2029	(45,100,000)	Residual
Total Issued		<u>(562,175,000)</u>			<u>(415,100,000)</u>	
Total Market Value as at 31 December 2016		<u>(529,764,469)</u>			<u>(404,701,031)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

Each of the subsidiaries has issued the following Notes, which are listed on the Irish Stock Exchange plc as at 31 December 2015:

	Phoenix Park CLO Designated Activity Company			Sorrento Park CLO Designated Activity Company			Castle Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.35%	-	-	-	2028	(238,000,000)	1.35%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	1.25%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.85%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	2.05%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	2.00%	2028	(32,000,000)	2.15%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.71%	2028	(15,000,000)	3.00%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.55%	2027	(30,000,000)	2.55%	2028	(23,000,000)	2.70%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.40%	2028	(23,000,000)	3.65%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	<u>(45,250,000)</u>	Residual	2027	<u>(57,000,000)</u>	Residual	2028	<u>(46,000,000)</u>	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2015		<u>(396,161,826)</u>			<u>(494,774,153)</u>			<u>(398,055,987)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

	Dartry Park CLO Designated Activity Company			Dorchester Park CLO Designated Activity Company			Orwell Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A senior secured floating rate notes	-	-	-	2027	(312,500,000)	1.400%	-	-	-
Class A-1 senior secured floating rate notes	-	-	-	-	-	-	2029	(243,000,000)	1.300%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.300%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.585%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	-	-	-	2029	(42,000,000)	2.000%
Class A-2A senior secured floating rate notes	2029	(30,000,000)	2.100%	-	-	-	-	-	-
Class A-2B senior secured floating rate notes	-	-	-	-	-	-	-	-	-
Class A-2B senior secured fixed rate notes	2029	(12,000,000)	2.531%	-	-	-	-	-	-
Class B senior secured floating rate notes	-	-	-	2027	(62,750,000)	2.200%	-	-	-
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.900%	-	-	-	2029	(24,000,000)	2.500%
Class C secured deferrable floating rate notes	-	-	-	2027	(27,250,000)	3.200%	-	-	-
Class C senior secured deferrable floating rate notes	2029	(21,500,000)	3.750%	-	-	-	2029	(21,500,000)	3.250%
Class D secured deferrable floating rate notes	-	-	-	2027	(19,000,000)	3.55%	-	-	-
Class D senior secured deferrable floating rate notes	2029	(24,500,000)	5.650%	-	-	-	2029	(25,000,000)	4.450%
Class E secured deferrable floating rate notes	-	-	-	2027	(25,000,000)	5.25%	-	-	-
Class E senior secured deferrable floating rate notes	2029	(11,500,000)	7.000%	-	-	-	2029	(12,000,000)	5.200%
Class F secured deferrable floating rate notes	-	-	-	2027	(17,000,000)	6.25%	-	-	-
Subordinated notes	2029	(44,600,000)	Residual	2027	(45,940,000)	Residual	2029	(47,500,000)	Residual
Total Issued		<u>(411,100,000)</u>			<u>(509,440,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 December 2015		<u>(395,374,578)</u>			<u>(447,977,740)</u>			<u>(397,298,310)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

	Tymon Park CLO Designated Activity Company		
	Due date	Amount issued EUR	Margin
Senior rated notes			
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.450%
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.580%
Class A-2A senior secured floating rate notes	2029	(27,000,000)	2.100%
Class A-2B senior secured fixed rate notes	2029	(15,000,000)	2.470%
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.950%
Class C secured deferrable floating rate notes	2029	(22,000,000)	3.750%
Class D senior secured deferrable floating rate notes	2029	(26,500,000)	5.700%
Class E senior secured deferrable floating rate notes	2029	(12,000,000)	6.750%
Subordinated notes	2029	<u>(44,500,000)</u>	Residual
Total Issued		<u><u>(414,000,000)</u></u>	
Total Market Value as at 31 December 2015		<u><u>(400,888,644)</u></u>	

Phoenix Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 29 July 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Sorrento Park CLO Designated Activity Company

All of the Notes, other than Class A1-B, A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 16 November 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Castle Park CLO Designated Activity Company

All of the Notes, other than Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 15 January 2028. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

Dartry Park CLO Designated Activity Company

All of the Notes, other than Class A1-B, Class A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 28 April 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Dorchester Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month LIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 20 January 2027. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Orwell Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 18 July 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Tymon Park CLO Designated Activity Company

All of the Notes, other than Class A1-B, A2-B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 21 January 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Elm Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 16 April 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Griffith Park CLO Designated Activity Company

All of the Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 15 October 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 5 Subsidiaries (continued)

Bristol Park CLO Limited

All of the Notes, other than Class A, B and the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 1 April 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Clarinda Park CLO Designated Activity Company

All of the Notes, other than the Subordinated Notes, are floating rate and bear interest at three month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes.

The maturity date is 15 November 2029. The Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the Notes.

Grippen Park CLO Warehouse

Grippen Park CLO Warehouse has entered into a Loan and Security Agreement with Wells Fargo Bank up to USD330,000,000 of which USD89,000,000 has been drawn down as at 31 December 2016 (2015: NIL). The Loan bears an interest rate of LIBOR plus 1.65% per annum and matures on 9 September 2018.

Grippen Park CLO Warehouse issued the following preference share financing:

Date of issue	Shares	Subscription amount USD
31/08/2016	170,057,306	20,000,000
13/10/2016	1,824,885	233,286
08/12/2016	96,302,347	12,000,000
	<u>268,184,538</u>	<u>32,233,286</u>

Note 6 Variable Funding Notes

On 8 August 2014 the Parent Company entered into a "Variable Funding Note Issuing and Purchasing Agreement" whereby Noteholders are required to make funds available to the Parent Company by way of the Parent Company issuing the VFNs and requesting funding amounts from time to time in accordance with the agreement. On 1 November 2016 the total maximum funding amount was reduced to EUR300,000,000. The details are:

Noteholders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2016 EUR
Citibank, N.A.	(63,157,896)	21.04	(62,608,051)
BNP Paribas, London Branch	(78,947,368)	26.32	(78,260,061)
Deutsche Bank AG, London Branch	(78,947,368)	26.32	(78,260,061)
Bank of America N.A., London Branch	(78,947,368)	26.32	(78,260,061)
Total VFNs	<u>(300,000,000)</u>	<u>100.00</u>	<u>(297,388,234)</u>

Noteholders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2015 EUR
Citibank, N.A.	(100,000,000)	21.04	(12,671,406)
BNP Paribas, London Branch	(125,000,000)	26.32	(15,839,257)
Deutsche Bank AG, London Branch	(125,000,000)	26.32	(15,839,257)
Bank of America N.A., London Branch	(125,000,000)	26.32	(15,839,257)
Total VFNs	<u>(475,000,000)</u>	<u>100.00</u>	<u>(60,189,177)</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 6 Variable Funding Notes (continued)

The main conditions attached to the VFNs are:

The Noteholders will advance to the Parent Company, on a pro rata basis based on their respective funding share, amounts in Euro, British Pounds and/or USD up to an aggregate outstanding amount equal to the maximum funding amounts. No funding amount will be required to be advanced by the Noteholders until the following is confirmed:

- a. No event of default or potential event of default has occurred or is subsisting or would occur as a result of such advance;
- b. The Noteholders have received a funding notice with respect to the funding amount;
- c. Immediately after the advance, the sum of the committed funding amount and the allocated unfunded amount will not exceed the maximum funding amount;
- d. Immediately prior to and immediately after such advance, each coverage test is and will be satisfied;
- e. The funding amount is denominated in the same currency as the investments which will be purchased with the proceeds of the funding amount;
- f. The revolving period end date has not occurred; and
- g. No requirements of any law or regulation will prohibit or otherwise restrain the Noteholders from making the required funding amount.

Each or any of the Noteholders may waive any of the above conditions.

The VFNs have a revolving period end date which is the earliest of three calendar years from the date of the agreement (8 August 2017) or an agreed early amortisation date. At present it is intended for the Parent Company to continue to originate investments, in part using resources from a funding agreement.

The Parent Company also entered into a Deed of Charge and Assignment, granting security to the Noteholders over the assets of the Parent Company.

Note 7 Cash and cash equivalents

	Group	Parent Company
	31 Dec 2016	31 Dec 2016
	EUR	EUR
Money Market Funds	12,465,975	-
Cash	<u>613,403,956</u>	<u>30,013,469</u>
	<u>625,869,931</u>	<u>30,013,469</u>
	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Money Market Funds	26,672,024	-
Cash	<u>299,446,447</u>	<u>46,030,319</u>
	<u>326,118,471</u>	<u>46,030,319</u>

The cash is held with the Custodian, Citibank N.A., London Branch which has a credit rating of A1 from Moody's as at 31 December 2016 (31 December 2015: A1) with the exception of Bristol Park CLO Limited and Grippen Park CLO Warehouse whose cash is held with US Bank Global Corporate Trust Services and Wills Fargo Bank N.A. respectively. Dartry Park CLO DAC and Orwell Park CLO DAC also hold cash with US Bank Trustees Limited. The cash invested in Money Market Funds is held with Blackrock (31 December 2015: Goldman Sachs) which has a credit rating of Aaa-mf (31 December 2015: Aaa - mf).

Note 8 Other receivables

	Group	Parent Company
	31 Dec 2016	31 Dec 2016
	EUR	EUR
Interest receivable	16,767,724	10,698,177
Other receivables	<u>298,004</u>	<u>473,337</u>
	<u>17,065,728</u>	<u>11,171,514</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 8 Other receivables (continued)

	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Interest receivable	12,634,359	1,642,945
Other receivables	269,627	193,494
	<u>12,903,986</u>	<u>1,836,439</u>

Note 9 Other payables and accrued expenses

	Group	Parent Company
	31 Dec 2016	31 Dec 2016
	EUR	EUR
Interest fee payable	(1,279,211)	-
Commitment fee payable	(1,013,381)	(1,013,381)
Management fee payable	(4,999,271)	-
Administration fee payable	(304,262)	(130,057)
Audit fee payable	(205,410)	(26,394)
Other payables	(4,407,168)	(167,040)
	<u>(12,208,703)</u>	<u>(1,336,872)</u>

	Group	Parent Company
	31 Dec 2015	31 Dec 2015
	EUR	EUR
Interest fee payable	(83,907)	(83,907)
Commitment fee payable	(1,220,450)	(1,220,450)
Management fee payable	(3,429,199)	-
Administration fee payable	(92,760)	(20,016)
Audit fee payable	(57,027)	(34,500)
Other payables	(3,390,654)	(119,141)
	<u>(8,273,997)</u>	<u>(1,478,014)</u>

Note 10 Share capital

Upon incorporation the authorised share capital of the Parent Company was EUR1,000,000 divided into 1,000,000 ordinary shares of EUR1.00 each.

The Directors have the right to allot unissued share capital of the Parent Company up to an equal amount of the authorised share capital. Without prejudice to current shareholders, any share may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine. Any shares may also be increased or reduced or divided into classes, as the Directors may determine.

On 3 June 2014, the Board of Directors approved the following change to the authorised share capital of the Parent Company:

The share capital of the Parent Company is EUR1,000,000 divided into ownership shares, being 999,800 ordinary shares of EUR1.00 each and non-ownership shares, being 100 B1 shares of EUR 1.00 each and 100 B2 shares of EUR1.00 each.

The Ordinary Shares are ownership and voting shares. The B1 and B2 shares are non-ownership and non-voting shares. The issued share capital is held on trust for charitable purposes.

On 27 August 2015 the Class B2 shares were transferred from Blackstone / GSO Loan Financing 2 Limited to Blackstone / GSO Loan Financing Limited.

On 20 December 2016 the Class B2 shares were cancelled and the value of EUR15 plus EUR14,999,985 premium was repaid to Blackstone / GSO Loan Financing Limited.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 10 Share capital (continued)

Each of the subsidiaries has minimal share capital, being authorised share capital of EUR100 divided into 100 ordinary shares of EUR1.00 each. The issued share capital of each of the subsidiaries is EUR1.00 which is held in trust by Intertrust Nominees (Ireland) Limited for charitable purposes.

The following tables represent the movement in shares issued by the Group for the financial year ended 31 December 2016:

	Ordinary shares EUR	Ordinary shares Number	Minority Shares EUR	Minority Shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	7	7	15,000,000	15
Issued Parent Company	-	-	-	-	-	-
Issued Subsidiaries	-	-	5	5	-	-
Share premium	-	-	-	-	-	-
Redeemed	-	-	-	-	(15,000,000)	(15)
Closing balance	200	200	12	12	-	-

The following tables represent the movement in shares issued by the Group for the financial year ended 31 December 2015:

	Ordinary shares EUR	Ordinary shares Number	Minority Shares EUR	Minority Shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	3	3	15,000,000	15
Issued Parent Company	-	-	-	-	-	-
Issued Subsidiaries	-	-	4	4	-	-
Share premium	-	-	-	-	-	-
Redeemed	-	-	-	-	-	-
Closing balance	200	200	7	7	15,000,000	15

The following tables represent the movement in shares issued by the Parent Company for the financial year ended 31 December 2016:

	Ordinary shares EUR	Ordinary shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	15,000,000	15
Issued	-	-	-	-
Share premium	-	-	-	-
Redeemed	-	-	(15,000,000)	(15)
Closing balance	200	200	-	-

The following tables represent the movement in shares issued by the Parent Company for the financial year ended 31 December 2015:

	Ordinary shares EUR	Ordinary shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	15,000,000	15
Issued	-	-	-	-
Share premium	-	-	-	-
Redeemed	-	-	-	-
Closing balance	200	200	15,000,000	15

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 11 Taxation

	Group 31 Dec 2016 EUR	Group 31 Dec 2015 EUR
Current financial year tax	<u>(2,533)</u>	<u>(1,789)</u>
Reconciliation of tax charge to profit before tax:		
Profit before tax	11,975	7,157
Tax exempt subsidiaries	<u>(1,843)</u>	<u>-</u>
	<u>10,132</u>	<u>7,157</u>
Corporation tax at 25%	<u>(2,533)</u>	<u>(1,789)</u>

The standard rate of corporate income tax in Ireland is 12.5% however, the Company is a qualifying company under Section 110 of the Taxes Consolidation Act 1997, as amended, and as such, the profits are chargeable to corporation tax of 25%.

Note 12 Operating expenses

	Group 31 Dec 2016 EUR	Group 31 Dec 2015 EUR
Legal fees	(2,288,977)	(4,068,082)
Trustee fees	(751,977)	141,868
Management fees	(18,263,596)	(11,394,738)
Underwriter fees	(24,370,081)	(15,772,895)
Organisational fees	-	-
Administration fees	(435,916)	(121,020)
Audit fees	(232,250)	(152,500)
Other operating fees	<u>(6,503,426)</u>	<u>(4,700,660)</u>
	<u>(52,846,223)</u>	<u>(36,068,027)</u>

The audit fee of EUR232,250 (31 December 2015: EUR152,500) includes remuneration of EUR167,000 (31 December 2015: EUR122,500) for the provision of the statutory audit work only. A further EUR65,250 (31 December 2015: EUR30,000) was charged for taxation services provided by Deloitte to the Group. These expenses are exclusive of VAT

Note 13 Fair value hierarchy

Valuation of financial instruments

The Group is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted market price in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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 inputs could have a significant impact 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.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016**

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The determination of what constitutes 'observable' requires significant judgement. The Group and the Parent Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

All of the loan asset holdings as at 31 December 2016 were broker priced through Markit according to their mid-market price and the majority were classified as Level 2 since the input into the Markit price consisted of at least two quotes. However a small number of holdings as at 31 December 2016 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. The CLO Income Notes issued by the subsidiaries and held by the Parent Company are priced by Thomson Reuters or any other entity appointed to fulfil such role from time to time, on the relevant NAV calculation date. Since this is a single pricing source, the CLO Income Notes are classified as Level 3. The valuation of this CLO asset class is based on prevailing market information, at the valuation date.

The PPNs and debt issued by the subsidiaries are categorised as Level 3. The PPNs and the debt issued by the subsidiaries are valued using a model which is based on the fair value of the underlying assets and liabilities of the relevant entity.

For each class of assets and liabilities not measured at fair value in the Consolidated Statement of Financial Position but for which fair value is disclosed, the Group is required to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and Liabilities not carried at fair value are carried at amortised cost; their carrying values are reasonable approximations of fair value.

Cash and cash equivalents with banks and other short-term investments in an active market are categorised as Level 2.

The amortised cost of the VFNs equate to their fair value due to the floating interest rates and the proximity of the maturity dates.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Parent Company. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Parent Company for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2016:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	4,967,004,972	239,644,403	5,206,649,375
Held for trading				
- Derivative financial assets	-	19,590,530	-	19,590,530
Total financial assets	-	4,986,595,502	239,644,403	5,226,239,905
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(451,337,094)	(451,337,094)
- Debt issued by subsidiaries	-	-	(4,759,239,810)	(4,759,239,810)
Held for trading				
- Derivative financial liabilities	-	(5,236,868)	-	(5,236,868)
Total financial liabilities	-	(5,236,868)	(5,210,576,904)	(5,215,813,772)

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2015:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	2,822,784,016	155,625,428	2,978,409,444
Held for trading				
- Derivative financial assets	-	1,064,492	-	1,064,492
Total financial assets	-	2,823,848,508	155,625,428	2,979,473,936
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(311,012,708)	(311,012,708)
- Debt issued by subsidiaries	-	-	(2,753,682,387)	(2,753,682,387)
Held for trading				
- Derivative financial liabilities	-	(3,027,875)	-	(3,027,875)
Total financial liabilities	-	(3,027,875)	(3,064,695,095)	(3,067,722,970)

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2016:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	155,625,428	(3,064,695,095)
Net gains or losses in comprehensive income	11,396,625	(352,716,253)
Purchases/Issuances	303,996,869	(1,803,165,556)
Sales/Redemptions	(215,466,899)	10,000,000
Movement out of Level 3	(15,907,620)	-
Closing balance	<u>239,644,403</u>	<u>(5,210,576,904)</u>

The following table shows the movement in Level 3 of the fair value hierarchy for the year ended 31 December 2015:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	146,279,174	(1,486,825,902)
Net gains or losses in comprehensive income	(14,361,741)	460,729,228
Purchases/Issuances	195,620,057	(2,038,598,421)
Sales/Redemptions	(89,432,744)	-
Movement out of Level 3	(82,479,318)	-
Closing balance	<u>155,625,428</u>	<u>(3,064,695,095)</u>

The movement out of Level 3 represent holdings that were priced by Markit as at 31 December 2015 with only one price input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2016 with more than one price input resulting in a fair value hierarchy classification of Level 2.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

Sensitivity of level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2016 and 31 December 2015 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no observable inputs into the prices.

The assets classified as Level 3 represented 4.6% (31 December 2015: 5.2%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR11,982,220 (0.23% of the total financial assets) (31 December 2015: EUR7,781,271 (0.26% of total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs and debt issued by the subsidiaries (0.23%) (31 December 2015: 0.28%).

The financial liabilities at fair value through profit or loss consist of the PPNs and debt issued by the subsidiaries. The PPN and the majority of the debt issued by the subsidiaries are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the VFNs and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs and the debt issued by the subsidiaries – as discussed in the previous paragraph.

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2016:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	330,505,793	289,954,556	620,460,349
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	<u>-</u>	<u>330,505,793</u>	<u>289,954,556</u>	<u>620,460,349</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(451,337,094)	(451,337,094)
Held for trading				
- Derivative financial liabilities	-	(1,481,665)	-	(1,481,665)
Total financial liabilities	<u>-</u>	<u>(1,481,665)</u>	<u>(451,337,094)</u>	<u>(452,818,759)</u>

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2015:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	137,816,910	185,090,584	322,907,494
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	<u>-</u>	<u>137,816,910</u>	<u>185,090,584</u>	<u>322,907,494</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(311,012,708)	(311,012,708)
Held for trading				
- Derivative financial liabilities	-	(939,403)	-	(939,403)
Total financial liabilities	<u>-</u>	<u>(939,403)</u>	<u>(311,012,708)</u>	<u>(311,952,111)</u>

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial year ended 31 December 2016:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	185,090,584	(311,012,708)
Movement out of Level 3	(1,628,098)	-
Net gains or losses in comprehensive income	(14,972,436)	(16,324,386)
Purchases/Issuances	217,623,612	(134,000,000)
Sales/Redemptions	(96,159,106)	10,000,000
Closing balance	<u>289,954,556</u>	<u>(451,337,094)</u>

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial year ended 31 December 2015:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	135,541,185	(284,277,149)
Movement out of Level 3	(25,441,206)	-
Net gains or losses in comprehensive income	(13,891,197)	3,243,967
Purchases/Issuances	161,640,730	(29,979,526)
Sales/Redemptions	(72,758,928)	-
Closing balance	<u>185,090,584</u>	<u>(311,012,708)</u>

The movement out of Level 3 represent holdings that were priced by Markit as at 31 December 2015 with only one price input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2016 with more than one price input resulting in a fair value hierarchy classification of Level 2.

The Parent Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

Sensitivity of Level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2016 were priced through Markit where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices. The CLO Income Notes were priced by Thomson Reuters which were classified as Level 3 because it was a single pricing source. The CLO prices are determined independently by consideration of several factors including the following: default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread. These factors are highly sensitive, and variations may materially affect the fair value of the asset.

The assets classified as Level 3 represented 46.7% (31 December 2015: 57.3%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR14,497,728 (2.34% of the total financial assets) (31 December 2015: EUR9,254,529 (2.87% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (3.21%) (31 December 2015: (2.98%)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

Sensitivity of Level 3 holdings to unobservable inputs (continued)

The CLO Income Notes are valued by Thomson Reuters. The key model input assumptions are the loan prepayment rates, discount rates, loan default rates, loan recovery given default rates and reinvestment rates. These metrics are accumulated from various market sources independent of GSO. 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.

The financial liabilities at fair value through profit or loss consist of the PPNs. The PPNs is valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the VFNs and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs – as discussed in the previous paragraph.

The element of debt issued by the subsidiaries and purchased by the Parent Company – the CLO Income Notes is valued by Thomson Reuters. If the valuation had increased or decreased by 5% the value of the CLO Income Notes would move by EUR13,583,883 (31 December 2015: EUR8,555,110).

Note 14 Financial instruments and associated risks

The following note discloses all of the risks that the Group (including the Parent Company) is exposed to, whether the assets are held by the Parent Company or the subsidiaries. The Group is exposed to market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk arising from the financial instruments it holds. The information below details how the Group manages the aforementioned risks.

Risk management

GSO's approach to risk management includes both analytical and judgemental elements.

The principal risk in the Group is credit risk, so the focus of the process is on managing and mitigating specific credit risk for both borrowers in the Parent Company and the underlying subsidiaries.

The following limits (the "eligibility criteria") apply to senior secured loans (and, to the extent applicable, other corporate debt loan instruments) directly held by the Parent Company (and not through CLO Income Notes):

Maximum exposure	% of Parent Company's gross asset value
Per obligor	5
Per industry sector	15
	(with exception of one industry which may be up to 20 per cent)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these eligibility criteria, 'gross asset value' shall mean gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the eligibility criteria shall apply on a trade date basis.

Each of these eligibility criteria will be measured at the close of each business day on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by the Parent Company or any risk retention company in which the Parent Company has a direct or indirect exposure for the purpose of achieving its investment objective (each a "Risk Retention Company").

In addition, each CLO in which the Parent Company or any Risk Retention Company holds CLO Securities will have its own eligibility criteria and portfolio limits. These limits are designed to ensure the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such CLO or, in the case of a loan warehouse, that the warehoused assets will eventually be eligible for a rated CLO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Risk management (continued)

The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or loan warehouse. The eligibility criteria and portfolio limits within a CLO or loan warehouse may include the following:

- a limit on the weighted average life of the portfolio;
- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio;

CLOs in which the Parent Company or a Risk Retention Company may hold CLO Securities or loan warehouses are also expected to have certain other criteria and limits, including:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency that is sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or loan warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied are measured by GSO at the time of investment in each CLO or loan warehouse.

Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk, which are discussed in detail under separate headings within this note.

The Group exposure to market risk is that the market value of assets that the Group invests in and some liabilities will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans.

The Group's market risk is managed on a daily basis by GSO, as set out above, in accordance with policies and procedures in place. The Parent Company's overall market positions are reported to the Board of Directors on a quarterly basis.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Group might suffer through holding market positions in the face of price movements caused by factors specific to the individual investment or factors affecting all instruments traded in the market.

As all of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPNs.

(i) Currency risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies may fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk.

The Group's financial statements are 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 the Group. The Group may utilise different financial instruments to seek to hedge against declines in the value of the Group's positions as a result of changes in currency exchange rates.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(i) Currency risk (continued)

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2016:

Group	Financial assets at fair value through profit or loss	VFNs	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	286,613,995	(54,599,521)	(192,051,887)	2,561,216	(11,471,956)	31,051,847	3,105,185
USD	1,210,322,941	(43,174,666)	(54,341,647)	123,207,314	(1,196,465,995)	39,547,947	3,954,795

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2015:

Group	Financial assets at fair value through profit or loss	VFNs	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	151,212,112	(13,898,116)	(137,182,480)	2,919,857	466,058	3,517,431	351,743
USD	477,176,764	(36,691,061)	(19,746,261)	40,386,190	(457,250,348)	3,875,284	387,528

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2016:

Parent Company	Financial assets at fair value through profit or loss	VFNs	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	39,674,341	(54,599,521)	-	721,800	15,741,368	1,537,988	153,799
USD	63,656,441	(43,174,666)	(1,481,665)	5,668,561	14,547,306	39,215,978	3,921,598

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2015:

Parent Company	Financial assets at fair value through profit or loss	VFNs	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	13,756,152	(13,898,116)	-	477,117	130,118	465,271	46,527
USD	41,269,827	(36,691,061)	(939,403)	5,665,918	(5,791,074)	3,514,207	351,421

Sensitivity analysis - Group and Parent Company

At 31 December 2016, had the Euro strengthened by 10% (31 December 2015: 10%) in relation to all currencies, with all other variables held constant, the net asset / liability exposure would have increased by the amounts shown above for the Group and below for the Parent Company. There would be no impact on the total comprehensive income of the Group or the Parent Company because the finance expense on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement. A 10% weakening of the base currency, against GBP and US Dollar, would have resulted in an equal but opposite effect than that on the tables above and below, on the basis that all other variables remain constant. These calculations are based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The interest rate risk associated with cash and cash equivalents is not deemed to be significant. Fluctuations in market interest rates are expected to have a limited impact on the fair value of the senior secured loans as these loans and bonds have variable interest rates.

The leveraged loans in the portfolio are all typically structured with a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3 Month or 6 Month LIBOR or EURIBOR, reset on a quarterly or semi-annual basis. The total interest earned on investments will vary from time to time with changes in the underlying reference rate.

The liabilities issued by the CLOs are limited recourse obligations. Each of the CLOs have defined waterfalls outlining the priority of payments to be made to the liabilities. Any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will be offset by a decrease in the value and amounts available for payment to the liabilities.

The PPNs issued by the Parent Company are also limited recourse obligations and are valued based on the fair value of the underlying assets and liabilities. Any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will result in an offsetting decrease in the fair value of the PPNs.

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2016:

Group	Floating Rate EUR	Fixed Rate EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	5,085,075,375	121,574,000	-	5,206,649,375
Held for trading				
- Derivative financial assets	-	-	19,590,530	19,590,530
Receivable for investments sold	-	-	20,285,927	20,285,927
Other receivables	-	-	17,065,728	17,065,728
Cash and cash equivalents	625,869,931	-	-	625,869,931
Total assets	5,710,945,306	121,574,000	56,942,185	5,889,461,491
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(5,410,093,745)	(97,871,393)	-	(5,507,965,138)
Held for trading				
- Derivative financial liabilities	-	-	(5,236,868)	(5,236,868)
Payable for investments purchased	-	-	(345,285,241)	(345,285,241)
Other payables and accrued expenses	-	-	(30,957,656)	(30,957,656)
Total liabilities	(5,410,093,745)	(97,871,393)	(381,479,765)	(5,889,444,903)
Total interest sensitivity gap	300,851,561	23,702,607		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2015:

Group	Floating Rate	Fixed Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR	EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	2,945,909,444	32,500,000	-	2,978,409,444
Held for trading				
- Derivative financial assets	-	-	1,064,492	1,064,492
Receivable for investments sold	-	-	26,226,989	26,226,989
Other receivables	-	-	12,903,986	12,903,986
Cash and cash equivalents	326,118,471	-	-	326,118,471
Total assets	<u>3,272,027,915</u>	<u>32,500,000</u>	<u>40,195,467</u>	<u>3,344,723,382</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(3,039,506,575)	(85,377,697)		(3,124,884,272)
Held for trading				
- Derivative financial liabilities	-	-	(3,027,875)	(3,027,875)
Payable for investments purchased	-	-	(168,907,700)	(168,907,700)
Other payables and accrued expenses	-	-	(32,896,411)	(32,896,411)
Total liabilities	<u>(3,039,506,575)</u>	<u>(85,377,697)</u>	<u>(204,831,986)</u>	<u>(3,329,716,258)</u>
Total interest sensitivity gap	<u>232,521,340</u>	<u>(52,877,697)</u>		

Sensitivity analysis

At 31 December 2016, had the base interest rates strengthened/weakened by 2% (31 December 2015: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR6,491,083 (31 December 2015: EUR3,592,873) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Group. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2016:

Parent Company	Floating Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	620,460,349	-	620,460,349
Receivable for investments sold	-	184,379,820	184,379,820
Other receivables	-	11,171,514	11,171,514
Cash and cash equivalents	30,013,469	-	30,013,469
Total assets	<u>650,473,818</u>	<u>195,551,334</u>	<u>846,025,152</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(748,725,328)	-	(748,725,328)
Held for trading			
- Derivative financial liability	-	(1,481,665)	(1,481,665)
Payable for investments purchased	-	(94,478,627)	(94,478,627)
Other payables and accrued expenses	-	(1,336,872)	(1,336,872)
Total liabilities	<u>(748,725,328)</u>	<u>(97,297,164)</u>	<u>(846,022,492)</u>
Total interest sensitivity gap	<u>(98,251,510)</u>		

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2015:

Parent Company	Floating Rate EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	322,907,494	-	322,907,494
Receivable for investments sold	-	163,280,093	163,280,093
Other receivables	-	1,836,439	1,836,439
Cash and cash equivalents	46,030,319	-	46,030,319
Total assets	368,937,813	165,116,532	534,054,345
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(371,201,885)	-	(371,201,885)
Held for trading			
- Derivative financial liability	-	(939,403)	(939,403)
Payable for investments purchased	-	(145,433,283)	(145,433,283)
Other payables and accrued expenses	-	(1,478,014)	(1,478,014)
Total liabilities	(371,201,885)	(147,850,700)	(519,052,585)
Total interest sensitivity gap	(2,264,072)		

Sensitivity analysis

At 31 December 2016, had the base interest rates strengthened/weakened by 2% (31 December 2015: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR1,965,030 (31 December 2015 EUR45,281) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Parent Company. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

(iii) Price risk

All of the Group's financial instruments (except for VFNs, cash and cash equivalents and receivables and payables) are carried at fair value in the Consolidated Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the Group's financial assets and financial liabilities at the financial year end date approximated their fair values.

The Group attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting the Collateral Manager, subject to certain requirements, to sell Collateral Obligations and reinvest the proceeds. The CLO collateral manager actively monitors the assets within each CLO to ensure that they do not breach the Collateral Quality Tests and Portfolio Profile Tests.

Where possible, prices are received from brokers on a monthly basis. Broker prices are sourced from Markit Partners, a composite price provider.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(iii) Price risk (continued)

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 2.

At 31 December 2016, the carrying amounts of debt investments in respect of which fair values were determined directly, in full or in part, using valuation techniques amounted to EUR5,206,649,375 (31 December 2015: EUR2,978,409,444) for the Group and EUR620,460,349 (31 December 2015: EUR322,907,494) for the Parent Company.

At 31 December 2016, the carrying amounts of debt in respect of which fair values were estimated using valuation techniques, amounted to EUR(5,210,576,904) (31 December 2015: (3,064,695,095)) for the Group and EUR(451,337,094) (31 December 2015: EUR(311,012,708)) for the Parent Company.

Key sources of estimation uncertainty

As indicated in Note 2, all of the Group's financial instruments are measured at fair value in the Consolidated Statement of Financial Position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the Group's financial instruments, more than one publically available price was obtainable. However, certain financial instruments, for example, those classified as Level 3 are fair valued using Markit prices where the input was only one price.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore cannot be determined with precision.

Sensitivity analysis

A 5% increase in market prices at 31 December 2016 would have increased the value of investments designated at fair value through profit or loss by EUR260,332,469 (31 December 2015: EUR148,920,472) for the Group and EUR31,023,017 (31 December 2015: EUR16,145,375) for the Parent Company and it would have also increased the value of the PPNs and debt issued by the subsidiaries by an equal amount. This calculation is done on a gross basis and does not take into account assets subject to a forward purchase agreement. A 5% decrease would have an equal and opposite effect. The net impact on the net assets of the Group or the Parent Company would be EUR Nil (31 December 2015: Nil).

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Group may invest in investments such as leveraged loans which are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans.

Leveraged loan obligations are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to leveraged loans is gained by purchase of sub-participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Group for monies received in respect of leveraged loans directly held by it. In analysing each leveraged loan or sub-participation, GSO will compare the relative significance of the risks against the expected benefits of the investment.

In purchasing sub-participations, the Group generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, the Group will assume the credit risk of both the obligor and the institution selling the sub-participation. There were no sub-participations in the portfolio as at 31 December 2016.

The Group's credit risk concentration is spread between a number of counterparties. The top ten largest holdings represented 4.32% (31 December 2015: 12.78%) of the Group's assets and 30.03% (31 December 2015: 65.65%) of the Parent Company's assets.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the financial year end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

Credit risk (continued)

GSO through its investment strategy will endeavor to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysts with relevant sector experience. In addition, each CLO's investment activities are restricted by its Prospectus and the CLOs have narrow and well-defined objectives to provide investment opportunities to investors. In order to avoid excessive concentration of risk, the policies and procedures of each CLO include specific guidelines to focus on maintaining a diversified portfolio.

The credit analysis performed involves developing a full understanding of the business and associated risk of the issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. GSO analyses credit concentration based on the counterparty and industry of the financial assets that the Group holds.

The Group held investments with the following credit quality as rated by Moody's:

Rating	31 Dec 2016	31 Dec 2015
B1	29.1%	36.6%
B2	37.7%	32.9%
B3	14.9%	9.7%
Ba1	2.2%	3.1%
Ba2	2.7%	1.7%
Ba3	8.7%	11.8%
Baa2	-	0.2%
Baa3	0.1%	0.4%
Caa1	2.5%	1.3%
Caa2	1.1%	0.2%
Caa3	0.8%	-
Not Rated	0.2%	2.1%
Total	100%	100%

The Parent Company held investments with the following credit quality as rated by Moody's:

Rating	31 Dec 2016	31 Dec 2015
B1	18.4%	9.8%
B2	20.4%	13.3%
B3	1.9%	11.4%
Ba1	1.2%	1.1%
Ba2	2.4%	-
Ba3	8.8%	2.3%
Caa1	0.5%	-
Not Rated	46.4%	62.1%
Total	100%	100%

The Credit ratings of the counterparties holding the cash and cash equivalents is disclosed in Note 7.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the high credit quality of the brokers used. The Group monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

At the reporting date, the Group's financial assets exposed to credit risk are as follows:

	31 Dec 2016	31 Dec 2015
	EUR	EUR
Financial assets designated at fair value through profit or loss	5,206,649,375	2,978,409,444
Derivative financial assets	19,590,530	1,064,492
Receivables for investments sold	20,285,927	26,226,989
Other receivables	17,065,728	12,903,986
Cash at bank	625,869,931	326,118,471
Total	5,889,461,491	3,344,723,382

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

At the reporting date, the Parent Company's financial assets exposed to credit risk are as follows:

	31 Dec 2016	31 Dec 2015
	EUR	EUR
Financial assets designated at fair value through profit or loss	620,460,349	322,907,494
Derivative financial assets	-	-
Receivables for investments sold	184,379,820	163,280,093
Other receivables	11,171,514	1,836,439
Cash at bank	<u>30,013,469</u>	<u>46,030,319</u>
Total	<u><u>846,025,152</u></u>	<u><u>534,054,345</u></u>

Amounts in the above tables are based on the carrying value of the financial assets as at the financial year end date.

A record of the loan holdings is held by the agent banks. Bankruptcy or insolvency of an agent bank may cause the Group's rights with respect to securities held by the agent bank to be delayed. If an agent bank was to become insolvent or bankrupt, historical evidence has shown the risk of monetary loss to the Group to be minor (or indeed zero) as the duties of the incumbent agent bank can be transferred to a new agent bank in short order.

All of the cash held by the Group is held by either Citibank N.A., London Branch with the exception of Bristol Park CLO Limited and Grippen Park CLO Warehouse whose cash is held with US Bank Global Corporate Trust Services and Wells Fargo Bank N.A. respectively. Dartry Park CLO DAC and Orwell Park CLO DAC also hold cash with US Bank Trustees Limited. Cash as a practical matter may not be held in physical segregation. Therefore bankruptcy or insolvency by the Custodian may cause the Group's rights with respect to the assets held by the Custodian to be delayed or limited. The Group monitors its risk by reviewing the credit quality of the Custodian on a monthly basis, as reported by Standard and Poor's, Moody's and Fitch. In addition, GSO monitors the financial position of the Custodian on a quarterly basis. If the credit quality or the financial position of the Custodian deteriorates GSO will move the cash holdings to another bank. The credit rating for Citibank N.A. is A1 as at 31 December 2016 (31 December 2015: A1).

The Group's financial assets exposed to credit risk were concentrated in the following industries:

	31 Dec 2016	31 Dec 2015
Aerospace & Defense	1.1%	1.4%
Automotive	1.8%	2.3%
Banking, Finance, Insurance & Real Estate	6.5%	4.2%
Beverage, Food & Tobacco	4.9%	4.8%
Capital Equipment	3.3%	4.5%
Chemicals, Plastics and Rubber	6.4%	7.0%
Construction & Building	5.7%	6.6%
Consumer Products	3.4%	1.9%
Containers, Packaging & Glass	6.0%	6.3%
Energy: Oil & Gas	0.5%	1.3%
Healthcare & Pharmaceuticals	13.9%	12.4%
High Tech Industries	5.5%	6.7%
Hotel, Gaming & Leisure	7.2%	7.1%
Media	8.3%	10.8%
Retail	6.6%	3.7%
Services - Business	7.3%	9.6%
Services - Consumer	0.9%	-
Telecommunications	6.1%	6.5%
Other	<u>4.6%</u>	<u>2.9%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

The Parent Company's financial assets exposed to credit risk were concentrated in the following industries:

	31 Dec 2016	31 Dec 2015
Aerospace & Defence	0.9%	-
Automotive	1.4%	-
Banking, Finance, Insurance & Real Estate	1.4%	-
Beverage, Food & Tobacco	5.6%	1.7%
Capital Equipment	1.9%	1.1%
Chemicals, Plastics and Rubber	1.4%	1.4%
Construction & Building	1.3%	2.9%
Consumer Products	1.9%	-
Containers, Packaging & Glass	2.6%	2.8%
Forest Products and Paper	0.6%	-
Healthcare & Pharmaceuticals	6.4%	2.5%
High Tech Industries	1.6%	1.1%
Hotel, Gaming & Leisure	1.9%	4.3%
Media	8.1%	7.7%
Retail	7.3%	4.0%
Services - Business	49.9%	59.1%
Services - Consumer	0.4%	-
Telecommunications	3.6%	7.6%
Transportation Consumer	1.8%	-
Utilities	-	2.4%
Other	-	1.4%
	<u>100%</u>	<u>100%</u>

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

All PPNs issued is limited recourse. The recourse of the Noteholders is limited to the proceeds available to unsecured creditors at such time from the debt obligations, CLO Income Notes and other obligations which comply with the investment policy. Therefore, the associated liquidity risk of the PPNs is reduced.

Class B2 shares were cancelled and the value of EUR 15 plus EUR 14,999,985 premium was repaid to Blackstone/GSO Loan Financing Limited.

Blackstone / GSO Loan Financing Limited subsequently reinvested EUR15,000,000 in additional Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. cash settled warrants.

The CLO Notes are limited recourse obligations of the subsidiaries which are payable solely out of amounts received by or on behalf of the subsidiaries in respect of the Collateral (as defined in each subsidiary's Prospectus). The net proceeds of the realisation of the security over the Collateral upon acceleration of the Notes following an Event of Default (as defined in each subsidiary's Prospectus) may be insufficient to pay all amounts due on the Notes after making payments to other creditors of the subsidiaries ranking in priority thereto or pari passu therewith. In the event of a shortfall in such proceeds, the subsidiaries will not be obliged to pay, and the other assets of the subsidiaries (including the subsidiaries' Irish Account and the rights of the subsidiaries under the Corporate Services Agreement (as defined in each subsidiary's Prospectus)) will not be available for payment of such shortfall, all claims in respect of such shortfall will be extinguished. Therefore the liquidity risk relating to the subsidiaries' CLO Notes is reduced.

The VFNs have a revolving period end date of 8 August 2017 or an agreed early amortisation date. The Parent Company must adhere to the conditions set out in the Variable Funding Note Issue and Purchasing Agreement. If these conditions are breached, the Noteholders have the right to redeem their Notes immediately. Please refer to Note 22 for details of the charges granted to the variable funding noteholders.

The Portfolio Service Support Provider actively engages in organising successive financing for the Parent Company on an ongoing basis to ensure there is sufficient liquidity available as required by the Company.

The Group may invest in investments such as leveraged loans which are below investment grade, which as a result carry greater liquidity risk than investment grade sovereign or corporate bonds or loans.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Liquidity risk (continued)

Due to the unique and customised nature of loan agreements evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as publicly traded securities. Although the range of investors in private debt has broadened, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity in loan trading which currently exists in the market. In addition, the terms of these assets may restrict their transferability without borrower consent. GSO will consider any such restriction, along with all other factors, in determining whether or not to advise the Group to acquire a participation in each asset.

The requirement to sell investments quickly may result in an adverse impact on the value of holdings as forced sales may potentially be made below the fair value of investments. However, the likelihood of this happening is extremely low since the Group does not have any redeemable shares.

As the private debt assets in which the Group invests typically settle at least T+10, the Group's constitutional documentation makes provision for a range of measures to assist with the management of liquidity on an ongoing basis, including, the ability to borrow.

The VFN is used to fund the purchase of assets and is secured by a Deed of Charge and Assignment over the Parent Company's assets, as outlined in Note 22.

The liquidity risk of the Group as at 31 December 2016 is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payable for investments purchased	(345,285,241)	-	-	(345,285,241)
Financial liabilities at fair value	-	-	(5,210,576,904)	(5,210,576,904)
Variable funding notes	-	(297,388,234)	-	(297,388,234)
Derivative financial liabilities	(5,236,868)	-	-	(5,236,868)
Interest payable on CLO Notes	(18,748,953)	-	-	(18,748,953)
Other payables and accrued expenses	(12,208,703)	-	-	(12,208,703)
	<u>(381,479,765)</u>	<u>(297,388,234)</u>	<u>(5,210,576,904)</u>	<u>(5,889,444,903)</u>

The liquidity risk of the Parent Company as at 31 December 2016 is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payable for investments purchased	(94,478,627)	-	-	(94,478,627)
Financial liabilities at fair value	-	-	(451,337,094)	(451,337,094)
Variable funding notes	-	(297,388,234)	-	(297,388,234)
Derivative financial liabilities	(1,481,665)	-	-	(1,481,665)
Other payables and accrued expenses	(1,336,872)	-	-	(1,336,872)
	<u>(97,297,164)</u>	<u>(297,388,234)</u>	<u>(451,337,094)</u>	<u>(846,022,492)</u>

The liquidity risk of the Group as at 31 December 2015 is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payable for investments purchased	(168,907,700)	-	-	(168,907,700)
Financial liabilities at fair value	-	-	(3,064,695,095)	(3,064,695,095)
Variable funding notes	-	-	(60,189,177)	(60,189,177)
Derivative financial liabilities	(3,027,875)	-	-	(3,027,875)
Interest payable on CLO Notes	(24,622,414)	-	-	(24,622,414)
Other payables and accrued expenses	(8,273,997)	-	-	(8,273,997)
	<u>(204,831,986)</u>	<u>-</u>	<u>(3,124,884,272)</u>	<u>(3,329,716,258)</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 14 Financial instruments and associated risks (continued)

Liquidity risk (continued)

The liquidity risk of the Parent Company as at 31 December 2015 is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payable for investments purchased	(145,433,283)	-	-	(145,433,283)
Financial liabilities at fair value	-	-	(311,012,708)	(311,012,708)
Variable funding notes	-	-	(60,189,177)	(60,189,177)
Derivative financial liabilities	(939,403)	-	-	(939,403)
Other payables and accrued expenses	(1,478,014)	-	-	(1,478,014)
	<u>(147,850,700)</u>	<u>-</u>	<u>(371,201,885)</u>	<u>(519,052,585)</u>

Note 15 Exchange rates

The following exchange rates (against the EUR) were used to convert the investments and other assets and liabilities denominated in currencies other than EUR at:

	31 Dec 2016	31 Dec 2015
Great British Pounds	0.85406	0.737024
United States Dollars	1.05245	1.086300

The following exchange rates (against the USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD at:

	31 Dec 2016	31 Dec 2015
Great British Pounds	0.81149	0.678472
Euro	0.95016	0.920556

The average exchange rates used to convert to EUR in the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and the Consolidated and Company Statement of Cash Flows were as follows:

	31 Dec 2016	31 Dec 2015
United States Dollars	1.0874	1.102302

Note 16 Related party transactions

GSO

The Group has appointed Blackstone / GSO Debt Funds Management Europe Limited ("GSO"), an investment management company incorporated in Ireland as service support provider and CLO Manager to the Irish subsidiaries. The subsidiaries pay collateral management fees to GSO. GSO is entitled to a fee of 15 basis points when acting as the senior manager of the portfolios and 35 basis points when acting as the sub manager of the portfolios.

GSO charged EUR18,263,596 (31 December 2015: EUR11,394,738) on behalf of the Group for the financial year ended 31 December 2016 with EUR4,999,271 (31 December 2015: EUR3,429,200) outstanding at the financial year end.

PPNs issued

The Parent Company is partially funded for its acquisition of investments by way of PPNs issued to Blackstone / GSO Corporate Funding EUR Fund and Blackstone/ GSO Loan Financing (Luxembourg) S.à.r.l. The PPNs are unsecured, limited recourse obligations of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time to unsecured creditors of the Parent Company from the debt obligations, CLO Income Notes and other obligations, which comply with the investment policy. The carrying amount of these financial liabilities designated at fair value through profit or loss as at 31 December 2016 was EUR7,917,295 (31 December 2015: EUR4,916,818) higher (31 December 2015: lower) than the principle outstanding amounts at maturity, giving a fair value of EUR451,337,094 as at 31 December 2016 (31 December 2015: EUR311,012,708).

In the event that accumulated losses prove not to be recoverable during the life of the Parent Company, then this will reduce the obligation to the Noteholders (i.e. principle outstanding amounts will fall at maturity by an equivalent amount).

Share Redemption

Blackstone / GSO Loan Financing 2 Limited, a 100% owned subsidiary of Blackstone / GSO Loan Financing Limited, bought 15 B2 shares in the Parent Company for an amount of EUR15,000,000 during 2014. It transferred these same shares to Blackstone / GSO Loan Financing Limited on 27 August 2015. The B2 shares were fully redeemed during the financial year ended 31 December 2016.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016**

Note 16 Related party transactions (continued)

Directors' interests

Two of the Directors of the Parent Company, Ms Anne Flood and Ms Imelda Shine, are also directors of the Company Secretary, Intertrust Management Ireland Limited. The Company Secretary charged EUR37,000 for the financial year ended 31 December 2016 (31 December 2015: EUR44,699) of which EUR7,352 was outstanding at the financial year end (31 December 2015: EURNil) Ms Anne Flood and Ms Imelda Shine were not paid a separate fee.

The Directors of the Parent Company charged EUR100,000 for the financial year ended 31 December 2016 (31 December 2015: EUR55,000) of which EUR32,157 was outstanding at the financial year end (31 December 2015: EUR25,388).

Cross holdings within the Group

The following related party transactions took place within the Group whereby the Parent Company traded with subsidiaries within the Group and the subsidiaries traded with each other:

Trade details	Currency	Trade Value 31 Dec 2016	Trade Value 31 Dec 2015
Parent Company traded with Phoenix Park CLO DAC	EUR	67,334,701	79,797,373
Parent Company traded with Sorrento Park CLO DAC	EUR	69,105,084	46,057,579
Parent Company traded with Castle Park CLO DAC	EUR	69,602,260	77,065,149
Parent Company traded with Dartry Park CLO DAC	EUR	66,991,912	318,820,160
Parent Company traded with Orwell Park CLO DAC	EUR	74,024,731	312,263,884
Parent Company traded with Dorchester Park CLO DAC	EUR	159,191,969	397,601,120
Parent Company traded with Tymon Park CLO DAC	EUR	63,229,312	357,858,402
Parent Company traded with Elm Park CLO DAC	EUR	508,404,943	-
Parent Company traded with Griffith Park CLO DAC	EUR	408,979,280	-
Parent Company traded with Clarinda Park CLO DAC	EUR	325,741,283	-
Phoenix Park CLO Designated Activity Company traded with Castle Park CLO DAC	EUR	-	1,961,686
Phoenix Park CLO Designated Activity Company traded with Dartry Park CLO DAC	EUR	-	3,953,602
Phoenix Park CLO Designated Activity Company traded with Sorrento Park CLO DAC	EUR	-	991,379
Sorrento Park CLO Designated Activity Company traded with Castle Park CLO DAC	EUR	-	8,242,647
Sorrento Park CLO Designated Activity Company traded with Dartry Park CLO DAC	EUR	-	1,987,866
Sorrento Park CLO Designated Activity Company traded with Phoenix Park CLO DAC	EUR	-	1,005,242
Elm Park CLO Designated Activity Company traded with Castle Park CLO DAC	EUR	6,072,467	-
Elm Park CLO Designated Activity Company traded with Sorrento Park CLO DAC	EUR	3,516,780	-
Elm Park CLO Designated Activity Company traded with Dartry Park CLO DAC	EUR	7,091,731	-
Elm Park CLO Designated Activity Company traded with Orwell Park CLO DAC	EUR	4,226,000	-
Griffith Park CLO Designated Activity Company traded with Castle Park CLO DAC	EUR	2,475,178	-
Griffith Park CLO Designated Activity Company traded with Phoenix Park CLO DAC	EUR	1,998,245	-
Griffith Park CLO Designated Activity Company traded with Sorrento Park CLO DAC	EUR	2,001,734	-
Griffith Park CLO Designated Activity Company traded with Tymon Park CLO DAC	EUR	4,446,507	-
Griffith Park CLO Designated Activity Company traded with Dartry Park CLO DAC	EUR	1,900,163	-
Griffith Park CLO Designated Activity Company traded with Orwell Park CLO DAC	EUR	3,562,222	-

The Parent Company traded with CLOs managed by GSO to the value of EUR1,812,605,475 (31 December 2015: EUR1,589,463,667).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016**

Note 17 Fair value movement on financial liabilities

The unrealised gain on financial liabilities reflects the movement in value of the Notes (which are classified as financial liabilities at fair value through profit or loss) issued by the Group. It consists of:

	Group 31 Dec 2016 EUR	Group 31 Dec 2015 EUR
Fair value movement on Parent Company financial liabilities	(47,177,014)	(26,220,359)
Fair value movement on Phoenix Park CLO DAC financial liabilities	(6,912,322)	1,389,732
Fair value movement on Sorrento Park CLO DAC financial liabilities	(11,055,362)	3,126,280
Fair value movement on Castle Park CLO DAC financial liabilities	(6,575,750)	30,379
Fair value movement on Dorchester Park CLO DAC financial liabilities	(14,136,693)	11,804,771
Fair value movement on Dartry Park CLO DAC financial liabilities	(6,950,252)	10,859,947
Fair value movement on Orwell Park CLO DAC financial liabilities	(8,444,532)	13,606,657
Fair value movement on Tymon Park CLO DAC financial liabilities	(5,472,648)	6,989,556
Fair value movement on Elm Park CLO DAC financial liabilities	(4,133,999)	-
Fair value movement on Griffith Park CLO DAC financial liabilities	6,522,236	-
Fair value movement on Bristol Park CLO Limited financial liabilities	3,414,470	-
Fair value movement on Grippen Park CLO Warehouse financial liabilities	(1,697,756)	-
Fair value movement on Clarinda Park CLO DAC financial liabilities	2,303,524	-
	<u>(100,316,098)</u>	<u>21,586,963</u>

Note 18 Finance expense on financial liabilities

The finance expense on financial liabilities consists of:

	Group 31 Dec 2016 EUR	Group 31 Dec 2015 EUR
Finance expense on debt issued by subsidiaries	(91,443,694)	(64,660,382)
Finance expense on VFNs	(6,031,065)	(18,077,594)
	<u>(97,474,759)</u>	<u>(82,737,976)</u>

Note 19 Master netting agreements

None of the financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. None of the financial assets and financial liabilities are offset in the Consolidated or Company Statement of Financial Position.

Note 20 Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2016 (2015: nil).

Note 21 Commitments and contingencies

During the normal course of business the Group may commit to purchase a loan asset. These are not reflected in the Statement of Financial Position. At the financial year end, the Group has unrestricted commitments of this nature. Each consolidated CLO's investment activity, including its commitments, are restricted by the prospectus and the specific eligibility criteria and portfolio limits as outlined in note 14.

There are no contingent liabilities as at 31 December 2016 (2015: nil).

Note 22 Charges

The PPNs are secured by the assignment of a fixed first charge of the Parent Company's rights, title and interest on investments held and on its cash. This charge is subordinated to the charge assigned to the VFN. This charge was not exercised during the current or prior financial periods.

The VFN is also secured by a Deed of Charge and Assignment over the Parent Company's assets. This charge has priority over the charge assigned to the PPNs and was not exercised during the current or prior financial periods.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
For the financial year ended 31 December 2016

Note 22 Charges (continued)

For the consolidated CLOs, there is a first fixed charge and first priority security interest granted, in favour of their respective Trustees for the benefit of the holders of the Notes, over all of the CLO's present and future rights, title and interest in respect of all Collateral Obligations

Note 23 Significant events during the financial year

On 13 October 2016 Blackstone / GSO Corporate Funding EUR Fund (the "EUR Fund") and Blackstone / GSO Corporate Funding USD Fund (the "USD Fund") were approved by the Central Bank of Ireland as sub-funds of Blackstone / GSO Investment Funds, a unit trust authorised on 29 April 2008 under the Unit Trusts Act, 1990. On 1 November the Parent Company issued a PPN to the value of EUR116,000,000 to the EUR Fund which represented the initial investment.

The Parent Company established three new originated subsidiaries, namely Elm Park CLO DAC, Griffith Park CLO DAC, and Clarinda Park CLO DAC. The Parent Company established two new significant investments in Bristol Park CLO Limited and Grippen Park CLO Warehouse, both of which are considered to be under the parent company's control and hence are consolidated.

The Forward Purchase Agreement relating to a portfolio of assets with Elm Park CLO DAC matured on 26 May 2016 when the Parent Company purchased EUR46,930,000 of its Subordinated Notes, representing 82.43% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

The Forward Purchase Agreement relating to a portfolio of assets with Griffith Park CLO DAC matured on 8 September 2016 when the Parent Company purchased EUR29,000,000 of its Subordinated Notes, representing 59.55% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

On 8 December 2016 the Parent Company purchased USD10,000,000 of Bristol Park CLO Limited's Subordinated Notes, representing 18.25%.

On 31 August 2016 the Parent Company invested USD5,000,000, and a further USD6,000,000 on 7 December 2016, in the form of Preference Shares in Grippen Park CLO Warehouse managed by an affiliate of the Manager.

The Forward Purchase Agreement relating to a portfolio of assets with Clarinda Park CLO DAC matured on 15 November 2016 when the Parent Company purchased EUR23,100,000 of its Subordinated Notes, representing 51.22% ownership in conjunction with the purchase of the underlying assets by the subsidiary.

On 1 November 2016 the total maximum funding amount for Variable Funding Notes was reduced to EUR300,000,000.

On 20 December 2016 the Class B2 shares were cancelled and the value of EUR15 plus EUR14,999,985 premium was repaid to Blackstone / GSO Loan Financing Limited.

Blackstone / GSO Loan Financing Limited subsequently invested EUR15,000,000 in additional Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. cash settled warrants.

The proceeds from the issuance of the cash settled warrants were then invested in additional PPNs.

In line with the Companies Act 2014 as amended, the Parent Company and several of its subsidiaries updated their designation from a Limited Company to a Designated Activity Company as follows:

Entity	Date
Blackstone / GSO Corporate Funding Designated Activity Company	29 February 2016
Phoenix Park CLO Designated Activity Company	25 February 2016
Sorrento Park CLO Designated Activity Company	25 February 2016
Castle Park CLO Designated Activity Company	25 February 2016
Dartry Park CLO Designated Activity Company	25 February 2016
Orwell Park CLO Designated Activity Company	25 February 2016
Dorchester Park CLO Designated Activity Company	4 May 2016
Tymon Park CLO Designated Activity Company	14 June 2016

From 1 March 2016, VP Fund Services Limited was appointed as Administrator to the Parent Company.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2016

Note 23 Significant events during the financial year (continued)

The Parent Company's objective was updated on 3 February 2016. The update was incorporated in an amendment to the Profit Participating Note Issuing and Purchase Agreement between, amongst others, the Parent Company and Blackstone / GSO Loan Financing Limited. In summary the new investment objective is:

The Parent Company's investment policy is to invest predominantly in (i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made directly or through investments in Loan Warehouses; (ii) CLO Securities; and (ii) other Risk Retention Companies.

Note 24 Significant events after financial year end

On 30 January 2017, with regard to the notes issued by Phoenix Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 23 December 2016.

On 14 March 2017, with regard to the Classes of notes issued by Castle Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 9 February 2017.

On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse. Blackstone / GSO US Corporate Funding Limited purchased USD35,622,000 of the subordinated Notes in Grippen Park CLO Limited, representing 60.00% ownership in conjunction with the purchase of the underlying assets held by the CLO.

On 13 March 2017, Blackstone / GSO US Corporate Funding Limited, the US Majority Owned Affiliate ("US MOA") was funded. Blackstone Holdings IV L.P and the Parent Company invested in Class A Preference shares issued by the US MOA.

Note 25 Approval of financial statements

The Directors approved the financial statements on 7 April 2017.

SECTION C

**PUBLISHED ANNUAL REPORT AND AUDITED ACCOUNTS OF BGSF FOR THE
PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017**

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Registered Number: 542626

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

CONTENTS

	PAGE
DIRECTORS AND OTHER INFORMATION	1
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
PARENT COMPANY STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY	17
CONSOLIDATED STATEMENT OF CASH FLOWS	18
PARENT COMPANY STATEMENT OF CASH FLOWS	19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	20

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Ms. Anne Flood (Irish resident and national) */**
Ms. Imelda Shine (Irish resident and national) */**/****
Mr. Aogan Foley (Irish resident and national) */**
Mr. Fergal O' Leary (Irish resident and national) */**
Ms. Bronwyn Wright (Irish resident and national) */**/****
Mr. Neil Clifford (Irish resident and national) */**/****
Mr. Alan Kerr (Irish resident and national) */**

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D04 XN32

**SERVICE SUPPORT PROVIDER AND
COLLATERAL MANAGER**

Blackstone / GSO Debt Funds Management Europe Limited
10 Earlsfort Terrace
Dublin 2, Ireland
D02 T380

**COLLATERAL MANAGER TO US
CLOS**

GSO / Blackstone Debt Fund Management LLC
345 Park Avenue
29th Floor
New York, NY 10154
United States

CUSTODIAN TO PARENT COMPANY

Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB
United Kingdom

CUSTODIAN TO CLO SUBSIDIARIES

Bank of New York One Canada Square, Canary Wharf, London E14 5AL United Kingdom	US Bank Trustees Limited 125 Old Broad Street, Fifth Floor, London, EC2N 1AR United Kingdom
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ADMINISTRATOR

Virtus Partners Fund Services Ireland Ltd
Connaught House
5th Floor, 1 Burlington Road
Dublin 4, Ireland

COLLATERAL ADMINISTRATOR

Virtus Group LP 25 Canada Square Level 33 London, E14 5LQ United Kingdom	US Bank Trustees Limited 125 Old Broad Street, Fifth Floor, London, EC2N 1AR United Kingdom	****Bank of New York **** One Canada Square, Canary Wharf, London E14 5AL United Kingdom
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SECRETARY TO THE COMPANY

Intertrust Management Ireland Limited
2nd Floor, 1-2 Victoria Buildings
Haddington Road
Dublin 4, Ireland
D04 XN32

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION (continued)

INDEPENDENT AUDITORS

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2, Ireland
D02 AY28

**IRISH LEGAL ADVISERS TO THE
COMPANY**

Arthur Cox
10 Earlsfort Terrace
Dublin 2, Ireland
D02 T380

LISTING AGENT

Arthur Cox Listing Services Limited
10 Earlsfort Terrace
Dublin 2, Ireland
D02 T380

* Non-Executive Director

** Independent of GSO

*** Ms. Imelda Shine resigned from the Board of Directors with effect from 26 October 2017. Ms. Bronwyn Wright, Mr. Neil Clifford and Mr. Alan Kerr were appointed as Directors with effect from 26 October 2017.

**** Collateral Administrators of CLO Subsidiaries

DIRECTORS' REPORT
For the financial year ended 31 December 2017

The Directors present their annual report, together with the audited consolidated financial statements, for the financial year ended 31 December 2017. For the avoidance of doubt, items in upper case have the same meaning as in the relevant entities' legal documentation.

Principal activities

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company which was incorporated in Ireland on 16 April 2014 with the registration number 542626. It is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act 1997, as amended. The Parent Company was established as an originator vehicle under European risk retention rules¹ for collateralised loan obligation ("CLO") securitisations. It may also invest in senior secured loans, either directly or indirectly through CLO warehouses, and risk retention companies. The Parent Company is funded by proceeds from the issuance of Profit Participating Notes ("PPNs") together with other financial resources available to it, such as the BGCF Facility (defined and described in further detail in Note 6).

Blackstone / GSO Debt Funds Management Europe Limited has been appointed as the Service Support Provider to the Parent Company and as the Collateral Manager to the majority of subsidiaries and is referred to as GSO throughout this document. GSO / Blackstone Debt Fund Management LLC ("DFM"), an affiliate, has been appointed as the Collateral Manager to Dorchester Park CLO DAC.

Investment policy

The Parent Company's investment policy is to invest predominantly in (i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans), such investments being made directly or through investments in loan warehouses, (ii) CLO Income Note securities, and (iii) other risk retention companies, which, themselves, invest predominantly in senior secured loans, CLO Income Note securities and loan warehouses. The Parent Company pursues its investment policy by using the proceeds from the issue of PPNS (together with proceeds from other financial resources available to it) to invest in such assets. The Parent Company may invest (directly or through other risk retention companies) predominantly in European or U.S. senior secured loans, CLO Income Note securities, loan warehouses and other assets. Investments in loan warehouses will typically be in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum European or U.S. exposure. The Parent Company is not expected to invest (directly or through other risk retention companies) in senior secured loans domiciled outside North America or Western Europe.

A CLO is a pooled investment vehicle which may invest in a diversified group of debt securities, in this case predominantly senior secured loans. To finance its investments, the CLO vehicle issues debt in the form of Senior Notes and Subordinated Equity Notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying portfolio of assets.

The portfolio of assets underlying the CLO Notes consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. The portfolio of assets within the risk retention company consist mainly of CLO equities of US CLOs. Distributions on the CLO Notes, by way of interest payments, are payable on a quarterly basis on dates established in the formation documents of the CLOs.

Subsidiaries

The Parent Company has acquired the majority, or all, of the subordinated notes issued by a number of European CLO issuers. Subordinated Noteholders are entitled to the residual cash flows arising from the underlying assets of the CLOs. In accordance with IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), the CLOs are deemed to be subsidiaries of the Parent Company and are consolidated under the financial reporting framework. The Parent Company and its subsidiaries together are referred to as the Group ("the Group"). The subsidiaries are listed as follows:

Phoenix Park CLO Designated Activity Company ("DAC")	Tymon Park CLO DAC
Sorrento Park CLO DAC	Elm Park CLO DAC
Castle Park CLO DAC	Griffith Park CLO DAC
Dartry Park CLO DAC	Palmerston Park CLO DAC
Dorchester Park CLO DAC	Clarinda Park CLO DAC
Orwell Park CLO DAC	Willow Park CLO DAC
Clontarf Park CLO DAC	

The CLO Notes relating to the subsidiaries are outstanding at the financial year end and are subject to legal maturity dates of 2027, 2028, 2029, 2030 or 2031 (please refer to Note 5). All of these CLO Notes have been listed and are trading on the Main Securities Market of the Irish Stock Exchange, except for Dorchester Park CLO DAC which is trading on the Global Exchange Market of the Irish Stock Exchange.

¹ Under the European Union's Capital Requirements Regulation and effective 1 January 2014

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2017

Results for the financial year

The Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2017 and the Consolidated Statement of Financial Position as at that date are set out on pages 13 and 14, respectively.

Business review and future developments

DFM is the Sponsor to US CLO securitisations under the Risk Retention Rules established by the 2010 Dodd–Frank Wall Street Reform and Consumer Protection Act (the “US Risk Retention Rules”). Blackstone / GSO US Corporate Funding Limited is the US Majority Owned Affiliate (“US MOA”) established for the sole purpose of managing DFM’s compliance with the US Risk Retention Rules. During the year, the Parent Company acquired preference shares in the US MOA to gain exposure to US CLO securitisations. The US MOA invests in the CLO Income Notes of US CLOs whose investments are focused predominantly in US senior secured loans. As at 31 December 2017, the US MOA held the following US CLOs: Gilbert Park CLO Limited, Dewolf Park CLO Limited, Grippen Park CLO Limited, Stewart Park CLO Limited, Long Point Park CLO Limited, Thayer Park CLO Limited and Catskill Park CLO Limited.

On 13 March 2017, Blackstone / GSO US Corporate Funding Limited, the US Majority Owned Affiliate (“US MOA”) was funded. The US MOA intends to invest from time to time, in certain US CLOs. Blackstone Holdings IV L.P and the Parent Company invested in Class A Preference shares issued by the US MOA.

The Parent Company also invested into US CLO Warehouses during the year and at year end had holdings in Greenwood Park CLO warehouse and Cook Park CLO warehouse. The Directors have determined that the Parent Company does not “control” any of these entities, as defined in IFRS 10. Therefore, these entities have not been consolidated for the purposes of presenting the group financial statements. These investments have been classified as financial assets held at fair value through profit or loss.

The Directors do not anticipate any change in the structure or investment objectives of the Parent Company.

Significant events during the financial year

The Parent Company established three new subsidiaries, namely Palmerston Park DAC, Clontarf Park CLO DAC and Willow Park CLO DAC.

On 30 January 2017, with regard to the classes of notes issued by Phoenix Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2 Notes and the class B Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange’s company announcements section on 23 December 2016.

On 14 March 2017, with regard to the classes of notes issued by Castle Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2A Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange’s company announcements section on 9 February 2017.

On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse. The US MOA purchased USD 35,622,000 of the subordinated Notes in Grippen Park CLO Limited, representing 60.00% ownership in conjunction with the purchase of the underlying assets held by the CLO.

On 17 March 2017, the Parent Company redeemed its holdings in Bristol Park CLO Limited.

On 16 May 2017, with regard to the classes of notes issued by Sorrento Park CLO DAC, refinancing took effect on the class A-1A Notes, the class A-1B Notes, the class A-2A Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange’s company announcements section on 18 May 2017.

On 1 June, 2017, the VFN Agreement was terminated and the Parent Company entered into the BGCF Facility Agreement.

On 28 July 2017, with regard to the classes of notes issued by Dartry Park CLO DAC, refinancing took effect on the class A-1 Notes, the class A-2 Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange’s company announcements section on 2 August 2017.

On 18 August 2017, with regard to the classes of notes issued by Orwell Park CLO DAC, refinancing took effect on the class A-1A Notes, the class A-1B Notes, the class A-2A Notes, the class A-2B Notes, the class B Notes and the class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange’s company announcements section on 25 August 2017.

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2017

Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2017 (year ended 31 December 2016: Nil).

Directors

The Directors, who all served during the financial year, are listed on page 1.

Secretary

Intertrust Management Ireland Limited acted as Company Secretary throughout the financial year.

Directors' and Secretary's interests

Two of the Directors of the Parent Company, Ms. Anne Flood and Ms. Imelda Shine (Ms. Shine resigned from the board on 26 October 2017), are also directors of the Company Secretary, Intertrust Management Ireland Limited ("Intertrust"). The Parent Company and each of the subsidiaries have entered separate Corporate Services Agreements with Intertrust, under which Intertrust provides certain company secretarial, accounting and administrative services. In accordance with the agreements (as amended), the Company Secretary charged EUR 267,490 (31 December 2016: EUR 203,927) for the financial year ended 31 December 2017 with EUR Nil outstanding balance as at 31 December 2017 (31 December 2016: EUR Nil). Ms. Anne Flood and Ms. Imelda Shine were not paid a separate directors fee.

Intertrust Nominees (Ireland) Limited, an affiliate of the Company Secretary, holds 200 of the Parent Company's ordinary shares at a value of EUR 200 on trust for charitable purposes.

Alan Kerr was an executive director of Blackstone / GSO Debt Funds Management Europe Limited ("GSO") up until 25 April 2017. Mr Kerr was subsequently appointed as director to the Parent Company in October 2017 and was appointed to the role as a nominee of GSO. Up to May 2017, Mr Kerr held the position of Senior Managing Director of The Blackstone Group L.P. ("Blackstone"), the ultimate parent company of GSO, and for the remainder of 2017 held the position of Senior Adviser to Blackstone.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and Parent Company's and Group's financial statements in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS").

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Parent Company and the Group at the end of the financial year and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Parent Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Parent Company and the Group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Parent Company and the Group to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

In this regard Virtus Partners Fund Services Ireland Ltd has been appointed for the purpose of maintaining adequate accounting records. Accordingly, the books of account are kept at the Parent Company's registered office.

The Directors are responsible for safeguarding the assets of the Parent Company and its subsidiaries. In this regard, they have entrusted the assets of the Parent Company to the Custodian who has been appointed as Custodian to the Parent Company pursuant to the terms of the Custodian Agreement. The Directors have a general responsibility for taking such steps to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2017

Risk management objectives and policies

The Group's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which the Group invests. The main risks arising from the Parent Company's financial instruments are market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. For a detailed description of the risk management objectives and policies, please see Note 14.

Please note that the overview provided in this annual report of the principal risks and related risks of the Group and Parent Company are not intended to be a comprehensive summary of all risks. Investors should refer to the prospectus of the Parent Company and its subsidiaries for a more detailed discussion of the risks inherent in investing in the Group.

Accounting records

The Directors ensure compliance with the Parent Company's obligation to maintain adequate accounting records, in accordance with Sections 281 to 285 of the Companies Act 2014, by appointing an administrator to aide in fulfilling their responsibilities.

Corporate governance statement

Introduction

The Parent Company is subject to and complies with Irish Statute law, comprising the Companies Act 2014 and the Listing rules of the Irish Stock Exchange. The Parent Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Parent Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal controls and risk management systems in relation to the financial reporting process of the Parent Company. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve the Parent Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established certain processes regarding internal controls and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Virtus Partners Fund Services Ireland Ltd, to maintain the accounting records of the Parent Company independently of the Service Support Provider and CLO Manager(s) and the Collateral Administrator. As detailed in the Administration Agreement, the Administrator performs the duties of keeping the accounts of the Parent Company for the proper conduct of the Parent Company's administrative affairs.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence.

Risk Assessment

The Board is responsible for assessing the risk of irregularities, whether caused by fraud or error in financial reporting, and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Parent Company's financial statements.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Parent Company's annual report.

Monitoring

The Board has a process to ensure that appropriate measures are taken to consider and address the shortcomings, if any, identified and measures recommended by the independent auditors.

Capital Structure

No person has a significant direct or indirect holding of securities in the Parent Company. No person has any special rights of control over the Parent Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Parent Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2017**

Powers of Directors

The Board is responsible for managing the business affairs of the Parent Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day-to-day administration of the Parent Company to the Administrator.

Going Concern

The Parent Company's financial statements for the financial year ended 31 December 2017 have been prepared on a going concern basis and the Directors believe that the going concern basis is appropriate, based on the assessment of future cash flows and projections.

Compliance policy statement

It is the policy of the Parent Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Parent Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Parent Company's relevant obligations. These arrangements and structures were reviewed by the Directors during the financial year. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations received from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Parent Company's relevant obligations.

Significant events after the financial year end

For significant events after the financial year end please refer to Note 24.

Statement of disclosure to the Parent Company's statutory auditors

Each of the Directors in office at the date of the approval of the Director's report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Parent Company's statutory auditors are unaware; and
- the Directors have taken all the steps that he or she ought to have as a Director in order to make themselves aware of any relevant audit information and to establish that the Parent Company's statutory auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Audit committee statement


As permitted by Section 167(3)(b) Companies Act 2014 (as amended), the board of Directors (the "Board") has elected not to have an audit committee. This election is for the following reasons:

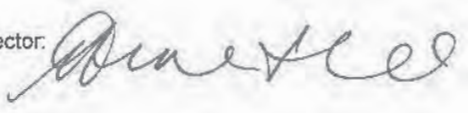
- the knowledge and expertise of the Board allows them to have sufficient oversight and discharge the following responsibilities that would otherwise be carried out by an audit committee:
 - (i) the monitoring of the financial reporting process;
 - (ii) the monitoring of the effectiveness of the Parent Company's systems of internal control, internal audit and risk management;
 - (iii) the monitoring of the statutory audit of the Parent Company's financial statements; and
 - (iv) the review and monitoring of the independence of the statutory auditors and in particular the provision of additional services to the Parent Company;
- the quarterly board meetings and also the ad hoc meetings of the Board allow the Board to oversee the general management and conduct of all aspects of the Parent Company's business including those outlined above; and
- the Board is and shall at all times be made up of persons each of whom has the appropriate knowledge and experience to be a director of the Parent Company, having regard to the responsibilities outlined above and any other statutory duties.

Independent Auditors

The auditor, Deloitte, Chartered Accountants and Statutory Audit Firm has expressed its willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

On behalf of the Board of Directors:

Director: 
Aogan Foley
Date: 10/4/18

Director: 
Anne Flood

Independent auditor's report to the members of Blackstone/GSO Corporate Funding Designated Activity Company

Report on the audit of the financial statements

Opinion on the financial statements of Blackstone/GSO Corporate Funding Designated Activity Company (the "Company")

In our opinion the Group and Parent Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 December 2017 and of the profit of the Group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The Group financial statements:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 25, including a summary of significant accounting policies as set out in note 2.

The Parent Company financial statements:

- the Parent Company Statement of Financial Position;
- the Parent Company Statement of Changes in Equity;
- the Parent Company Statement of Cash Flows; and
- the related notes 1 to 25, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • Valuation of collateralised loan obligation ("CLO") equity; and • Valuation of investments in loans and bonds.
Materiality	We determined materiality for the Group to be €13.6 million which is approximately 2% of the value of profit participating notes ("PPNs") in issuance.

Scoping	We focused our Group audit scope primarily on the audit work in the Company and the CLOs, all of which were subject to individual statutory audit work. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in the CLOs.
Significant changes in our approach	There were no significant changes in our approach which we feel require disclosure.



Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of CLO Equity	
Key audit matter description 	<p>For the financial year ended 31 December 2017 the direct investments in CLO Equity within the Company is €332 million representing approximately 24% of total assets of €1,354 million, while the investment in CLO Equity held indirectly through the investment in Blackstone / GSO US Corporate Funding Limited ("US MOA") is €145 million. The valuation of CLO Equity is considered a key audit matter as there are significant judgements applied in the valuation inputs.</p> <p>There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of investments being materially misstated. This is applicable both from the perspective of the valuation of the investments in the Consolidated and Parent Company Statement of Financial Position and the Unrealised Gains/Losses that are disclosed in the Consolidated Statement of Comprehensive Income.</p> <p>Refer also to note 13 in the financial statements.</p>
How the scope of our audit responded to the key audit matter 	<p>We obtained an understanding and assessed the design of the key controls that have been implemented over the valuation of CLO Equity investments.</p> <p>Using observable market data where available we challenged the significant assumptions used in the valuation process including, but not limited to, discount rates, default rates, prepayment rates, recovery rates and reinvestment spreads.</p> <p>With the support of our valuation specialists, we independently valued 100% of the CLO Equity investments using independent models, market feeds and assumptions.</p> <p>We evaluated the disclosures made in the financial statements.</p>

Based on the evidence obtained, we found that the data and assumptions used by management in the valuation of CLO Equity investments are within a range we consider to be reasonable.

Valuation of Investments in Loans and Bonds

Key audit matter description



For the financial year ended 31 December 2017 the investments in loans and bonds of the Company of €458 million make up approximately 34% of the Company's total assets of €1,354 million. The investments in loans and bonds of the Group of €5,712 million make up approximately 83% of the Group's total assets of €6,913 million.

There is a risk that investments traded on an exchange or a secondary market may not be valued correctly in accordance with IFRS 13.

The valuation of loans and bonds is considered a key audit matter as it comprises the most significant number on the Consolidated and Parent Company Statement of Financial Position. The valuation of these investments is a key contributor to the financial performance and has been identified as a significant risk of material misstatement. This is applicable both from the perspective of the valuation of the investments in the Consolidated and Parent Company Statement of Financial Position and the Unrealised Gains/Losses that are reported in the Consolidated Statement of Comprehensive Income.

Refer also to note 13 in the financial statements.

How the scope of our audit responded to the key audit matter



We obtained an understanding and assessed the design of the key controls that have been implemented over the valuation of investments in loans and bonds.

We challenged whether the valuation policy adopted for investments is in line with IFRS 13, and agreed 100% of the prices recognised by management to independent data obtained from the pricing providers used (Markit and IDC). We assessed the suitability of the prices determined by the pricing providers. In particular, we performed back-testing procedures on historical prices provided for level 3 investments, assessing them as an appropriate estimate of fair value.

For a sample of investments, we compared the prices recognised by management to other independent pricing sources.

Based on the evidence obtained, we found that the valuations used by management are within a range we consider to be reasonable.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be €13,593,010 or 2% of the value of the PPNs. We have considered the PPNs to be the critical component for calculating materiality because the main objective of the Company is to provide the PPN holders with a return. We have considered quantitative and qualitative factors such as understanding the Company and its environment, history of misstatements, complexity of the Company and reliability of the control environment.

We agreed with the Board of Directors' (the "Board") that we would report to the Board any audit differences in excess of €679,651 or 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, the structure of the Company and Group, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the Company operates. We focused our Group audit scope primarily on the audit work in the Company and the consolidated CLOs, all of which were subject to individual statutory audit work. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in the CLOs.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (consolidated) financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Brian O'Callaghan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 10/4/18

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Note	31 Dec 2017 EUR	31 Dec 2016 EUR
Operating income			
Income from investments designated at fair value through profit or loss	2	139,731,797	235,850,803
Net gain/(loss) on derivatives	2	10,888,882	14,674,285
Net foreign exchange gain/(loss)		8,833,988	99,541
Miscellaneous income/(expense)		65,016	24,426
Net operating income gain/(loss)		<u>159,519,683</u>	<u>250,649,055</u>
Operating expenses	12	(54,445,951)	(52,846,223)
Other comprehensive income			
Fair value gain/(loss) on financial liabilities	17	22,170,810	(100,316,098)
Finance income/(expense) on financial liabilities	18	(127,230,272)	(97,474,759)
		(105,059,462)	(197,790,857)
Profit before taxation		14,270	11,975
Taxation	11	(3,567)	(2,533)
Profit after taxation		<u>10,703</u>	<u>9,442</u>
Non-controlling interest		3,963	3,923
Total comprehensive income for the year		<u>6,740</u>	<u>5,519</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income

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

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	31 Dec 2017 EUR	31 Dec 2016 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	5,857,875,947	5,206,649,375
Held for trading			
- Derivative financial assets	2, 3, 13	19,965,183	19,590,530
Receivable for investments sold	2	124,998,487	20,285,927
Other receivables	8	25,863,411	17,065,728
Cash and cash equivalents	7	884,712,315	625,869,931
Total assets		<u>6,913,415,343</u>	<u>5,889,461,491</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(679,650,521)	(451,337,094)
- Debt issued by subsidiaries	4, 13	(5,221,974,818)	(4,759,239,810)
Held for trading			
- Derivative financial liabilities	2, 3, 13	(4,708,373)	(5,236,868)
BGCF Facility	2, 6, 13	(331,477,924)	(297,388,234)
Payable for investments purchased	2	(642,139,220)	(345,285,241)
Interest payable on debt issued by subsidiaries		(22,302,615)	(18,748,953)
Other payables and accrued expenses	9	(11,136,587)	(12,208,703)
Total liabilities		<u>(6,913,390,058)</u>	<u>(5,889,444,903)</u>
Net Assets		<u>25,285</u>	<u>16,588</u>
Capital and Reserves			
	10		
Called up share capital – Parent Company		200	200
Share premium		-	-
Retained earnings		17,135	10,395
		17,335	10,595
Non-controlling interest		7,950	5,993
		<u>25,285</u>	<u>16,588</u>

On behalf of the Board of Directors:

Director:

Aogan Foley

Director:

Anne Flood

Date:

10/4/18

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
For the financial year ended 31 December 2017

	Note	31 Dec 2017 EUR	31 Dec 2016 EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	2, 13	934,765,672	620,460,349
Held for trading			
- Derivative financial assets	2, 3, 13	3,077,243	-
Receivable for investments sold	2	348,346,724	184,379,820
Other receivables	8	18,818,998	11,171,514
Cash and cash equivalents	7	48,838,434	30,013,469
Total assets		<u>1,353,847,071</u>	<u>846,025,152</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Profit Participating Notes	4, 13	(679,650,521)	(451,337,094)
Held for trading			
- Derivative financial liabilities	2, 3, 13	-	(1,481,665)
BGCF Facility	2, 6, 13	(331,477,924)	(297,388,234)
Payable for investments purchased	2	(340,574,806)	(94,478,627)
Other payables and accrued expenses	9	(2,140,260)	(1,336,872)
Total liabilities		<u>(1,353,843,511)</u>	<u>(846,022,492)</u>
Net Assets		<u>3,560</u>	<u>2,660</u>
Capital and Reserves			
	10		
Called up share capital		200	200
Share premium		-	-
Retained earnings		3,360	2,460
		<u>3,560</u>	<u>2,660</u>

On behalf of the Board of Directors:

Director:

Aogan Foley
Director:

Anne Flood

Date: 10/4/18

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017**

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Non- Controlling Interest EUR	Total EUR
For the financial year ended 2017:						
At the beginning of the financial year		200	-	10,395	5,993	16,588
Shares Issued	10	-	-	-	-	-
Shares Redeemed	10	-	-	-	-	-
Total comprehensive income				6,740	3,963	10,703
Currency remeasurement		-	-	-	(2,006)	(2,006)
At the end of the financial year		<u>200</u>	<u>-</u>	<u>17,135</u>	<u>7,950</u>	<u>25,285</u>
	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Non- Controlling Interest EUR	Total EUR
For the financial year ended 2016:						
At the beginning of the financial year		215	14,999,985	4,876	2,048	15,007,124
Shares Issued	10	-	-	-	5	5
Shares Redeemed	10	(15)	(14,999,985)	-	-	(15,000,000)
Total comprehensive income		-	-	5,519	3,923	9,442
Currency remeasurement		-	-	-	17	17
At the end of the financial year		<u>200</u>	<u>-</u>	<u>10,395</u>	<u>5,993</u>	<u>16,588</u>

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Note	Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial year ended 2017:					
At the beginning of the financial year		200	-	2,460	2,660
Shares Issued	10	-	-	-	-
Shares Redeemed	10	-	-	-	-
		200	-	2,460	2,660
Total comprehensive income		-	-	900	900
At the end of the financial year		200	-	3,360	3,560
		Share Capital EUR	Share Premium Reserve EUR	Retained Earnings EUR	Total EUR
For the financial year ended 2016:					
At beginning of the financial year		215	14,999,985	1,560	15,001,760
Shares Issued	10	-	-	-	-
Shares Redeemed	10	(15)	(14,999,985)	-	(15,000,000)
		200	-	1,560	1,760
Total comprehensive income		-	-	900	900
At the end of the financial year		200	-	2,460	2,660

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	31 Dec 2017 EUR	31 Dec 2016 EUR
Cash flow from operating activities		
Total comprehensive income	10,703	9,442
Adjustments for:		
Net (gain)/loss on financial assets at fair value	113,419,329	(57,658,161)
Movement in debt issued by the Parent Company and its subsidiaries	(22,170,810)	100,316,098
Unrealised (gain)/loss on derivatives	(903,148)	(16,317,045)
Net (gain)/loss on foreign currency	(232,329)	-
Operating cash flows before movements in working capital	<u>90,123,745</u>	<u>26,350,334</u>
Decrease/(increase) in other receivables	(8,797,684)	(4,161,742)
(Decrease)/increase in other payables	2,481,546	(1,938,755)
Cash (used in)/ generated by operations	<u>(6,316,138)</u>	<u>(6,100,497)</u>
Net cash inflows/(outflows) from operating activities	<u>83,807,607</u>	<u>20,249,837</u>
Cash flow from investing activities		
Purchase of investments	(5,099,594,901)	(6,147,701,089)
Sales/(paydowns) of investments (includes deconsolidated entities)	4,469,227,055	4,159,537,463
Net cash (outflows) from investing activities	<u>(630,367,846)</u>	<u>(1,988,163,626)</u>
Cash flow from financing activities		
Proceeds from BGCF Facility	882,848,149	958,063,799
Repayments of BGCF Facility	(848,758,459)	(720,864,742)
Proceeds from PPNs	284,865,386	134,000,000
Redemption of PPNs	-	(10,000,000)
Proceeds from debt issued by subsidiaries	1,152,035,450	1,952,418,339
Paydowns (Includes deconsolidated entities)	(598,256,943)	-
Proceeds from share issuance - Subsidiaries	3	5
Payments of shares redeemed	(2)	(15,000,000)
Interest paid on PPNs	(67,016,831)	(30,812,832)
Net cash inflows/(outflows) from financing activities	<u>805,716,753</u>	<u>2,267,804,569</u>
Net increase/(decrease) in cash and cash equivalents	<u>259,156,514</u>	<u>299,890,780</u>
Cash and cash equivalents at start of the financial year	625,869,931	326,118,471
Unrealised (loss) on foreign exchange	(312,124)	(39,779)
Currency remeasurement	(2,006)	(99,541)
Cash and cash equivalents at end of the financial year	<u>884,712,315</u>	<u>625,869,931</u>
Net cash flows from operating activities include:		
Interest paid	(108,404,222)	(117,778,680)
Interest received	180,902,115	158,070,545
Tax paid	(3,936)	(39,104)

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

PARENT COMPANY STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Cash flow from operating activities		
Total comprehensive income	900	900
Adjustments for:		
Net (gain)/loss on financial assets at fair value	86,117,604	(1,253,029)
Movement in debt issued by the Parent Company	10,464,872	47,136,355
Unrealised (gain)/loss on derivatives	(4,558,908)	542,262
Net (gain)/loss on foreign currency	693,978	-
Operating cash flows before movements in working capital	<u>92,718,446</u>	<u>46,426,488</u>
(Increase)/decrease in other receivables	(7,647,484)	(9,335,075)
Increase/(decrease) in other payables	803,388	(141,142)
Cash (used in)/generated by operations	<u>(6,844,096)</u>	<u>(9,476,217)</u>
Net cash inflows from operating activities	<u>85,874,350</u>	<u>36,950,271</u>
Cash flow from investing activities		
Purchase of investments	(3,487,960,002)	(3,363,018,756)
Sales/(paydowns) of investments	3,169,666,350	2,995,248,473
Net cash (outflows)/inflows from investing activities	<u>(318,293,652)</u>	<u>(367,770,283)</u>
Cash flow from financing activities		
Proceeds from BGCF Facility	882,848,149	958,063,799
Repayments of BGCF Facility	(848,758,459)	(720,864,742)
Proceeds from PPNs	284,865,386	134,000,000
Redemption of PPNs	-	(10,000,000)
Payments of shares redeemed	-	(15,000,000)
Interest paid on PPNs	(67,016,831)	(30,812,832)
Net cash inflows/(outflows) from financing activities	<u>251,938,245</u>	<u>315,386,225</u>
Net increase/(decrease) in cash and cash equivalents	<u>19,518,943</u>	<u>(15,433,787)</u>
Cash and cash equivalents at start of the financial year	30,013,469	46,030,319
Currency remeasurement	(693,978)	(583,063)
Cash and cash equivalents at end of the financial year	<u>48,838,434</u>	<u>30,013,469</u>
Net cash flows from operating activities include:		
Interest paid	(67,016,831)	(30,812,832)
Interest received	74,686,445	47,681,928
Tax paid	(669)	(37,010)

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

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the financial year ended 31 December 2017

Note 1 General information

Blackstone / GSO Corporate Funding Designated Activity Company (the "Parent Company") is a limited liability company which was incorporated in Ireland on 16 April 2014. The Parent Company is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act 1997, as amended. The Parent Company was established as an originator vehicle under European risk retention rules for CLO securitisations. It may also invest in senior secured loans, either directly or indirectly through CLO warehouses, and risk retention companies. The Parent Company is funded by proceeds from the issuance of Profit Participating Notes ("PPNs") together with other financial resources available to it, such as the BGCF Facility (defined and described in further detail in Note 6).

The Group is defined as the Parent Company and its subsidiaries, which comprise:

Phoenix Park CLO Designated Activity Company ("DAC")	Tymon Park CLO DAC
Sorrento Park CLO DAC	Elm Park CLO DAC
Castle Park CLO DAC	Griffith Park CLO DAC
Dartry Park CLO DAC	Palmerston Park CLO DAC
Dorchester Park CLO DAC	Clarinda Park CLO DAC
Orwell Park CLO DAC	Willow Park CLO DAC
Clontarf Park CLO DAC	

These consolidated financial statements relate to the financial statements for the Group.

The Parent Company's investment policy is to invest predominantly in (i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans), such investments being made directly or through investments in loan warehouses, (ii) CLO Income Note securities, and (iii) other risk retention companies.

The Parent Company's functional currency is the Euro, which is the currency of the primary economic environment in which it operates.

The Parent Company's registered address is 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland, D04 XN32.

Note 2 Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS") and IFRS interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements comply with the requirements of the Companies Act 2014, as applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

2.2. Basis of preparation

The financial statements have been prepared on an historical cost basis with the exception of investments, derivatives, debt issued by the subsidiaries and the PPNs, which are carried at fair value.

The financial statements are presented in Euro ("EUR") and rounded to the nearest EUR.

As permitted by Section 304 of the Companies Act 2014, the Parent Company is availing of the exemption from presenting its individual income statement in these financial statements and from filing it with the Companies Registration Office. The profit for the current year dealt with in the separate financial statements of Blackstone / GSO Corporate Funding DAC, amounts to EUR 900 (31 December 2016: EUR 900).

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2017

International Accounting Standards ("IAS") 7 requires an entity to present a Statement of Cash Flows as an integral part of its primary financial statements. IAS 7 was amended on 29 January 2016, requiring entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for periods beginning on or after 1 January 2017. This standard did not have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and not early adopted

IFRS 9, published in July 2014, replaces the existing guidance of IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets held at amortised cost, as well as new hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 2 Significant accounting policies (continued)

2.2. Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and not early adopted (continued)

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As all investments held by the Group are categorised as assets at fair value through profit or loss, the adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of financial assets and financial liabilities.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and will become effective for periods beginning on or after 1 January 2018. The new standard is not expected to have any material impact on the Group's financial position, performance or disclosures in its financial statements.

2.3. Judgments and use of estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The key judgments used in the preparation of these consolidated financial statements are:

- The accounting policy choice of what entities are considered subsidiaries of the Parent Company under the financial reporting framework and therefore should be consolidated.
- the accounting policy choice regarding the designation of the loan assets, CLO Income Notes, PPNs, CLO warehouses, preference shares of the US MOA and debt issued by the subsidiaries as fair value through profit or loss; and
- the choice of valuation technique to use in the assessment of fair value of the financial instruments held. These include, in particular, using Markit Group Limited ("Markit") sourced prices to value the loan assets, using IDC sourced prices to value bonds and appointing Thomson Reuters to value the CLO Income Notes, together with the PPNs and the debt issued by the subsidiaries and CLO Equity within the US MOA.

The determination of fair value is the key source of estimation uncertainty. This relates in particular to the carrying value of the loan assets, CLO Income Notes, PPNs, preference shares of the US MOA and debt issued by the subsidiaries. More details on the approach to valuation of these instruments are included in the accounting policy on financial instruments. Please also see Note 13. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

During the year, the Parent Company acquired preference shares in the US MOA and loan warehouses. Although the Parent Company holds the majority of the preference shares within these entities, it is a passive investor. Therefore, the Directors have determined that the Parent Company has no "control" in accordance with the financial reporting framework and these entities have not been consolidated within the Group financial statements.

2.4. Basis of consolidation

The Group financial statements incorporate the financial statements of the Parent Company and its subsidiaries. As at 31 December 2017 the Parent Company has thirteen subsidiaries (2016: twelve), as listed in Note 1. All thirteen are European CLO issuers and have been originated by the Parent Company.

The subsidiaries are deemed to be subsidiaries of Blackstone / GSO Corporate Funding DAC under the provisions of IFRS 10. For each of the thirteen subsidiaries, the following factors apply:

- The Parent Company owns at least 51% of the CLO Income Notes of each entity and so has exposure to variable returns;
- The Parent Company has contributed at least 50% of the assets of each entity;
- The Parent Company has the right to a residual balance of income.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Please refer to Note 5 for further details of the subsidiary undertakings.

2.5. Cross holdings within Parent Company

For the purposes of producing the Consolidated Financial Statements of the Group, all intercompany transactions have been eliminated in order to present the group results. Investments by the Parent Company in the CLO Notes of the subsidiaries, also known as "Cross Holdings" must be eliminated in order to prevent double counting. In preparing the Consolidated Statement of Financial Position of the Group, the value of financial assets is reduced by the value of Cross Holdings as at 31 December 2017 and 31 December 2016. In preparing the Consolidated Statement of Comprehensive Income of the Group, the net realised and unrealised gain/(loss) on financial assets, is reduced by the amount of realised and change in unrealised gains and losses on Cross Holdings earned during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

2.6. Foreign currency translation

Items included in the Group and Parent Company's financial statements are measured and presented using the currency of the primary economic environment in which they operate (i.e. the functional currency). This is the Euro ("EUR") for all entities within the Group, except Dorchester Park CLO DAC and the US MOA. This reflects the fact that the liabilities and the majority of their assets are in EUR. The functional currency for Dorchester Park CLO DAC and the US MOA is the US Dollar ("USD"), which reflects the fact that the underlying liabilities and assets are in USD.

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the financial year end date. Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities, are recognised in the Consolidated Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Euro at the foreign currency exchange rates ruling at the dates that the values were determined. All foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are included in the net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income. Foreign exchange gains/(losses) on financial assets at fair value through profit or loss are included in income from investments designated at fair value through profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- b) income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses would be translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

2.7. Financial instruments

Financial assets and liabilities are recognised in the Statement of Financial Position when the Group or Parent Company becomes a party to the contractual provisions of the instrument.

(i) Investments

IAS 39 (Revised) establishes specific categories into which all financial assets must be classified. The classification of financial instruments dictates how these assets are subsequently measured in the financial statements. There are four categories of financial assets: *assets at fair value through profit or loss, available for sale, loans and receivables and held to maturity*. All investments held at the reporting date are categorised as assets at fair value through profit or loss.

Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place. They are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recorded. All investments are classified as held at fair value through profit or loss on initial recognition. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in income from investments designated at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

The Parent Company has a variety of investment types – loan assets, preference shares in US MOA and CLO Warehouses and CLO Income Notes.

Where available, the fair value of financial instruments is based on their quoted market prices at the financial year end date without any deduction for estimated future selling costs. However, all of the loan asset fair value prices used in the financial statements are based on broker quotes received from Markit and all of the bonds prices provided by IDC. Both loans and bonds are priced at current mid prices.

In rare circumstances, 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 GSO, which include use of recent arm's length market transactions, reference to the current 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. In cases where no third party price is available, GSO will determine the valuation in line with the Parent Company's fair valuation policy and submit the valuation to the Board for approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 2 Significant accounting policies (continued)

Financial instruments (continued)

(i) Investments (continued)

The CLO Income Notes issued by the subsidiaries are listed on the Irish Stock Exchange and are valued by Thomson Reuters (or any other service provider appointed to fulfil such role from time to time) and disclosed as financial assets at fair value through profit or loss in the Parent Company Statement of Financial Position. Thomson Reuters use the CLO Intrinsic Calculation Methodology to value the CLO Income Notes, which incorporates CLO specific information and modelling techniques, including (i) granular loan level data, such as the concentration and quality of various loan level buckets, for example, second liens, covenant lites and other structured product assets, as well as several other factors including: discount rate, default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread (these factors are highly sensitive and variations may materially affect the fair value of the asset), and (ii) structural analysis on a deal by deal basis: Thomson Reuters will perform checks on all structural features of each CLO, such as the credit enhancement of each bond and various performance triggers (including over-collateralisation tests, interest coverage and diversion tests). Furthermore, Thomson Reuters will analyse the reinvestment language specific to each CLO deal, as well as the Collateral Manager's performance and capabilities. For the avoidance of doubt, no other market clearing levels, market fundamentals, broker quotations or bids wanted in competition will be reflected in the modelled price for valuations of CLO Retention securities.

Similar to the above, the CLO Income Notes held by the US MOA are priced by Thomson Reuters using the CLO intrinsic Calculation Methodology.

To ensure the prices provided by Thomson are not materially different than fair value, the Parent Company has engaged a third party valuation specialist firm to provide fair valuations of the CLO Income Notes. As of 31 December 2017, the Parent Company found the difference between the Thomson Reuters valuations and the fair values to be immaterial, thus the values using the CLO Intrinsic Calculation Methodology are reported herein.

The Group and Parent Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39 (Revised). The Group and Parent Company uses the average method to determine realised gains and losses on derecognition.

(ii) Financial liabilities

A financial liability is recognised when the Parent Company and Group enters into a contract giving rise to an obligation.

The PPNs issued by the Parent Company are recorded at fair value and are designated as liabilities at fair value through profit or loss. The fair value of the PPNs is based on a model incorporating the fair value of all the underlying assets and liabilities to which it is exposed.

Debt issued by the subsidiaries is recorded at fair value and is designated as liabilities at fair value through profit or loss. Debt issued by the subsidiaries and listed on the Irish Stock Exchange is valued in accordance with a model incorporating all the fair value of the underlying assets and liabilities to which it is exposed, which is the basis of its fair value.

BGCF Facility is carried at amortised cost minus repayments and adjusted for the movement in foreign currency rates. All movements in foreign currency on the BGCF Facility is recognised in the net foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income while commitment fees and interest charged on the amounts borrowed are recognised in the finance expense on financial liabilities in the Consolidated Statement of Comprehensive Income.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Cash and cash equivalents

Cash comprises current deposits with banks and money market funds. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Details of the banks where short-term investments are held at the financial year end are disclosed in Note 7.

(iv) Forward purchase agreements

Forward purchase agreements are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. All forward purchase agreements are carried as assets when fair value is positive and as liabilities when fair value is negative.

The forward purchase agreements are over-the-counter ("OTC") contracts for delayed delivery of investments in which the buyer agrees to buy and the seller agrees to deliver specified investments at specified prices on a specified future date. Because the terms are not standardised, they are not traded on organised exchanges and generally can be terminated or closed out only by agreement of both parties to the contract. They are valued in accordance with the terms of the forward purchase agreement.

Subsequent changes in the fair value of the forward purchase agreements are recognised immediately in the Consolidated Statement of Comprehensive Income unless eliminated on consolidation.

A forward purchase agreement is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(v) Swaps

A currency swap is an interest rate swap in which the cash flows are in different currencies. Upon initiation of a currency swap, the counterparties make an initial exchange of notional principals in the two currencies. During the life of the swap, each party pays interest (in the currency of the principal received) to the other. At the maturity of the swap, the parties make a final exchange of the initial principal amounts, reversing the initial exchange at the same spot rate.

Swap contracts are recognised at fair value through profit or loss: held for trading on the date on which the contract is entered into and are subsequently re-measured at fair value. Contracts are marked-to-market daily based upon calculations using a valuation model and the change, if any, is recorded as unrealised appreciation or depreciation. Payments received or paid, on maturity or termination of the contract, are recognised as realised gains or losses in the Consolidated Statement of Comprehensive Income. A swap contract is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 2 Significant accounting policies (continued)

2.8. Limited recourse

The CLO Notes and PPNs are limited recourse obligations of the Parent Company and Group which are payable solely out of amounts received by the Parent Company and Group in respect of the collateral held. The funds available to the CLO Issuer to pay its expenses on any payment date are limited as provided in the Priorities of Payments provision of the prospectus. The net proceeds of the realisation of the collateral following an event of default, or on maturity of the CLO Notes, may be insufficient to pay all amounts due on the CLO Notes. The CLO Income Notes and PPNs receive distributions based on funds available from interest proceeds and after payment of certain fees, expenses and interest payable in respect of each of the other classes of CLO Notes.

2.9. Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively for transactions contracted for but not yet delivered at the end of the financial year.

2.10. Income from investments designated at fair value through profit or loss

Interest income and expense are recognised in the Consolidated Statement of Comprehensive Income as they accrue, on an effective interest rate basis. Realised gains or losses on disposal of investments during the financial year and unrealised gains and losses on valuation of investments held at the financial year end are accounted for through the Statement of Comprehensive Income under income from investments designated at fair value through profit and loss.

2.11. Expenses

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

2.12. Finance expense on financial liabilities

Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income.

2.13. Taxation

Current tax, including Irish corporation tax and foreign taxes, is provided on the Group's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the end of the reporting year.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting year. Provision is made at the rates expected to apply when the temporary differences reverse. Temporary differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14. Share capital

The shares of the Parent Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" ("IAS 32").

2.15. Segment reporting

A segment is a distinguishable component of the Group or Parent Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different to those of other segments. The Group or Parent Company has only one line of business, which is its investment activities in debt securities and derivative financial instruments and represents its primary business segment.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 2 Significant accounting policies (continued)

2.16. Unfunded loans

Unfunded loans occur when the Group or Parent Company commits to purchase a loan asset and has purchased less than 100% of the commitment at the reporting date. The commitments to purchase are not reflected in the Consolidated Statement of Financial Position. Refer to Note 21 for details.

Note 3 Derivative financial assets and liabilities

The Parent Company will, from time to time, enter into a forward purchase agreement whereby it will purchase and warehouse investments on behalf of a CLO Issuer and sell those same warehoused investments to the same CLO Issuer at a specified purchase price at a specified future date. The forward purchase agreements contain provisions whereby (i) recourse to the Parent Company under the forward purchase agreement would be limited to available funds and (ii) the CLO Issuer would be required to enter into non-petition covenants whereby the CLO Issuer would agree not to take action to petition or take any corporate action or other steps or legal proceedings for the winding up of the Parent Company. As at 31 December 2017 there was one forward purchase agreement open with Marlay Park CLO DAC which subsequently closed post year end. (31 December 2016: One forward purchase agreement open).

As part of its portfolio management techniques, the Group may use forward contracts to economically hedge its non-functional currency exposure on GBP and USD assets held. Forward contracts entered into by the Group represent a firm commitment to buy or sell an underlying asset or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the commencement and the value of the contract at settlement date/year end date and are included in the Consolidated Statement of Comprehensive Income. The Group has entered into foreign currency forward contracts at the year end.

The Group has a total unrealised gain of EUR 19,965,183 (31 December 2016: EUR 19,590,530) and an unrealised loss of EUR (4,708,373) (31 December 2016: EUR (5,236,868)) on all of its derivative financial assets and liabilities as at 31 December 2017.

Note 4 Profit participating note and debt issued by subsidiaries

The PPNs are an unsecured, limited recourse obligation of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time and as generated by the assets held including loan assets, CLO Income Notes and the preference shares of the US MOA and CLO warehouses, which comply with the investment policy (refer to page 3). The Parent Company has issued the following PPNs:

	Due date	Unit issued
Blackstone / GSO Loan Financing (Luxembourg) S.à r.l.	01/06/2044	(414,282,561)
Blackstone / GSO Corporate Funding EUR Fund	01/06/2044	<u>(333,755,318)</u>
Total		<u><u>(748,037,879)</u></u>

As at 31 December 2017, the market value of the PPNs are EUR (679,650,521).

	Due date	Unit issued
Blackstone / GSO Loan Financing (Luxembourg) S.à r.l.	01/06/2044	(324,230,630)
Blackstone / GSO Corporate Funding EUR Fund	01/06/2044	<u>(119,189,169)</u>
Total		<u><u>(443,419,799)</u></u>

As at 31 December 2016, the market value of the PPNs are EUR (451,337,094).

The interest on the PPNs is payable on an available funds basis as set out in the Profit Participating Note Issuing and Purchase Agreement.

The rights attached to the debt issued by subsidiaries are as set out in the relevant offering documents.

The Group has issued CLO Notes and PPNs with the following market values for the financial year ended 31 December 2017 as follows:

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 4 Profit participating note and debt issued by subsidiaries (continued)

Details	CLO Notes EUR	PPNs EUR	Total EUR
Issued by the Parent Company		(679,650,521)	(679,650,521)
Issued by Phoenix Park CLO DAC	(397,724,349)	-	(397,724,349)
Issued by Sorrento Park CLO DAC	(491,066,294)	-	(491,066,294)
Issued by Castle Park CLO DAC	(398,122,866)	-	(398,122,866)
Issued by Dartry Park CLO DAC	(394,767,222)	-	(394,767,222)
Issued by Dorchester Park CLO DAC	(414,838,112)	-	(414,838,112)
Issued by Orwell Park CLO DAC	(398,934,855)	-	(398,934,855)
Issued by Tymon Park CLO DAC	(402,676,523)	-	(402,676,523)
Issued by Elm Park CLO DAC	(550,386,556)	-	(550,386,556)
Issued by Griffith Park CLO DAC	(438,025,219)	-	(438,025,219)
Issued by Clontarf Park CLO DAC	(400,445,349)	-	(400,445,349)
Issued by Palmerston Park CLO DAC	(400,033,104)	-	(400,033,104)
Issued by Willow Park CLO DAC	(403,244,970)	-	(403,244,970)
Issued by Clarinda Park CLO DAC	(400,008,644)	-	(400,008,644)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	268,299,245	-	268,299,245
Total	(5,221,974,818)	(679,650,521)	(5,901,625,339)

The Group issued CLO Notes, PPNs and preference Shares with the following market values for the financial year ended 31 December 2016 as follows:

Details	CLO Notes and Preference Shares EUR	PPNs EUR	Total EUR
Issued by the Parent Company	-	(451,337,094)	(451,337,094)
Issued by Phoenix Park CLO DAC	(402,350,384)	-	(402,350,384)
Issued by Sorrento Park CLO DAC	(500,371,535)	-	(500,371,535)
Issued by Castle Park CLO DAC	(403,710,317)	-	(403,710,317)
Issued by Dartry Park CLO DAC	(401,288,125)	-	(401,288,125)
Issued by Dorchester Park CLO DAC	(475,576,920)	-	(475,576,920)
Issued by Orwell Park CLO DAC	(402,223,581)	-	(402,223,581)
Issued by Tymon Park CLO DAC	(405,225,268)	-	(405,225,268)
Issued by Elm Park CLO DAC	(556,090,140)	-	(556,090,140)
Issued by Griffith Park CLO DAC	(444,983,200)	-	(444,983,200)
Issued by Bristol Park CLO Limited	(529,764,469)	-	(529,764,469)
Issued by Grippen Park CLO Warehouse	(115,043,644)	-	(115,043,644)
Issued by Clarinda Park CLO DAC	(404,701,031)	-	(404,701,031)
Debt issued by the subsidiaries and purchased by the Parent Company (eliminated on consolidation)	282,088,804	-	282,088,804
Total	(4,759,239,810)	(451,337,094)	(5,210,576,904)

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
For the financial year ended 31 December 2017

Note 5 Subsidiaries

The following tables present further details in relation to each of the subsidiaries of the Parent Company and details of the CLO Notes issued by each of the subsidiaries.

Name of subsidiary	Place of incorporation and operation	Date of incorporation	% Subordinated Equity Notes held
Phoenix Park CLO DAC	Ireland	7 April 2014	51.38%
Sorrento Park CLO DAC	Ireland	20 August 2014	51.75%
Castle Park CLO DAC	Ireland	14 October 2014	100.00%
Dorchester Park CLO DAC	Ireland	25 November 2014	60.95%
Dartry Park CLO DAC	Ireland	6 January 2015	51.12%
Orwell Park CLO DAC	Ireland	6 March 2015	51.00%
Tymon Park CLO DAC	Ireland	26 May 2015	51.01%
Elm Park CLO DAC	Ireland	11 January 2016	56.09%
Griffith Park CLO DAC	Ireland	3 May 2016	59.55%
Clarinda Park CLO DAC	Ireland	18 August 2016	51.22%
Clontarf Park CLO DAC	Ireland	6 July 2017	66.93%
Palmerston Park CLO DAC	Ireland	6 April 2017	62.22%
Willow Park CLO DAC	Ireland	30 November 2017	60.92%

The registered office for each Irish subsidiary is 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland, D04 XN32.

The largest group in which the results of the subsidiaries are consolidated is that headed by The Blackstone Group L.P.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

Each of the subsidiaries has issued the following CLO Notes, which are listed on the Irish Stock Exchange as at 31 December 2017:

	Phoenix Park CLO DAC			Sorrento Park CLO DAC			Castle Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.10%	-	-	-	2028	(238,000,000)	1.00%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	0.95%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.20%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	1.70%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	1.55%	2028	(32,000,000)	1.60%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.30%	2028	(15,000,000)	2.20%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.45%	2027	(30,000,000)	2.00%	2028	(23,000,000)	2.30%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.00%	2028	(23,000,000)	3.30%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	<u>(45,250,000)</u>	Residual	2027	<u>(57,000,000)</u>	Residual	2028	<u>(46,000,000)</u>	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 Dec 2017		<u>(397,724,349)</u>			<u>(491,066,294)</u>			<u>(398,122,866)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Dartry Park CLO DAC			Dorchester Park CLO DAC			Orwell Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A senior secured floating rate notes	-	-	-	2027	(312,500,000)	1.40%	-	-	-
Class A-1 senior secured floating rate notes	-	-	-	-	-	-	2029	(243,000,000)	0.78%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	0.83%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.30%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	-	-	-	2029	(42,000,000)	1.45%
Class A-2A senior secured floating rate notes	2029	(30,000,000)	1.40%	-	-	-	-	-	-
Class A-2B senior secured floating rate notes	-	-	-	-	-	-	-	-	-
Class A-2B senior secured fixed rate notes	2029	(12,000,000)	1.87%	-	-	-	-	-	-
Class B senior secured floating rate notes	-	-	-	2027	(62,750,000)	2.20%	-	-	-
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	1.90%	-	-	-	2029	(24,000,000)	1.90%
Class C secured deferrable floating rate notes	-	-	-	2027	(27,250,000)	3.20%	-	-	-
Class C senior secured deferrable floating rate notes	2029	(21,500,000)	2.95%	-	-	-	2029	(21,500,000)	2.70%
Class D secured deferrable floating rate notes	-	-	-	2027	(19,000,000)	3.55%	-	-	-
Class D senior secured deferrable floating rate notes	2029	(24,500,000)	5.65%	-	-	-	2029	(25,000,000)	4.45%
Class E secured deferrable floating rate notes	-	-	-	2027	(25,000,000)	5.25%	-	-	-
Class E senior secured deferrable floating rate notes	2029	(11,500,000)	7.00%	-	-	-	2029	(12,000,000)	5.20%
Class F secured deferrable floating rate notes	-	-	-	2027	(17,000,000)	6.25%	-	-	-
Subordinated notes	2029	(44,600,000)	Residual	2027	(45,940,000)	Residual	2029	(47,500,000)	Residual
Total Issued		<u>(411,100,000)</u>			<u>(509,440,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 Dec 2017		<u>(394,767,222)</u>			<u>(497,826,476)</u>			<u>(398,934,855)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Tymon Park CLO DAC			Elm Park CLO DAC			Griffith Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	-	-	-	2029	(324,500,000)	1.50%	2029	(261,800,000)	1.23%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.45%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.58%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	2029	(60,500,000)	2.10%	-	-	-
Class A-2A senior secured floating rate notes	2029	(27,000,000)	2.10%	-	-	-	2029	(47,300,000)	2.00%
Class A-2B senior secured fixed rate notes	2029	(15,000,000)	2.47%	-	-	-	2029	(11,000,000)	2.15%
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.95%	2029	(42,500,000)	3.15%	2029	(22,700,000)	3.00%
Class C senior secured deferrable floating rate notes	2029	(22,000,000)	3.75%	-	-	-	-	-	-
Class C senior secured deferrable floating rate notes	-	-	-	2029	(26,250,000)	4.35%	2029	(23,500,000)	4.10%
Class D senior secured deferrable floating rate notes	2029	(26,500,000)	5.70%	2029	(33,500,000)	6.40%	2029	(26,800,000)	6.40%
Class E senior secured deferrable floating rate notes	2029	(12,000,000)	6.75%	2029	(14,000,000)	8.65%	2029	(11,800,000)	9.35%
Subordinated notes	2029	(44,500,000)	Residual	2029	(56,930,000)	Residual	2029	(48,700,000)	Residual
Total Issued		<u>(414,000,000)</u>			<u>(558,180,000)</u>			<u>(453,600,000)</u>	
Total Market Value as at 31 Dec 2017		<u>(402,676,523)</u>			<u>(550,386,556)</u>			<u>(438,025,219)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Palmerston Park CLO DAC			Clarinda Park CLO DAC			Clontarf Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	-	-	-	2029	(239,000,000)	1.15%	2030	(240,000,000)	0.83%
Class A-1A senior secured floating rate notes	2030	(233,000,000)	0.92%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2030	(10,000,000)	1.15%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	2029	(52,000,000)	1.75%	-	-	-
Class A-2A senior secured floating rate notes	2030	(26,000,000)	1.60%	-	-	-	-	-	-
Class A-2A1 senior secured floating rate notes	-	-	-	-	-	-	2030	(20,000,000)	1.72%
Class A-2A2 senior secured floating rate notes	-	-	-	-	-	-	2030	(23,000,000)	1.50%
Class A-2B senior secured fixed rate notes	2030	(20,000,000)	1.79%	-	-	-	2030	(10,000,000)	2.15%
Class B senior secured deferrable floating rate notes	-	-	-	2029	(21,000,000)	2.70%	2030	(21,000,000)	2.05%
Class B-1 senior secured deferrable floating rate notes	2030	(14,000,000)	2.30%	-	-	-	-	-	-
Class B-2 senior secured deferrable floating rate notes	2030	(10,000,000)	2.49%	-	-	-	-	-	-
Class C senior secured deferrable floating rate notes	2030	(21,000,000)	3.30%	2029	(22,000,000)	3.70%	2030	(20,500,000)	3.05%
Class D senior secured deferrable floating rate notes	2030	(24,500,000)	5.37%	2029	(25,000,000)	6.35%	2030	(25,000,000)	5.10%
Class E senior secured deferrable floating rate notes	2030	(11,000,000)	8.10%	2029	(11,000,000)	8.10%	2030	(10,750,000)	6.50%
Subordinated notes	2030	<u>(45,000,000)</u>	Residual	2029	<u>(45,100,000)</u>	Residual	2030	<u>(43,300,000)</u>	Residual
Total Issued		<u>(414,500,000)</u>			<u>(415,100,000)</u>			<u>(413,550,000)</u>	
Total Market Value as at 31 Dec 2017		<u>(400,033,104)</u>			<u>(400,008,644)</u>			<u>(400,445,349)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Willow Park CLO DAC		
	Due date	Amount issued EUR	Margin
Senior rated notes			
Class A senior secured floating rate notes	-	-	-
Class A-1 senior secured floating rate notes	2031	(239,000,000)	0.84%
Class A-2A senior secured floating rate notes	2031	(40,750,000)	1.35%
Class A-2B senior secured fixed rate notes	2031	(12,000,000)	1.95%
Class B senior secured deferrable floating rate notes	2031	(22,750,000)	1.80%
Class C secured deferrable floating rate notes	-	-	-
Class C senior secured deferrable floating rate notes	2031	(21,250,000)	2.75%
Class D secured deferrable floating rate notes	-	-	-
Class D senior secured deferrable floating rate notes	2031	(25,250,000)	4.99%
Class E secured deferrable floating rate notes	-	-	-
Class E senior secured deferrable floating rate notes	2031	(13,000,000)	6.60%
Subordinated notes	2031	<u>(38,380,000)</u>	Residual
Total Issued		<u>(412,380,000)</u>	
Total Market Value as at 31 Dec 2017		<u>(403,244,970)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

Each of the subsidiaries has issued the following CLO Notes, which are listed on the Irish Stock Exchange as at 31 December 2016:

	Phoenix Park CLO DAC			Sorrento Park CLO DAC			Castle Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	2027	(236,000,000)	1.35%	-	-	-	2028	(238,000,000)	1.35%
Class A-1A senior secured floating rate notes	-	-	-	2027	(290,000,000)	1.25%	-	-	-
Class A-1B senior secured fixed rate notes	-	-	-	2027	(5,000,000)	1.85%	-	-	-
Class A-2 senior secured floating rate notes	2027	(47,000,000)	2.05%	-	-	-	-	-	-
Class A-2A senior secured floating rate notes	-	-	-	2027	(28,750,000)	2.00%	2028	(32,000,000)	2.15%
Class A-2B senior secured fixed rate notes	-	-	-	2027	(30,000,000)	2.71%	2028	(15,000,000)	3.00%
Class B senior secured deferrable floating rate notes	2027	(24,000,000)	2.55%	2027	(30,000,000)	2.55%	2028	(23,000,000)	2.70%
Class C senior secured deferrable floating rate notes	2027	(23,000,000)	3.40%	2027	(28,750,000)	3.40%	2028	(23,000,000)	3.65%
Class D senior secured deferrable floating rate notes	2027	(24,000,000)	5.10%	2027	(30,000,000)	4.90%	2028	(26,000,000)	5.60%
Class E senior secured deferrable floating rate notes	2027	(14,000,000)	6.00%	2027	(17,500,000)	6.25%	2028	(12,000,000)	6.50%
Subordinated notes	2027	<u>(45,250,000)</u>	Residual	2027	<u>(57,000,000)</u>	Residual	2028	<u>(46,000,000)</u>	Residual
Total Issued		<u>(413,250,000)</u>			<u>(517,000,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 Dec 2016		<u>(402,350,384)</u>			<u>(500,371,535)</u>			<u>(403,710,317)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5	Subsidiaries (continued)								
	Dartry Park CLO DAC			Dorchester Park CLO DAC			Orwell Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A senior secured floating rate notes	-	-	-	2027	(312,500,000)	1.40%	-	-	-
Class A-1 senior secured floating rate notes	-	-	-	-	-	-	2029	(243,000,000)	1.30%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.30%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.59%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	-	-	-	2029	(42,000,000)	2.00%
Class A-2A senior secured floating rate notes	2029	(30,000,000)	2.10%	-	-	-	-	-	-
Class A-2B senior secured floating rate notes	-	-	-	-	-	-	-	-	-
Class A-2B senior secured fixed rate notes	2029	(12,000,000)	2.53%	-	-	-	-	-	-
Class B senior secured floating rate notes	-	-	-	2027	(62,750,000)	2.20%	-	-	-
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.90%	-	-	-	2029	(24,000,000)	2.50%
Class C secured deferrable floating rate notes	-	-	-	2027	(27,250,000)	3.20%	-	-	-
Class C senior secured deferrable floating rate notes	2029	(21,500,000)	3.75%	-	-	-	2029	(21,500,000)	3.25%
Class D secured deferrable floating rate notes	-	-	-	2027	(19,000,000)	3.55%	-	-	-
Class D senior secured deferrable floating rate notes	2029	(24,500,000)	5.65%	-	-	-	2029	(25,000,000)	4.45%
Class E secured deferrable floating rate notes	-	-	-	2027	(25,000,000)	5.25%	-	-	-
Class E senior secured deferrable floating rate notes	2029	(11,500,000)	7.00%	-	-	-	2029	(12,000,000)	5.20%
Class F secured deferrable floating rate notes	-	-	-	2027	(17,000,000)	6.25%	-	-	-
Subordinated notes	2029	(44,600,000)	Residual	2027	(45,940,000)	Residual	2029	(47,500,000)	Residual
Total Issued		<u>(411,100,000)</u>			<u>(509,440,000)</u>			<u>(415,000,000)</u>	
Total Market Value as at 31 Dec 2016		<u>(401,288,125)</u>			<u>(475,576,920)</u>			<u>(402,233,581)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Tymon Park CLO DAC			Elm Park CLO DAC			Griffith Park CLO DAC		
	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin	Due date	Amount issued EUR	Margin
Senior rated notes									
Class A-1 senior secured floating rate notes	-	-	-	2029	(324,500,000)	1.50%	2029	(261,800,000)	1.23%
Class A-1A senior secured floating rate notes	2029	(238,000,000)	1.45%	-	-	-	-	-	-
Class A-1B senior secured fixed rate notes	2029	(5,000,000)	1.58%	-	-	-	-	-	-
Class A-2 senior secured floating rate notes	-	-	-	2029	(60,500,000)	2.10%	-	-	-
Class A-2A senior secured floating rate notes	2029	(27,000,000)	2.10%	-	-	-	2029	(47,300,000)	2.00%
Class A-2B senior secured fixed rate notes	2029	(15,000,000)	2.47%	-	-	-	2029	(11,000,000)	2.15%
Class B senior secured deferrable floating rate notes	2029	(24,000,000)	2.95%	2029	(42,500,000)	3.15%	2029	(22,700,000)	3.00%
Class C senior secured deferrable floating rate notes	2029	(22,000,000)	3.75%	-	-	-	-	-	-
Class C senior secured deferrable floating rate notes	-	-	-	2029	(26,250,000)	4.35%	2029	(23,500,000)	4.10%
Class D senior secured deferrable floating rate notes	2029	(26,500,000)	5.70%	2029	(33,500,000)	6.40%	2029	(26,800,000)	6.40%
Class E senior secured deferrable floating rate notes	2029	(12,000,000)	6.75%	2029	(14,000,000)	8.65%	2029	(11,800,000)	9.35%
Subordinated notes	2029	<u>(44,500,000)</u>	Residual	2029	<u>(56,930,000)</u>	Residual	2029	<u>(48,700,000)</u>	Residual
Total Issued		<u>(414,000,000)</u>			<u>(558,180,000)</u>			<u>(453,600,000)</u>	
Total Market Value as at 31 Dec 2016		<u>(405,225,268)</u>			<u>(556,090,140)</u>			<u>(444,983,200)</u>	

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

	Bristol Park CLO Limited			Clarinda Park CLO DAC		
	Due date	Amount issued USD	Margin	Due date	Amount issued EUR	Margin
Senior rated notes						
Class A senior secured floating rate notes	2029	(357,500,000)	1.42%	-	-	-
Class A-1 senior secured floating rate notes	-	-	-	2029	(239,000,000)	1.15%
Class A-2 senior secured floating rate notes	-	-	-	2029	(52,000,000)	1.75%
Class B senior secured floating rate notes	2029	(60,500,000)	1.90%	-	-	-
Class B senior secured deferrable floating rate notes	-	-	-	2029	(21,000,000)	2.70%
Class C secured deferrable floating rate notes	2029	(33,000,000)	2.60%	-	-	-
Class C senior secured deferrable floating rate notes	-	-	-	2029	(22,000,000)	3.70%
Class D secured deferrable floating rate notes	2029	(33,000,000)	4.10%	-	-	-
Class D senior secured deferrable floating rate notes	-	-	-	2029	(25,000,000)	6.35%
Class E secured deferrable floating rate notes	2029	(23,375,000)	7.25%	-	-	-
Class E senior secured deferrable floating rate notes	-	-	-	2029	(11,000,000)	8.10%
Subordinated notes	2029	<u>(54,800,000)</u>	Residual	2029	<u>(45,100,000)</u>	Residual
Total Issued		<u>(562,175,000)</u>			<u>(415,100,000)</u>	
Total Market Value as at 31 Dec 2016		<u>(529,764,469)</u>			<u>(404,701,031)</u>	

Phoenix Park CLO DAC

All of the CLO Notes, other than the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 29 July 2027. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Sorrento Park CLO DAC

All of the CLO Notes, other than Class A-1B, A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

The maturity date is 16 November 2027. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Castle Park CLO DAC

All of the CLO Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 15 January 2028. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Dartry Park CLO DAC

All of the CLO Notes, other than Class A-1B, Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 28 April 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Dorchester Park CLO DAC

All of the CLO Notes, other than the Subordinated Notes, are floating rate and bear interest at three-month LIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 20 January 2027. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Orwell Park CLO DAC

All of the CLO Notes, other than the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 18 July 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Tymon Park CLO DAC

All of the CLO Notes, other than Class A-1B, A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 21 January 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Elm Park CLO DAC

All of the CLO Notes, other than the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 16 April 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 5 Subsidiaries (continued)

Griffith Park CLO DAC

All of the CLO Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 15 October 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Clarinda Park CLO DAC

All of the CLO Notes, other than the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 15 November 2029. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Clontarf Park CLO DAC

All of the CLO Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 5 August 2030. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Palmerston Park CLO DAC

All of the CLO Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 18 April 2030. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Willow Park CLO DAC

All of the CLO Notes, other than Class A-2B and the Subordinated Notes, are floating rate and bear interest at three-month EURIBOR plus the margin specified above. The Subordinated Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of CLO Notes.

The maturity date is 15 January 2031. The CLO Notes will be repaid upon any breach of the coverage of the tests (as defined in the Offering Circular). Any reduction in the fair value of the securities will be matched by a reduction in the repayment obligations of the CLO Notes.

Grippen Park CLO Warehouse

On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 6 BGCF Facility

On 8 August 2014, the Parent Company entered into a Variable Funding Note Issuing and Purchasing Agreement whereby Noteholders are required to make funds available to the Parent Company by way of the Parent Company issuing the VFNs and requesting funding amounts from time to time in accordance with the agreement (the "VFN Agreement").

Having considered the commercial benefit to the Parent Company of restructuring the VFN as a facility agreement, the Parent Company entered into a termination deed dated 1 June 2017 in relation to the VFN Agreement (the "Termination Deed").

Following the Parent Company's entry into the Termination Deed, the Parent Company entered into a new facility agreement dated 1 June 2017 between (1) the Parent Company (as borrower), (2) Citibank Europe plc, UK Branch (as administration agent), (3) Bank of America N.A. London Branch (as an initial lender), (4) BNP Paribas (as an initial lender), (5) Deutsche Bank AG, London Branch (as initial lender), (6) Citibank N.A. London Branch (as account bank, custodian and trustee) and (7) Virtus Group LP (as collateral administrator) (the "BGCF Facility Agreement" and the facility advanced thereunder, the "BGCF Facility Agreement").

Pursuant to the BGCF Facility, the total maximum funding amount was raised to EUR 450,000,000. The details are:

Lenders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2017 EUR
BNP Paribas, London Branch	(162,500,000)	36.11	(119,700,361)
Deutsche Bank AG, London Branch	(162,500,000)	36.11	(119,700,361)
Bank of America N.A., London Branch	(125,000,000)	27.78	(92,077,202)
Total	(450,000,000)	100.00	(331,477,924)

Lenders	Maximum funding amounts EUR	Funding share %	Funding amounts as at 31 December 2016 EUR
Citibank, N.A.	(63,157,896)	21.04	(62,608,051)
BNP Paribas, London Branch	(78,947,368)	26.32	(78,260,061)
Deutsche Bank AG, London Branch	(78,947,368)	26.32	(78,260,061)
Bank of America N.A., London Branch	(78,947,368)	26.32	(78,260,061)
Total	(300,000,000)	100.00	(297,388,234)

The main conditions attached to the BGCF Facility are:

The Lenders will advance to the Parent Company, on a pro rata basis based on their respective funding share, amounts in EUR, GBP and/or USD up to an aggregate outstanding amount equal to the maximum funding amounts. No funding amount will be required to be advanced by the Lenders until the following is confirmed:

- No event of default or potential event of default has occurred or is subsisting or would occur as a result of such advance;
- The Lenders and the Collateral Administrator have received a funding notice with respect to the funding amount;
- Immediately after the advance, the sum of the committed funding amount and the allocated unfunded amount will not exceed the maximum funding amount;
- Immediately prior to and immediately after such advance, each coverage test is and will be satisfied;
- The funding amount is denominated in the same currency as the investments which will be purchased with the proceeds of the funding amount;
- The revolving period end date has not occurred; and
- No requirements of any law or regulation will prohibit or otherwise restrain the Noteholders from making the required funding amount.

Each or any of the initial lenders may waive any of the above conditions.

The BGCF Facility has a revolving period end date which is the earliest of three calendar years from the date of the BGCF Facility agreement or an agreed early amortisation date. At present, it is intended for the Parent Company to continue to originate investments, in part using resources from a funding agreement.

The Parent Company entered into a charge and assignment deed dated 1 June 2017, between the Parent Company and Citibank, N.A. London Branch (as trustee) creating security over certain assets.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 7 Cash and cash equivalents

	Group	Parent Company
	31 Dec 2017	31 Dec 2017
	EUR	EUR
Money Market Funds	226,366,659	-
Cash	<u>658,345,656</u>	<u>48,838,434</u>
	<u>884,712,315</u>	<u>48,838,434</u>
	Group	Parent Company
	31 Dec 2016	31 Dec 2016
	EUR	EUR
Money Market Funds	12,465,975	-
Cash	<u>613,403,956</u>	<u>30,013,469</u>
	<u>625,869,931</u>	<u>30,013,469</u>

The cash with the exception of Dartry Park CLO DAC, Orwell Park CLO DAC, Palmerston Park CLO DAC, Willow Park CLO DAC and Clontarf Park CLO DAC is held with the Custodian, Citibank N.A., London Branch which has a credit rating of Baa1 from Moody's as at 31 December 2017 (31 December 2016: A1). Dartry Park CLO DAC, Orwell Park CLO DAC and Palmerston hold cash with US Bank Trustees Limited which has a credit rating of -A1. Willow Park CLO DAC and Clontarf Park CLO DAC hold cash with Bank of New York Mellon which has a credit rating of A1. The cash invested in Money Market Funds is held with Blackrock (31 December 2016: Blackrock) which has a credit rating of A1 (31 December 2016: Aaa - mf).

Note 8 Other receivables

	Group	Parent Company
	31 Dec 2017	31 Dec 2017
	EUR	EUR
Interest receivable	23,891,973	17,013,609
Other receivables	<u>1,971,438</u>	<u>1,805,389</u>
	<u>25,863,411</u>	<u>18,818,998</u>
	Group	Parent Company
	31 Dec 2016	31 Dec 2016
	EUR	EUR
Interest receivable	16,767,724	10,698,177
Other receivables	<u>298,004</u>	<u>473,337</u>
	<u>17,065,728</u>	<u>11,171,514</u>

Note 9 Other payables and accrued expenses

	Group	Parent Company
	31 Dec 2017	31 Dec 2017
	EUR	EUR
Commitment fee payable	(1,260,161)	(1,260,161)
Management fee payable	(6,099,475)	-
Administration fee payable	(377,137)	(187,133)
Audit fee payable	(261,973)	(55,000)
Other payables	<u>(3,137,841)</u>	<u>(637,966)</u>
	<u>(11,136,587)</u>	<u>(2,140,260)</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 9	Other payables and accrued expenses (continued)	Group	Parent Company
		31 Dec 2016	31 Dec 2016
		EUR	EUR
	Interest fee payable	(1,279,211)	-
	Commitment fee payable	(1,013,381)	(1,013,381)
	Management fee payable	(4,999,271)	-
	Administration fee payable	(304,262)	(130,057)
	Audit fee payable	(205,410)	(26,394)
	Other payables	(4,407,168)	(167,040)
		<u>(12,208,703)</u>	<u>(1,336,872)</u>

Note 10 **Share capital**

Upon incorporation the authorised share capital of the Parent Company was EUR 1,000,000 divided into 1,000,000 ordinary shares of EUR1.00 each.

The Directors have the right to allot unissued share capital of the Parent Company up to an equal amount of the authorised share capital. Without prejudice to current shareholders, any share may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine. Any shares may also be increased or reduced or divided into classes, as the Directors may determine.

On 3 June 2014, the Board of Directors approved the following change to the authorised share capital of the Parent Company:

The share capital of the Parent Company is EUR 1,000,000 divided into ownership shares, being 999,800 ordinary shares of EUR1.00 each and non-ownership shares, being 100 B1 shares of EUR 1.00 each and 100 B2 shares of EUR1.00 each.

The Ordinary Shares are ownership and voting shares. The B1 and B2 shares are non-ownership and non-voting shares. The issued share capital is held on trust for charitable purposes.

On 27 August 2015 the Class B2 shares were transferred from Blackstone / GSO Loan Financing 2 Limited to Blackstone / GSO Loan Financing Limited.

On 20 December 2016 the Class B2 shares were cancelled and the value of EUR15 plus EUR 14,999,985 premium was repaid to Blackstone / GSO Loan Financing Limited.

Each of the subsidiaries has minimal share capital, being authorised share capital of EUR100 divided into 100 ordinary shares of EUR1.00 each. The issued share capital of each of the subsidiaries is EUR 1.00 which is held in trust by Intertrust Nominees (Ireland) Limited for charitable purposes.

The following tables represent the movement in shares issued by the Group for the financial year ended 31 December 2017:

	Ordinary shares	Ordinary shares	Minority Shares	Minority Shares
	EUR	Number	EUR	Number
Opening balance	200	200	12	12
Issued Parent Company	-	-	-	-
Issued Subsidiaries	-	-	3	3
Share premium	-	-	-	-
Redeemed	-	-	(2)	(2)
Closing balance	<u>200</u>	<u>200</u>	<u>13</u>	<u>13</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 10 Share capital (continued)

The following tables represent the movement in shares issued by the Group for the financial year ended 31 December 2016:

	Ordinary shares EUR	Ordinary shares Number	Minority Shares EUR	Minority Shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	7	7	15,000,000	15
Issued Parent Company	-	-	-	-	-	-
Issued Subsidiaries	-	-	5	5	-	-
Share premium	-	-	-	-	-	-
Redeemed	-	-	-	-	(15,000,000)	(15)
Closing balance	<u>200</u>	<u>200</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>

The following tables represent the movement in shares issued by the Parent Company for the financial year ended 31 December 2017:

	Ordinary shares EUR	Ordinary shares Number
Opening balance	200	200
Issued	-	-
Share premium	-	-
Redeemed	-	-
Closing balance	<u>200</u>	<u>200</u>

The following tables represent the movement in shares issued by the Parent Company for the financial year ended 31 December 2016:

	Ordinary shares EUR	Ordinary shares Number	B2 shares EUR	B2 shares Number
Opening balance	200	200	15,000,000	15
Issued	-	-	-	-
Share premium	-	-	-	-
Redeemed	-	-	(15,000,000)	(15)
Closing balance	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 11 Taxation

	Group 31 Dec 2017 EUR	Group 31 Dec 2016 EUR
Current tax on profits for the year	<u>(3,567)</u>	<u>(2,533)</u>
Reconciliation of tax charge to profit before tax:		
Profit before tax	14,270	11,975
Tax exempt subsidiaries	<u>-</u>	<u>(1,843)</u>
	<u>14,270</u>	<u>10,132</u>
Corporation tax at 25%	<u>(3,567)</u>	<u>(2,533)</u>

Corporation tax is charged at the standard rate of 25% for the financial year ended 31 December 2017 and 31 December 2016. The Parent Company and its subsidiaries (with the exception of Dorchester Park DAC) are qualifying companies within the meaning of Section 110 of the Taxes Consolidation Act 1997 (as amended). As such, profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D. Profits in US CLO Issuers, US CLO warehouses the US MOA are not subject to taxation.

Note 12 Operating expenses

	Group 31 Dec 2017 EUR	Group 31 Dec 2016 EUR
Management fees	(25,269,548)	(18,263,596)
Underwriter/Placement/Transaction fees	(13,740,966)	(24,370,081)
Legal fees	(3,080,180)	(2,288,977)
Trustee fees	(1,761,323)	(751,977)
Administration fees	(711,172)	(435,916)
Audit and tax compliance fees	(385,789)	(232,250)
Other operating fees	<u>(9,496,973)</u>	<u>(6,503,426)</u>
	<u>(54,445,951)</u>	<u>(52,846,223)</u>

The audit fee of EUR 385,789 (31 December 2016: EUR 232,250) includes remuneration of EUR 297,400 (31 December 2016: EUR 167,000) for the provision of the statutory audit work only. A further EUR 88,389 (31 December 2016: EUR65,250) was charged for taxation compliance services provided by Deloitte to the Group. These expenses are exclusive of VAT. There were no other assurance services or other non-audited services provided during the year.

Note 13 Fair value hierarchy

IFRS 13, Fair Value Measurement, establishes a hierarchy that reflects the significance of the inputs used in making fair value measurements. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 - Quoted market price in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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 inputs could have a significant impact 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 13 Fair value hierarchy (continued)

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Group or Parent Company's perceived risk of that instrument. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. The Group and the Parent Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

For each class of asset and liability not measured at fair value in the Consolidated Statement of Financial Position but for which fair value is disclosed, the Group is required to disclose the level within the fair value hierarchy in which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are reasonable approximations of fair value.

Valuation of financial instruments

Cash and cash equivalents with banks and other short-term investments in an active market are categorised as Level 2.

All of the loan assets (except for Famar healthcare services which was priced by GSO) were broker priced through Markit as at 31 December 2017. Bond investments were valued by prices provided by IDC as at 31 December 2017. The majority of these assets were classified as Level 2 since the input into the Markit price consisted of at least two quotes. However a small number of holdings as at 31 December 2017 were priced through Markit where the input into the Markit price was only one price and therefore they were classified as Level 3.

The CLO Income Notes issued by the subsidiaries and held by the Parent Company were priced by Thomson Reuters on the relevant NAV calculation date. Since this is a single pricing source, the CLO Income Notes are classified as Level 3. The valuation of this CLO asset class is based on prevailing market information at the valuation date.

Investments in the CLO Income Notes of the US MOA are valued using the CLO Intrinsic Calculation Methodology. Similar to the above, the CLO Income Notes held by these entities are also priced by Thomson Reuters which is a single pricing source, therefore, the investment in this entity by the Parent Company is classified as Level 3. Investments in the preference shares of Greenwood Park CLO Warehouse and Cook Park Warehouse are designated at fair value and classified as Level 3.

The PPNs and debt issued by the subsidiaries are categorised as Level 3, as they are valued using a model which is based on the fair value of the underlying assets and liabilities of the relevant entity.

The amortised cost of the BGCF Facility equates to its fair value due to the floating interest rates and the proximity of the maturity dates and has been categorised as Level 2.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Parent Company. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Parent Company for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2017:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	-	5,457,205,110	255,398,179	5,712,603,289
- Investment in US MOA	-	-	145,272,658	145,272,658
Held for trading				
- Derivative financial assets	-	19,965,183	-	19,965,183
Total financial assets	-	5,477,170,293	400,670,837	5,877,841,130
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(679,650,521)	(679,650,521)
- BGCF Facility	-	(331,477,924)	-	(331,477,924)
- Debt issued by subsidiaries	-	-	(5,221,974,818)	(5,221,974,818)
Held for trading				
- Derivative financial liabilities	-	(4,708,373)	-	(4,708,373)
Total financial liabilities	-	(336,186,297)	(5,901,625,339)	(6,237,811,636)

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following tables analyse the fair value hierarchy of the Group's financial instruments carried at fair value as at 31 December 2016:

Group	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	4,967,004,972	239,644,403	5,206,649,375
Held for trading				
- Derivative financial assets	-	19,590,530	-	19,590,530
Total financial assets	-	4,986,595,502	239,644,403	5,226,239,905
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(451,337,094)	(451,337,094)
- BGCF Facility	-	(297,388,234)	-	(297,388,234)
- Debt issued by subsidiaries	-	-	(4,759,239,810)	(4,759,239,810)
Held for trading				
- Derivative financial liabilities	-	(5,236,868)	-	(5,236,868)
Total financial liabilities	-	(302,625,102)	(5,210,576,904)	(5,513,202,006)

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2017:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	239,644,403	(5,210,576,904)
Net gains or losses in comprehensive income	(38,362,716)	(468,686,485)
Purchases/Issuances	553,868,533	(867,170,064)
Sales/Redemptions	(793,662,284)	644,808,114
Movement in Level 3	509,313,906	-
Movement out of Level 3	(70,131,005)	-
Closing balance	<u>400,670,837</u>	<u>(5,901,625,339)</u>

The following table shows the movement in Level 3 of the fair value hierarchy for the year ended 31 December 2016:

Group	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	155,625,428	(3,064,695,095)
Net gains or losses in comprehensive income	11,396,625	(352,716,253)
Purchases/Issuances	303,996,869	(1,803,165,556)
Sales/Redemptions	(215,466,899)	10,000,000
Movement out of Level 3	(15,907,620)	-
Closing balance	<u>239,644,403</u>	<u>(5,210,576,904)</u>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

Sensitivity of Group level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2017 and 31 December 2016 were priced through Markit, where the input into the Markit price was only one price so they were classified as Level 3. These loan assets (except for Famar healthcare services which was priced by GSO) are not modelled on analysts' prices but are from dealers' runs therefore there are no observable inputs into the prices.

The assets classified as Level 3 represented 6.8% (31 December 2016: 4.6%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR 20,033,542 (0.34% of the total financial assets) (31 December 2016: EUR 11,982,220 (0.23% of total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs and debt issued by the subsidiaries (0.34%) (31 December 2016: 0.23%).

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2017:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	-	440,673,037	348,819,977	789,493,014
- Investment in US MOA	-	-	145,272,658	145,272,658
Held for trading				
- Derivative financial assets	-	3,077,243	-	3,077,243
Total financial assets	-	443,750,280	494,092,635	937,842,915
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(679,650,521)	(679,650,521)
- BGCF Facility	-	(331,477,924)	-	(331,477,924)
Held for trading				
- Derivative financial liabilities	-	-	-	-
Total financial liabilities	-	(331,477,924)	(679,650,521)	(1,011,128,445)

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following tables analyse with the fair value hierarchy the Parent Company's financial instruments carried at fair value as at 31 December 2016:

Parent Company	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	-	330,505,793	289,954,556	620,460,349
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	-	330,505,793	289,954,556	620,460,349

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

Financial liabilities at fair value through profit or loss:

Designated at fair value through profit or loss:				
- PPNs	-	-	(451,337,094)	(451,337,094)
- BGCF Facility	-	(297,388,234)	-	(297,388,234)
Held for trading				
- Derivative financial liabilities	-	(1,481,665)	-	(1,481,665)
Total financial liabilities	-	(298,869,899)	(451,337,094)	(750,206,993)

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial year ended 31 December 2017:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	289,954,556	(451,337,094)
Movement out of Level 3	(7,833,054)	-
Net gains or losses in comprehensive income	(62,429,791)	56,551,959
Purchases/Issuances	480,967,575	(284,865,386)
Sales/Redemptions	(206,566,651)	-
Closing balance	494,092,635	(679,650,521)

The following table shows the movement in Level 3 of the Parent Company's fair value hierarchy for the financial year ended 31 December 2016:

Parent Company	Financial assets at fair value through profit or loss EUR	Financial liabilities at fair value through profit or loss EUR
Opening balance	185,090,584	(311,012,708)
Movement out of Level 3	(1,628,098)	-
Net gains or losses in comprehensive income	(14,972,436)	(16,324,386)
Purchases/Issuances	217,623,612	(134,000,000)
Sales/Redemptions	(96,159,106)	10,000,000
Closing balance	289,954,556	(451,337,094)

The Parent Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

Sensitivity of Parent Company Level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2017 were priced through Markit (except for Famar healthcare services which was priced by GSO) where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices. The CLO Income Notes were priced by Thomson Reuters which were classified as Level 3 because it was a single pricing source. The CLO prices are determined independently by consideration of several factors including the following: default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread. These factors are highly sensitive, and variations may materially affect the fair value of the asset.

The assets classified as Level 3 represented 52.7% (31 December 2016: 46.7%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR 24,704,632 (2.63% of the total financial assets) (31 December 2016: EUR 14,497,728 (2.34% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (3.63%) (31 December 2016: (3.21%)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 13 Fair value hierarchy (continued)

Valuation of financial instruments (continued)

The CLO Income Notes held by the Parent Company and the US MOA are valued by Thomson Reuters. The key input assumptions to the valuation model are the loan prepayment rates, discount rates, loan default rates, loan recovery given default rates and reinvestment rates. These metrics are accumulated from various market sources independent of GSO. 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

The financial liabilities at fair value through profit or loss consist of the PPNs. The PPNs is valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the BGCF Facility and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short-term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs.

The element of debt issued by the subsidiaries and purchased by the Parent Company – the CLO Income Notes is valued by Thomson Reuters. If the valuation had increased or decreased by 5% the value of the CLO Income Notes would move by EUR 16,584,279 (31 December 2016: EUR 13,583,883) and EUR 13,019,734 in US MOA (31 December 2016: nil).

Note 14 Financial instruments and associated risks

The following note describes the financial risks that the Group and the Parent Company are exposed to, whether the financial instruments are held by the Parent Company or its subsidiaries. The Group and the Parent Company are exposed to market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk arising from the financial instruments they hold. The following section describes the Group and Parent Company risk management framework.

Portfolio Risk management

The activities of the Parent Company and its subsidiaries expose it to a variety of financial risks. The CLO Manager's overall risk management programme focuses on the unpredictability of financial markets and natural perils and seeks to minimise potential adverse effects on the Group's financial performance. GSO's approach to portfolio risk management includes both analytical and judgemental elements.

The principal risk in the Group is credit risk and therefore the focus of the process is on managing and mitigating specific credit risk for both investors in the Parent Company and the underlying subsidiaries.

The following exposure limits (the "eligibility criteria") apply to senior secured loans (and, to the extent applicable, other corporate debt loan instruments) directly held by the Parent Company (and not through CLO Income Notes):

Maximum exposure	% of Parent Company's gross asset value
Per obligor	5
Per industry sector	15
	(with exception of one industry which may be up to 20 per cent)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these eligibility criteria, 'gross asset value' shall mean gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the eligibility criteria shall apply on a trade date basis.

Each of these eligibility criteria will be measured at the close of each business day on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by the Parent Company or any risk retention company (normally, CLOs managers are required to retain a minimum 5% of the fair value of any CLO issued) in which the Parent Company has a direct or indirect exposure for the purpose of achieving its investment objective (each a "Risk Retention Company").

In addition, each CLO in which the Parent Company or any Risk Retention Company holds CLO Securities will have its own eligibility criteria and portfolio limits. These limits are designed to ensure the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such CLO or, in the case of a loan warehouse, that the warehoused assets will eventually be eligible for a rated CLO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Portfolio risk management (continued)

The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or loan warehouse. The eligibility criteria and portfolio limits within a CLO or loan warehouse may include the following:

- a limit on the weighted average life of the portfolio;
- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio;

CLOs and CLO warehouses in which the Parent Company or US MOA may hold CLO Securities are also expected to have certain other criteria and limits, including:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency that is sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or CLO warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied are measured by GSO at the time of investment in each CLO or CLO warehouse.

Market risk

Market risk is the current or prospective risk to earnings or capital of Group arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices. Market risk embodies the potential for both losses and gains.

The Group exposure to market risk is that the market value of assets that the Group invests in and some liabilities will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans.

The Group's market risk is managed on a daily basis by GSO, as set out above, in accordance with policies and procedures in place. The Parent Company's overall market positions are reported to the Board of Directors on a quarterly basis.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Group might suffer through holding market positions in the face of price movements caused by factors specific to the individual investment or factors affecting all instruments traded in the market.

As all of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPNs.

(i) Currency risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies may fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk.

The Group's financial statements are 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 the Group.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(i) Currency risk (continued)

GSO monitors foreign currency risk on a periodic basis. Typically, derivative contracts serve as components of the Group's asset hedging program and are utilised primarily to reduce foreign currency risk to the Group's investments. Foreign currency risk on non-base currency loans and bonds is minimised by the leveraged structure of the Group and by the use of the multi-currency BGCF facility to draw down funds. Non-base GBP and USD investments are funded by use of the corresponding currency leverage of the BGCF facility which creates a matching of asset and liability currency risk and minimising the impact of fluctuations in exchange rates. Rolling currency forwards are used to manage the foreign currency exposure of the preference shares of the US MOA and the US CLO Warehouses held by the Parent Company. The market value of these USD positions is hedged by offsetting USD forward notional amounts to ensure the Group is fully hedged.

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2017:

Group	Financial assets at fair value through profit or loss	BGCF Facility	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	351,499,950	(80,613,947)	(271,315,487)	2,812,404	(14,879,557)	(12,496,637)	(1,249,664)
USD	672,919,641	(37,451,557)	245,469,188	47,183,072	(629,442,813)	298,677,531	29,867,753
NOK	10,175,045	-	-	-	(10,132,096)	42,949	4,295

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2016:

Group	Financial assets at fair value through profit or loss	BGCF Facility	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	286,613,995	(54,599,521)	(192,051,887)	2,561,216	(11,471,956)	31,051,847	3,105,185
USD	1,210,322,941	(43,174,666)	(54,341,647)	123,207,314	(1,196,465,995)	39,547,947	3,954,795

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2017:

Parent Company	Financial assets at fair value through profit or loss	BGCF Facility	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	76,391,279	(80,613,947)	-	538,681	5,308,963	1,624,975	162,498
USD	246,175,505	(37,451,557)	3,077,243	23,489,418	(214,019,639)	21,270,971	2,127,097

The following table sets out the Parent Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2016:

Parent Company	Financial assets at fair value through profit or loss	BGCF Facility	Derivative assets and liabilities	Cash	Other assets and liabilities	Net exposure	Sensitivity 10%
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
GBP	39,674,341	(54,599,521)	-	721,800	15,741,368	1,537,988	153,799
USD	63,656,441	(43,174,666)	(1,481,665)	5,668,561	14,547,306	39,215,978	3,921,598

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis - Group and Parent Company

At 31 December 2017, had the Euro strengthened by 10% (31 December 2016: 10%) in relation to all currencies, with all other variables held constant, the net asset / liability exposure would have increased by the amounts shown above for the Group and the Parent Company. There would be no impact on the total comprehensive income of the Group or the Parent Company because the finance expense on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement.

A 10% weakening of the base currency, against GBP and US Dollar, would have resulted in an equal but opposite effect than that on the tables above, on the basis that all other variables remain constant. These calculations are based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

Financial assets at fair value of the Group comprise of leverage loans, bonds, investment in US MOA and Derivative financial assets which are not exposed to interest risk. Financial Liabilities at fair value of the Group comprise of Profit Participating Notes issued by the Parent Company and Debt issued by the CLOs and Derivative financial liabilities which is not exposed to interest risk.

Fluctuations in market interest rates are expected to have a limited impact on the fair value of the senior secured loans and variable rate bonds as these loans and bonds have variable interest rates. The leveraged loans and variable rate bonds in the portfolio are all typically structured with a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3 Month or 6 Month LIBOR or EURIBOR, reset on a quarterly or semi-annual basis. The total interest earned on investments will vary from time to time with changes in the underlying reference rate.

The CLO Notes issued by the subsidiaries are limited recourse obligations. Each of the subsidiaries have defined waterfall provisions in their prospectus outlining the priority of payments to be made to the liabilities. Any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will be offset by a decrease in the value and amounts available for payment to the liabilities.

The PPNs issued by the Parent Company are also limited recourse obligations and are valued based on the fair value of the underlying assets and liabilities. As the interest attached to the PPN notes is based on the income earned by the Parent Company, any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will result in an offsetting decrease in the fair value of the PPNs.

The interest rate risk associated with cash and cash equivalents is deemed to be insignificant.

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2017:

Group	Floating Rate EUR	Fixed Rate EUR	Non-Interest Bearing EUR	Total EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	5,517,607,957	194,995,332	-	5,712,603,289
- Investment In US MOA	-	-	145,272,658	145,272,658
Held for trading				
- Derivative financial assets	-	-	19,965,183	19,965,183
Receivable for investments sold	-	-	124,998,487	124,998,487
Other receivables	-	-	25,863,411	25,863,411
Cash and cash equivalents	884,712,315	-	-	884,712,315
Total assets	6,402,320,272	194,995,332	316,099,739	6,913,415,343

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Financial liabilities at fair value through profit or loss:

Designated at fair value through profit or loss:

- Notes and credit facilities	(6,152,103,263)	(81,000,000)	-	(6,233,103,263)
Held for trading				
- Derivative financial liabilities	-	-	(4,708,373)	(4,708,373)
Payable for investments purchased	-	-	(642,139,220)	(642,139,220)
Other payables and accrued expenses	-	-	(33,439,202)	(33,439,202)
Total liabilities	<u>(6,152,103,263)</u>	<u>(81,000,000)</u>	<u>(680,286,795)</u>	<u>(6,913,390,058)</u>
Total interest sensitivity gap	<u>250,217,009</u>	<u>113,995,332</u>		

The following table details the Group's exposure to interest rate risk. It includes the Group's assets and trading liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating, fixed or non-interest bearing, measured by the carrying value of the assets and liabilities at 31 December 2016:

Group	Floating Rate	Fixed Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR	EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	5,085,075,375	121,574,000	-	5,206,649,375
Held for trading				
- Derivative financial assets	-	-	19,590,530	19,590,530
Receivable for investments sold	-	-	20,285,927	20,285,927
Other receivables	-	-	17,065,728	17,065,728
Cash and cash equivalents	625,869,931	-	-	625,869,931
Total assets	<u>5,710,945,306</u>	<u>121,574,000</u>	<u>56,942,185</u>	<u>5,889,461,491</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(5,410,093,745)	(97,871,393)	-	(5,507,965,138)
Held for trading				
- Derivative financial liabilities	-	-	(5,236,868)	(5,236,868)
Payable for investments purchased	-	-	(345,285,241)	(345,285,241)
Other payables and accrued expenses	-	-	(30,957,656)	(30,957,656)
Total liabilities	<u>(5,410,093,745)</u>	<u>(97,871,393)</u>	<u>(381,479,765)</u>	<u>(5,889,444,903)</u>
Total interest sensitivity gap	<u>300,851,561</u>	<u>23,702,607</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)**Market risk (continued)****(ii) Interest rate risk (continued)***Sensitivity analysis*

At 31 December 2017, had the base interest rates strengthened/weakened by 2% (31 December 2016: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR 7,284,247 (31 December 2016: EUR 6,491,083) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Group. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2017:

Parent Company	Floating Rate	Fixed Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR	EUR
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments in debt instruments	735,579,681	53,913,333	-	789,493,014
- Investment Fund		-	145,272,658	145,272,658
Held for trading				
-Derivative financial asset		-	3,077,243	3,077,243
Receivable for investments sold		-	348,346,724	348,346,724
Other receivables		-	18,818,998	18,818,998
Cash and cash equivalents	48,838,434	-	-	48,838,434
Total assets	<u>784,418,115</u>	<u>53,913,333</u>	<u>515,515,623</u>	<u>1,353,847,071</u>
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Notes and credit facilities	(1,011,128,445)	-	-	(1,011,128,445)
Payable for investments purchased	-	-	(340,574,806)	(340,574,806)
Other payables and accrued expenses	-	-	(2,140,260)	(2,140,260)
Total liabilities	<u>(1,011,128,445)</u>	<u>-</u>	<u>(342,715,066)</u>	<u>(1,353,843,511)</u>
Total interest sensitivity gap	<u>(226,710,330)</u>			

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The following table details the Parent Company's exposure to interest rate risk. It includes the Parent Company's assets and trading liabilities at fair values categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2016:

Parent Company	Floating Rate	Non-Interest Bearing	Total
	EUR	EUR	EUR
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments in debt instruments	620,460,349	-	620,460,349
Receivable for investments sold	-	184,379,820	184,379,820
Other receivables	-	11,171,514	11,171,514
Cash and cash equivalents	30,013,469	-	30,013,469
Total assets	<u>650,473,818</u>	<u>195,551,334</u>	<u>846,025,152</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(748,725,328)	-	(748,725,328)
Held for trading			
- Derivative financial liability	-	(1,481,665)	(1,481,665)
Payable for investments purchased	-	(94,478,627)	(94,478,627)
Other payables and accrued expenses	-	(1,336,872)	(1,336,872)
Total liabilities	<u>(748,725,328)</u>	<u>(97,297,164)</u>	<u>(846,022,492)</u>
Total interest sensitivity gap	<u>(98,251,510)</u>		

Sensitivity analysis

At 31 December 2017, had the base interest rates strengthened/weakened by 2% (31 December 2016: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR4,534,207 (31 December 2016 EUR1,965,030) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of the Parent Company. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

(iii) Price risk

Price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from currency risk and interest rate risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market.

The Group's investments are susceptible to market price risk arising from uncertainties about future prices of financial instruments. All securities invested in present a risk of loss of capital. As all of the CLO Issuer's underlying financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPNs in issue.

The Group's financial instruments (with the exception of the BGCF Facility, cash and cash equivalents and receivables and payables) are carried at fair value in the Consolidated Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For the other financial instruments (such as the BGCF Facility), the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Market risk (continued)

(iii) Price risk (continued)

The Group attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting the Collateral Manager, subject to certain requirements, to sell Collateral Obligations and reinvest the proceeds. The CLO Manager actively monitors the assets within each CLO to ensure that they do not breach the Collateral Quality Tests and Portfolio Profile Tests.

Where possible, prices are received from brokers on a monthly basis. Broker prices are sourced from Markit, a composite price provider.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 2. The details of valuation techniques were disclosed in Note 13.

Key sources of estimation uncertainty

As indicated in Note 2, all of the Group's financial instruments are measured at fair value in the Consolidated Statement of Financial Position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the Group's financial instruments, more than one publicly available price was obtainable. However, certain financial instruments, for example, those classified as Level 3 are fair valued using Markit prices where the input was only one price. As mentioned in the Note 13, investment in US MOA by the Parent Company is also classified as Level 3 due to single pricing source used for its underlying CLO Income Notes.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore cannot be determined with precision.

At the reporting date, the Group's financial assets designated at Fair Value through Profit or Loss are comprised as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Investments in senior secured loans and bonds (BGCF)	789,493,014	620,460,349
Investments in CLO Income Notes (Consolidated CLOs)	4,923,110,275	4,586,189,026
Investment in US MOA (Preference Shares)	<u>145,272,658</u>	<u>-</u>
	<u>5,857,875,947</u>	<u>5,206,649,375</u>

At 31 December 2017, the carrying amounts of investments in respect of which fair values were determined directly, in full or in part, using valuation techniques amounted to EUR 216,986,518 (31 December 2016 EUR NIL) for the US MOA.

Sensitivity analysis

A 5% increase in market prices at 31 December 2017 would have increased the value of investments designated at fair value through profit or loss by the following:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Investments in senior secured loans and bonds (BGCF)	39,474,651	31,023,017
Investments in CLO Income Notes (Consolidated CLOs)	246,155,514	229,309,452
Investment in US MOA (Preference Shares)	<u>7,263,633</u>	<u>-</u>
	<u>292,893,798</u>	<u>260,332,469</u>

It would have also increased the value of the PPNs and debt issued by the subsidiaries by an equal amount. This calculation is done on a gross basis and does not take into account assets subject to a forward purchase agreement. A 5% decrease would have an equal and opposite effect. The net impact on the net assets of the Group or the Parent Company would be EUR Nil (31 December 2016: Nil).

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from a counterparty's failure to meet the terms of any contract with the Group, or otherwise fail to perform as agreed. The receipt of monies owed will be subject to and dependent on the counterparty's ability to pay such monies.

The Group is therefore open to risks relating to the creditworthiness of the counterparty. If the counterparty fails to make any cash payments required to settle an investment, the Group may lose principal as well as any anticipated benefit from the transaction.

Credit risk in financial instruments arises from cash and cash equivalents and investments in debt securities, as well as credit exposures of transactions with brokers related to transactions awaiting settlement (i.e. receivable for investment sold and other receivables).

The Collateral Manager monitors the creditworthiness of financial institutions with whom cash is held, or with whom investment or derivative transactions are entered into, on a regular basis. As described under the Portfolio Risk Management section on this note, the CLO Issuers have eligibility criteria for loan assets which include exposure limits to obligors and industry sectors.

GSO, through its investment strategy, will endeavor to avoid losses relating to defaults on the underlying assets. In-house credit research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysts with relevant industry sector experience.

The credit analysis performed involves developing a full understanding of the business and associated risk of the loan or bond issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. GSO analyses credit concentration risk based on the counterparty, country and industry of the financial assets that the Group holds.

Each consolidated CLO Issuer and each US CLO investment backing the US MOA preference shares, is also subject to the investment restrictions defined in the prospectus issued for each. The CLO Manager actively monitors the assets within each CLO to ensure that they do not breach the Collateral Quality Tests and Portfolio Profile Tests.

At the reporting date, the Group's financial assets exposed to credit risk are as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Financial assets designated at fair value through profit or loss	5,857,875,947	5,206,649,375
Derivative financial assets	19,965,183	19,590,530
Receivables for investments sold	124,998,487	20,285,927
Other receivables	25,863,411	17,065,728
Cash at bank	884,712,315	625,869,931
Total	<u>6,913,415,343</u>	<u>5,889,461,491</u>

At the reporting date, the Parent Company's financial assets exposed to credit risk are as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Financial assets designated at fair value through profit or loss	934,765,672	620,460,349
Derivative financial assets	3,077,243	-
Receivables for investments sold	348,346,724	184,379,820
Other receivables	18,818,998	11,171,514
Cash at bank	48,838,434	30,013,469
Total	<u>1,353,847,071</u>	<u>846,025,152</u>

Amounts in the above tables are based on the carrying value of the financial assets as at the financial year end date.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

Financial Assets designated at Fair Value through Profit or Loss

The Parent Company's investment policy is to invest predominantly in:

- (i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans);
- (ii) CLO Income Notes issued by the Issuer CLOs (CLOs originated by the Parent Company which are consolidated in the Group financial statements) whose investments will be focused predominantly in European senior secured loans; and
- (iii) The US MOA which invests in the subordinated notes of US CLOs whose investments are focused predominantly in US senior secured loans.

At the reporting date, the Group's financial assets designated at Fair Value through Profit or Loss are comprised as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Investments in senior secured loans and bonds (BGCF)	789,493,014	337,688,382
Investments in CLO Income Notes (Consolidated CLOs)	4,923,110,275	4,868,960,993
Investment in US MOA (Preference Shares)	145,272,658	-
	<u>5,857,875,947</u>	<u>5,206,649,375</u>

The Investments in senior secured loans and bonds by the Parent Company had the following credit quality as rated by Moody's:

Rating	31 Dec 2017	31 Dec 2016
B1	23.1%	33.8%
B2	37.8%	37.3%
B3	16.1%	3.4%
Ba1	1.8%	2.2%
Ba2	5.4%	4.4%
Ba3	5.7%	16.2%
Caa1	0.3%	0.9%
Not Rated	9.8%	1.8%
Total	<u>100%</u>	<u>100%</u>

The senior secured loans and bonds held by the Parent Company are concentrated in the following industries:

Industry	31 Dec 2017	31 Dec 2016
Aerospace & Defence	0.3%	0.9%
Automotive	0.4%	1.4%
Banking, Finance, Insurance & Real Estate	11.1%	1.4%
Beverage, Food & Tobacco	1.8%	5.6%
Capital Equipment	2.5%	1.9%
Chemicals, Plastics and Rubber	11.2%	1.4%
Construction & Building	2.5%	1.3%
Consumer Products	0.7%	1.9%
Containers, Packaging & Glass	1.1%	2.6%
Forest Products and Paper	0.9%	0.6%
Healthcare & Pharmaceuticals	7.4%	6.4%
High Tech Industries	5.0%	1.6%
Hotel, Gaming & Leisure	9.0%	1.9%
Media	14.3%	8.1%
Retail	8.9%	7.3%
Services - Business	11.4%	49.9%
Services - Consumer	2.7%	0.4%
Telecommunications	7.6%	3.6%
Transportation Consumer	-	1.8%
Utilities	0.6%	-
Wholesale	0.6%	-
Other	0.0%	-
	<u>100%</u>	<u>100%</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

In addition to the senior secured loans and bonds held directly, the Parent Company invests in CLO Income Notes issued by its subsidiaries which are European CLO Issuers (CLOs originated by the Parent Company which are consolidated in the Group financial statements) whose investments will be focused predominantly in European senior secured loans. Details of these consolidated CLOs are included in Note 1. Each CLO's investment activities are restricted by its Prospectus and the CLOs have narrow and well-defined objectives to provide investment opportunities to investors. In order to avoid excessive concentration of risk, the policies and procedures of each CLO include specific guidelines to focus on maintaining a diversified portfolio. As subordinated noteholder in the CLO Issuers, the Parent Company is exposed to the credit risk on the underlying senior secured loans and bonds held by the CLOs. In addition, the CLO Notes are limited recourse obligations of the CLO Issuers which are payable solely out of amounts received by the CLO Issuer in respect of the financial assets held

The underlying investments in senior secured loans and bonds recognised as financial assets of the consolidated Issuer CLOs had the following credit quality as rated by Moody's:

Rating	31 Dec 2017	31 Dec 2016
B1	23.0%	28.7%
B2	45.9%	37.7%
B3	14.7%	15.7%
Ba1	1.6%	2.2%
Ba2	3.5%	2.6%
Ba3	6.4%	8.2%
Baa2	-	-
Baa3	0.2%	0.1%
Caa1	3.2%	2.7%
Caa2	0.5%	1.2%
Ca	0.7%	-
Caa3	0.3%	0.8%
Not Rated	-	0.1%
Total	100%	100%

The senior secured loans and bonds held by the consolidated Issuer CLOs are concentrated in the following industries:

Industry	31 Dec 2017	31 Dec 2016
Aerospace & Defence	1.0%	1.2%
Automotive	1.3%	1.8%
Banking, Finance, Insurance & Real Estate	7.9%	6.8%
Beverage, Food & Tobacco	3.5%	5.2%
Capital Equipment	2.8%	4.1%
Chemicals, Plastics and Rubber	9.3%	6.4%
Construction & Building	7.7%	6.1%
Consumer Products	2.4%	3.9%
Containers, Packaging & Glass	5.9%	6.1%
Forest Products and Paper	0.5%	-
Energy: Oil & Gas	0.1%	0.8%
Healthcare & Pharmaceuticals	14.7%	14.0%
High Tech Industries	5.6%	4.8%
Hotel, Gaming & Leisure	9.4%	7.8%
Media	6.5%	8.2%
Retail	5.8%	5.2%
Services - Business	7.2%	6.6%
Services - Consumer	1.4%	0.7%
Environmental Industries	0.6%	-
Telecommunications	4.1%	5.8%
Other	2.3%	4.5%
	100%	100%

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

Finally, during the financial year, the Parent Company invested in Class A Preference shares issued by the US MOA, the US Majority Owned Affiliate. As at 31 December 2017, the total investment value is EUR 145,272,658 which is 10.73% of the Parent Company's total assets. The US MOA invests in the subordinated notes of USCLOs whose investments are focused predominantly in US senior secured loans. Given BGCF's indirect interest in the subordinated notes of US CLOs, BGCF is exposed to the credit risk on the underlying senior secured loans and bonds held by those US CLOs. In addition, the CLO Notes are limited recourse obligations of the US CLOs which are payable solely out of amounts received by the US CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of the US CLOs (which the Parent Company is exposed to through the US MOA investment) had the following credit quality as rated by Moody's:

Rating	31 Dec 2017	31 Dec 2016
B1	16.3%	-
B2	32.0%	-
B3	31.0%	-
Ba1	2.0%	-
Ba2	4.0%	-
Ba3	10.0%	-
Caa1	1.0%	-
Caa2	0.1%	-
Not Rated	3.6%	-
Total	100%	-

The US MOA's underlying financial assets exposed to credit risk were concentrated in the following industries:

Industry	31 Dec 2017	31 Dec 2016
Aerospace & Defence	2.7%	-
Automotive	2.4%	-
Banking, Finance, Insurance & Real Estate	9.9%	-
Beverage, Food & Tobacco	3.1%	-
Capital Equipment	1.5%	-
Chemicals, Plastics and Rubber	1.9%	-
Construction & Building	4.7%	-
Consumer Products	4.1%	-
Containers, Packaging & Glass	2.4%	-
Forest Products and Paper	0.3%	-
Healthcare & Pharmaceuticals	14.3%	-
High Tech Industries	13.7%	-
Hotel, Gaming & Leisure	4.4%	-
Media	7.5%	-
Retail	1.3%	-
Services - Business	8.0%	-
Services - Consumer	3.5%	-
Telecommunications	6.2%	-
Transportation Consumer	2.6%	-
Utilities	2.9%	-
Wholesale	0.5%	-
Energy: Oil and Gas	2.1%	-
	100%	-

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 14 Financial instruments and associated risks (continued)

Credit risk (continued)

Cash

At the reporting date, the Group's cash is comprised as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Cash held by BGCF	48,838,434	30,013,469
Cash held by Consolidated CLOs	835,873,881	595,856,462

As CLO Income noteholders in the CLO Issuers, the Parent Company is exposed to the credit risk on the underlying cash balances held by the CLO Issuers. While the CLO Issuers are deemed as under the control of the Parent Company, and therefore are consolidated, the cash balances remain subject to the strict priorities of payment within each CLO structure.

All of the cash held by the Group is held by Citibank N.A., London Branch with the exception of Dartry Park CLO DAC, Orwell Park CLO DAC and Palmerston Park CLO DAC whose cash was held with US Bank Trustees Limited, Willow Park CLO DAC and Clontarf Park CLO DAC whose cash was held with Bank of New York Mellon. Cash as a practical matter may not be held in physical segregation. Therefore, bankruptcy or insolvency by the Custodian may cause the Group's rights with respect to the assets held by the Custodian to be delayed or limited. The Group monitors its risk by reviewing the credit quality of the Custodian on a monthly basis, as reported by Standard and Poor's, Moody's and Fitch. In addition, GSO monitors the financial position of the Custodian on a quarterly basis. If the credit quality or the financial position of the Custodian deteriorates GSO will move the cash holdings to another provider.

The credit rating for the counterparties is as follows:

Citibank N.A. is Baa1 as at 31 December 2017 (31 December 2016: A1).
Bank of New York Mellon is A1 as at 31 December 2017.
US Bank Trustees Limited is -A1 as at 31 December 2017.

Receivables for Investments Sold

At the reporting date, the Group's Receivables for Investments Sold is comprised as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Receivables for Investments Sold by BGCF	348,346,724	184,379,820
Receivables for Investments Sold by Consolidated CLOs	108,172,773	173,369,920

All receivables for investment sold and other receivables are held by parties with a credit rating of Baa1 or higher. The Group only enter into transactions with a limited number of major financial institutions that have high credit ratings and the Group closely monitor the creditworthiness of their counterparties. Risk relating to unsettled transactions is considered small due to the high credit quality of the brokers used. The Group monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

Liquidity risk

Liquidity is the risk that the Group may not be able to meet its financial obligations as they fall due. The ability of the Group to meet its obligations is dependent on the receipt of interest and principal from the underlying collateral portfolios. Obligations may arise from: financial liabilities at fair value, payable for investments purchased, variable funding notes, interest payable on CLO notes, derivative financial liabilities, other payables and accrued expenses.

At reporting date, the financial obligations exposed to liquidity risk are as follows:

	31 Dec 2017	31 Dec 2016
	EUR	EUR
Financial liabilities at fair value	5,901,625,339	5,210,576,904
Payable for investments purchased	642,139,220	345,285,241
Variable funding notes	331,477,924	297,388,234
Interest payable on CLO Notes	22,302,615	18,748,953
Derivative financial liabilities	4,708,373	5,236,868
Other payables and accrued expenses	11,136,587	12,208,703
Total	<u>6,913,390,058</u>	<u>5,889,444,903</u>

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 14 Financial instruments and associated risks (continued)

Liquidity risk (continued)

Financial Liabilities designated at Fair Value through Profit or Loss

Financial Liabilities at fair value of the Group comprise of Profit Participating Notes issued by the Parent Company and Debt issued by the CLOs.

All PPNs issued are limited recourse. The recourse of the Noteholders is limited to the proceeds available to unsecured creditors at such time from the debt obligations, CLO Income Notes and other obligations which comply with the investment policy. Therefore, the associated liquidity risk of the PPNs is reduced.

The CLO Notes are limited recourse obligations which are payable solely out of amounts received in respect of the collateral portfolios (as defined in each CLO's Prospectus). The net proceeds of the realisation of the security over the collateral portfolios upon acceleration of the Notes following an Event of Default (as defined in each CLO's Prospectus) may be insufficient to pay all amounts due on the Notes after making payments to other creditors ranking in priority thereto or pari passu therewith. In the event of a shortfall in such proceeds, the CLO will not be obliged to pay, and the other assets (including the Irish Account and the rights under the Corporate Services Agreement (as defined in each CLO's Prospectus)) will not be available for payment of such shortfall, all claims in respect of such shortfall will be extinguished. Therefore, the liquidity risk relating to the CLO Notes is reduced.

At the reporting date, the Group's financial liabilities designated at Fair Value through Profit or Loss are comprised as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Profit Participating Notes issued by BGCF	-	-	(679,650,521)	(679,650,521)
Debt issued by the CLOs	-	-	(5,221,974,818)	(5,221,974,818)
	-	-	(5,901,625,339)	(5,901,625,339)

At 31 December 2016, the Group's financial liabilities designated at Fair Value through Profit or Loss are comprised as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Profit Participating Notes issued by BGCF	-	-	(451,337,094)	(451,337,094)
Debt issued by the CLOs	-	-	(4,759,239,810)	(4,759,239,810)
	-	-	(5,210,576,904)	(5,210,576,904)

Payable for Investments Purchased

The group has payables for financial instruments purchased from other parties. The group is exposed to risk of loss to pay for purchase of the financial instruments, in which case the group would have to purchase the financial instruments at prevailing market prices. The group's liquidity risk is managed on a daily basis by the collateral manager in accordance with the policies and procedures in place. The majority of the group's investments are listed and considered to be readily realizable.

At the reporting date, the Group's payables for investments purchased comprised as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payables for investments purchases (BGCF)	(340,574,806)	-	-	(340,574,806)
Payables for investments purchases (CLOs)	(301,564,414)	-	-	(301,564,414)
	(642,139,220)	-	-	(642,139,220)

At 31 December 2016, the Group's payables for investments purchased comprised as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Payables for investments purchases (BGCF)	(94,478,627)	-	-	(94,478,627)
Payables for investments purchases (CLOs)	(250,806,614)	-	-	(250,806,614)
	(345,285,241)	-	-	(345,285,241)

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 14 Financial instruments and associated risks (continued)

Liquidity risk (continued)

BGCF Facility

As described in Note 6, the BGCF Facility replaced the VFN Facility on 1 June 2017 and is used to fund the purchase of assets from time to time. The BGCF Facility is secured by a Deed of Charge and Assignment over the Parent Company's assets, as outlined in Note 22.

The Portfolio Service Support Provider actively engages in organising successive financing for the Parent Company on an ongoing basis to ensure there is sufficient liquidity available as required by the Company.

At the reporting date, the outstanding BGCF Facility of the Parent is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Variable Funding Notes	(331,477,924)	-	-	(331,477,924)
	<u>(331,477,924)</u>	<u>-</u>	<u>-</u>	<u>(331,477,924)</u>

At 31 December 2016, the outstanding BGCF Facility of the Parent is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Variable Funding Notes	-	(297,388,234)	-	(297,388,234)
	<u>-</u>	<u>(297,388,234)</u>	<u>-</u>	<u>(297,388,234)</u>

Interest Payable on CLO Notes

All of the Notes, other than specified Senior Notes and the CLO Income Notes, are floating rate and bear interest at three/six-month Euribor plus a specified margin. The CLO Income Notes receive interest based on an available funds basis out of the interest proceeds after payment of certain fees and expenses and interest payable in respect of each of the other classes of Notes. The payment of the interest is based on priority of payments within the waterfall.

At the reporting date, the interest payable on CLO Notes is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Interest Payable on CLO Notes	(22,302,615)	-	-	(22,302,615)
	<u>(22,302,615)</u>	<u>-</u>	<u>-</u>	<u>(22,302,615)</u>

At 31 December 2016, the interest payable on CLO Notes is as follows:

	Within 6 months	6 months – 2 years	Greater than 2 years	Total
	EUR	EUR	EUR	EUR
Interest Payable on CLO Notes	(18,748,953)	-	-	(18,748,953)
	<u>(18,748,953)</u>	<u>-</u>	<u>-</u>	<u>(18,748,953)</u>

Note 15 Exchange rates

The following exchange rates (against the EUR) were used to convert the investments and other assets and liabilities denominated in currencies other than EUR at:

	31 Dec 2017	31 Dec 2016
Great British Pounds	1.12512	1.17088
United States Dollars	0.83330	0.85016
Norwegian Krone	0.10154	-

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
For the financial year ended 31 December 2017

Note 15 Exchange rates (continued)

The following exchange rates (against the USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD at:

	31 Dec 2017	31 Dec 2016
Great British Pounds	1.35020	1.23230
Euro	1.20005	1.05245
Norwegian Krone	0.12189	-

The average exchange rates used to convert to EUR in the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and the Consolidated and Company Statement of Cash Flows were as follows:

	31 Dec 2017	31 Dec 2016
United States Dollars	0.87953	0.91962

Note 16 Related party transactions**GSO**

The Group has appointed Blackstone / GSO Debt Funds Management Europe Limited ("GSO"), an investment management company incorporated in Ireland as service support provider and Collateral Manager to the Irish subsidiaries. GSO/ Blackstone Debt Fund Management LLC ("DFM") has been appointed as the Collateral Manager to Dorchester Park CLO DAC. The subsidiaries pay collateral management fees to GSO/DFM. GSO/DFM are entitled to a fee of 15 basis points when acting as the senior manager of the portfolios and 35 basis points when acting as the sub manager of the portfolios.

GSO/DFM charged EUR 25,269,548 (31 December 2016: EUR 18,263,596) on behalf of the Group for the financial year ended 31 December 2017 with EUR 6,099,475 (31 December 2016: EUR 4,999,271) outstanding at the financial year end.

PPNs issued

The Parent Company is partially funded for its acquisition of investments by way of PPNs issued to Blackstone / GSO Corporate Funding EUR Fund and Blackstone/ GSO Loan Financing (Luxembourg) S.à.r.l. The PPNs are unsecured, limited recourse obligations of the Parent Company. The recourse of the Noteholder is limited to the proceeds available at such time to unsecured creditors of the Parent Company from the debt obligations, CLO Income Notes and other obligations, which comply with the investment policy. The carrying amount of these financial liabilities designated at fair value through profit or loss as at 31 December 2017 was EUR 68,387,358 (31 December 2016: EUR 7,917,295) lower (31 December 2016: higher) than the principle outstanding amounts at maturity, giving a fair value of EUR 679,650,521 as at 31 December 2017 (31 December 2016: EUR 451,337,094).

In the event that accumulated losses prove not to be recoverable during the life of the Parent Company, then this will reduce the obligation to the Noteholders (i.e. principle outstanding amounts will fall at maturity by an equivalent amount).

US MOA

On 13 March 2017, Blackstone / GSO US Corporate Funding Limited, the US Majority Owned Affiliate ("US MOA") was funded. The Parent Company invested in Class A Preference shares issued by the US MOA.

Share Redemption

On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse.

On 17 March 2017, the Parent Company redeemed its holdings in Bristol Park CLO Limited.

During December 2017, the Parent Company sold EUR 15,000,000 of CLO Income Notes of Elm Park CLO DAC.

Directors' interests

Two of the Directors of the Parent Company, Ms. Anne Flood and Ms. Imelda Shine (Ms. Shine resigned from the board on 26 October 2017), are also directors of the Company Secretary, Intertrust Management Ireland Limited ("Intertrust"). The Parent Company and each of the subsidiaries have entered separate Corporate Services Agreements with Intertrust, under which Intertrust provides certain company secretarial, accounting and administrative services. In accordance with the agreements (as amended), the Company Secretary charged EUR 267,490 (31 December 2016: EUR 203,927) for the financial year ended 31 December 2017 with EUR Nil outstanding balance as at 31 December 2017 (31 December 2016: EUR Nil). Ms. Anne Flood and Ms. Imelda Shine were not paid a separate directors fee.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 16 Related party transactions (continued)

The Directors of the Parent Company charged EUR 237,706 for the financial year ended 31 December 2017 (31 December 2016: EUR100,000) of which EUR 23,750 was outstanding at the financial year end (31 December 2016: EUR 32,157).

Alan Kerr was an executive director of Blackstone / GSO Debt Funds Management Europe Limited ("GSO") up until 25 April 2017. Mr Kerr was subsequently appointed as director to the Parent Company in October 2017 and was appointed to the role as a nominee of GSO. Up to May 2017, Mr Kerr held the position of Senior Managing Director of The Blackstone Group L.P. ("Blackstone"), the ultimate parent company of GSO, and for the remainder of 2017 held the position of Senior Adviser to Blackstone.

Cross holdings within the Group

The following related party transactions took place within the Group whereby the Parent Company traded with subsidiaries within the Group and the subsidiaries traded with each other:

Trade details	Currency	Trade Value 31 Dec 2017	Trade Value 31 Dec 2016
Parent Company traded with Phoenix Park CLO DAC	EUR	54,117,767	67,334,701
Parent Company traded with Sorrento Park CLO DAC	EUR	115,660,133	69,105,084
Parent Company traded with Castle Park CLO DAC	EUR	81,259,355	69,602,260
Parent Company traded with Dartry Park CLO DAC	EUR	87,520,491	66,991,912
Parent Company traded with Orwell Park CLO DAC	EUR	90,993,390	74,024,731
Parent Company traded with Dorchester Park CLO DAC	EUR	181,123,889	159,191,969
Parent Company traded with Tymon Park CLO DAC	EUR	91,757,189	63,229,312
Parent Company traded with Elm Park CLO DAC	EUR	87,346,168	508,404,943
Parent Company traded with Griffith Park CLO DAC	EUR	84,027,138	408,979,280
Parent Company traded with Clarinda Park CLO DAC	EUR	108,512,774	325,741,283
Parent Company traded with Clontarf Park CLO DAC	EUR	403,591,147	-
Parent Company traded with Palmerston Park CLO DAC	EUR	374,286,272	-
Parent Company traded with Willow Park CLO DAC	EUR	328,820,767	-
Phoenix Park CLO DAC traded with Clarinda Park CLO DAC	EUR	489,068	-
Phoenix Park CLO DAC traded with Dartry Park CLO DAC	EUR	1,485,398	-
Phoenix Park CLO DAC traded with Palmerston Park CLO DAC	EUR	3,025,380	-
Phoenix Park CLO DAC traded with Willow Park CLO DAC	EUR	1,515,398	-
Sorrento Park CLO DAC traded with Clarinda Park CLO DAC	EUR	1,873,399	-
Sorrento Park CLO DAC traded with Griffith Park CLO DAC	EUR	1,001,510	2,001,734
Castle Park CLO DAC traded with Willow Park CLO DAC	EUR	1,264,413	-
Clarinda Park CLO DAC traded with Dartry Park CLO DAC	EUR	1,912,580	-
Dartry Park CLO DAC traded with Willow Park CLO DAC	EUR	1,264,413	-
Orwell Park CLO DAC traded with Willow Park CLO DAC	EUR	1,515,398	-
Tymon Park CLO DAC traded with Clarinda Park CLO DAC	EUR	1,651,394	-
Elm Park CLO DAC traded with Castle Park CLO DAC	EUR	997,550	6,072,467
Elm Park CLO DAC traded with Sorrento Park CLO DAC	EUR	-	3,516,780
Elm Park CLO DAC traded with Dartry Park CLO DAC	EUR	-	7,091,731
Elm Park CLO DAC traded with Orwell Park CLO DAC	EUR	-	4,226,000
Griffith Park CLO DAC traded with Clontarf Park CLO DAC	EUR	1,001,510	-
Griffith Park CLO DAC traded with Castle Park CLO DAC	EUR	-	2,475,178
Griffith Park CLO DAC traded with Phoenix Park CLO DAC	EUR	-	1,998,245
Griffith Park CLO DAC traded with Tymon Park CLO DAC	EUR	-	4,446,507
Griffith Park CLO DAC traded with Dartry Park CLO DAC	EUR	-	1,900,163
Griffith Park CLO DAC traded with Orwell Park CLO DAC	EUR	-	3,562,222

The Parent Company traded with CLOs managed by GSO to the value of EUR2,089,016,480 (31 December 2016: EUR1,812,605,475).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017**

Note 17 Fair value gain/(loss) on financial liabilities

The unrealised gain on financial liabilities reflects the movement in value of the Notes (which are classified as financial liabilities at fair value through profit or loss) issued by the Group. It consists of:

	Group 31 Dec 2017 EUR	Group 31 Dec 2016 EUR
Fair value gain/(loss) on Parent Company financial liabilities	(10,464,871)	(47,177,014)
Fair value gain/(loss) on Phoenix Park CLO DAC financial liabilities	1,983,547	(6,912,322)
Fair value gain/(loss) on Sorrento Park CLO DAC financial liabilities	5,980,852	(11,055,362)
Fair value gain/(loss) on Castle Park CLO DAC financial liabilities	125,358	(6,575,750)
Fair value gain/(loss) on Dorchester Park CLO DAC financial liabilities	(3,263,279)	(14,136,693)
Fair value gain/(loss) on Dartry Park CLO DAC financial liabilities	4,832,340	(6,950,252)
Fair value gain/(loss) on Orwell Park CLO DAC financial liabilities	2,592,371	(8,444,532)
Fair value gain/(loss) on Tymon Park CLO DAC financial liabilities	(1,543,692)	(5,472,648)
Fair value gain/(loss) on Elm Park CLO DAC financial liabilities	(1,262,999)	(4,133,999)
Fair value gain/(loss) on Griffith Park CLO DAC financial liabilities	1,260,993	6,522,236
Fair value gain/(loss) on Bristol Park CLO Limited financial liabilities	3,522,331	3,414,470
Fair value gain/(loss) on Grippen Park CLO Warehouse financial liabilities	-	(1,697,756)
Fair value gain/(loss) on Clarinda Park CLO DAC financial liabilities	1,103,197	2,303,524
Fair value gain/(loss) on Clontarf Park DAC financial liabilities	7,470,824	-
Fair value gain/(loss) on Willow Park DAC financial liabilities	3,845,311	-
Fair value gain/(loss) on Palmerston Park DAC financial liabilities	5,988,527	-
	<u>22,170,810</u>	<u>(100,316,098)</u>

Note 18 Finance income/(expense) on financial liabilities

The finance expense on financial liabilities consists of:

	Group 31 Dec 2017 EUR	Group 31 Dec 2016 EUR
Finance expense on debt issued by subsidiaries	(120,780,988)	(91,443,694)
Finance expense on the BGCF Facility	<u>(6,449,284)</u>	<u>(6,031,065)</u>
	<u>(127,230,272)</u>	<u>(97,474,759)</u>

Note 19 Master netting agreements

None of the financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. None of the financial assets and financial liabilities are offset in the Consolidated or Company Statement of Financial Position.

Note 20 Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2017 (31 December 2016: nil).

Note 21 Commitments and contingencies

During the normal course of business, the Group may commit to purchase a loan asset. These are not reflected in the Consolidated Statement of Financial Position. At the financial year end, the Group has unrestricted commitments of this nature. Each consolidated CLO's investment activity, including its commitments, are restricted by the prospectus and the specific eligibility criteria and portfolio limits as outlined in Note 14.

There are no contingent liabilities as at 31 December 2017 (31 December 2016: nil).

Note 22 Charges

The PPNs are secured by the assignment of a fixed first charge of the Parent Company's rights, title and interest on investments held and on its cash. This charge is subordinated to the charge assigned to the BGCF Facility. This charge was not exercised during the current or prior financial periods.

The BGCF Facility is also secured by a Charge and Assignment Deed over the Parent Company's assets. This charge has priority over the charge assigned to the PPNs and was not exercised during the current or prior financial periods.

BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 22 Charges (continued)

For the consolidated CLOs, there is a first fixed charge and first priority security interest granted, in favour of their respective Trustees for the benefit of the holders of the Notes, over all of the CLO's present and future rights, title and interest in respect of all Collateral Obligations

Note 23 Significant events during the financial year

The Parent Company established three new subsidiaries, namely Palmerston Park DAC, Clontarf Park CLO DAC and Willow Park CLO DAC.

On 30 January 2017, with regard to the notes issued by Phoenix Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 23 December 2016.

On 13 March 2017, Blackstone / GSO US Corporate Funding Limited, the US Majority Owned Affiliate ("US MOA") was funded. US MOA intends to invest from time to time, in certain CLOs and CLO warehouses. Blackstone Holdings IV L.P and the Parent Company invested in Class A Preference shares issued by the US MOA.

On 14 March 2017, with regard to the Classes of notes issued by Castle Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 9 February 2017.

On 15 March 2017, the Parent Company redeemed its preference shares in Grippen Park CLO Warehouse. Blackstone / GSO US Corporate Funding Limited purchased USD35,622,000 of the subordinated Notes in Grippen Park CLO Limited, representing 60.00% ownership in conjunction with the purchase of the underlying assets held by the CLO.

On 17 March 2017, the Parent Company redeemed its holdings in Bristol Park CLO Limited.

On 1 June 2017, the VFN Agreement was terminated and the Parent entered into the BGCF Facility Agreement.

On 16 May 2017, with regard to the Classes of notes issued by Sorrento Park CLO DAC, refinancing took effect on the Class A-1A Notes, the Class A-1B Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 18 May 2017.

On 28 July 2017, with regard to the Classes of notes issued by Dartry Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 2 August 2017.

On 18 August 2017, with regard to the Classes of notes issued by Orwell Park CLO DAC, refinancing took effect on the Class A-1A Notes, the Class A-1B Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 25 August 2017.

Note 24 Significant events after financial year end

In January 2018, the Parent Company issued PPNs of EUR 60,000,000 to the Blackstone / GSO Corporate Funding EUR Fund.

In January 2018, the Parent Company increased its investment in the U.S. MOA by USD 29,337,651.

On 22 January 2018, with regard to the Classes of notes issued by Tymon Park CLO DAC, refinancing took effect on the Class A-1A Notes, the Class A-1B Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes, the Class C Notes and the Class D Notes pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 22 January 2018.

In February 2018, the Parent Company issued PPNs of EUR 42,000,000 to the Blackstone / GSO Corporate Funding EUR Fund.

In February 2018, the Parent Company sold 9,000,000 par of Castle Park CLO DAC's Subordinated Notes.

In March 2018, the Parent Company issued PPNs of EUR 40,000,000 to the Blackstone / GSO Corporate Funding EUR Fund.

On 29 March 2018, the Parent Company established a new originated subsidiary, Marlay Park CLO DAC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2017

Note 24 **Significant events after financial year end (continued)**

The Forward Purchase Agreement relating to a portfolio of assets with Marlay Park CLO DAC matured on 29 March 2018 when the Parent Company purchased EUR 24,600,000 of its Subordinated Notes, representing 60% ownership, in conjunction with the purchase of the underlying assets by the subsidiary.

In March 2018, the Parent Company increased its investment in U.S. MOA by USD 56,426,810.

In March 2018, the Parent Company redeemed its preference shares in Greenwood Park CLO Warehouse. U.S. MOA purchased USD 63,600,000 of the subordinated Notes in Greenwood Park CLO, Ltd, representing 59% ownership in conjunction with the purchase of the underlying assets held by the CLO.

On 10 April 2018, the Parent Company redeemed its preference shares in Cook Park CLO Warehouse. U.S. MOA purchased USD 60,000,000 of the subordinated Notes in in Cook Park CLO, Ltd, representing 56% ownership in conjunction with the purchase of the underlying assets held by the CLO.

Regulatory Update

On 9 February 2018, the U.S. Court of Appeals for the D.C. Circuit ruled in favour of the Loan Syndications and Trading Association ("LSTA") in its lawsuit against the U.S. Securities and Exchange Commission ("SEC") and the Federal Reserve, determining that U.S. CLO managers are not subject to the risk retention rules per the Dodd-Frank Act as it applies to "open market CLOs" (CLOs of broadly syndicated loans). There was a period of 45-days during which the U.S. government agencies were able to appeal the ruling. As there was no appeal, the ruling became effective on 2 April 2018. This ruling does not impact the risk retention rules for European CLO managers.

There is no intended change to the investment activity in U.S. CLOs by the U.S. MOA in the near-term as a result of the ruling. We will continue to evaluate the implications of this change in U.S. regulations on the long-term investment strategy of the Parent Company, considering the potential impact of the ruling on investment performance and capital deployment, among other factors.

Note 25 **Approval of financial statements**

The Directors approved the financial statements on 10 April 2018.

PART XII

ROLLOVER TERMS AND CONDITIONS

1. INTRODUCTION

1.1 The process for electing to participate in the Rollover Opportunity depends on whether you hold your Carador Shares in certificated or uncertificated form:

1.1.1 if you hold your Carador Shares in certificated form, you must complete the Rollover Election Form accompanying this Prospectus and send your completed Rollover Election Form to the Carador company secretary at The Company Secretary, Carador Income Fund plc, c/o State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland so as to be received by them no later than 9.00 a.m. (Irish time) on 21 December 2018;

1.1.2 if you hold your Carador Shares in uncertificated form (i.e. in CREST), you must refer to the Rollover Election Instructions enclosed with the Carador Circular and available on the Company's website and submit a TTE Instruction in CREST. Your TTE Instruction, submitted in accordance with the Rollover Election Instructions, must be sent to the Carador Registrar (in its capacity as a CREST receiving agent under its Participant ID and Member Account ID referred to in the Rollover Election Instructions), as soon as possible and, in any event, so that the TTE Instruction settles by not later than 9.00 a.m. (Irish time) on 21 December 2018.

For these purposes, the completing and delivering the Rollover Election Form as set out above or the making of a TTE Election in accordance with the Rollover Election Instructions is considered making a **"Rollover Application"**.

1.2 A Rollover Application will, if the relevant conditions are satisfied, result in your Carador Shares being converted into non-transferable shares, designated as "rollover class shares", in Carador (the **"Carador Rollover Shares"**) which will subsequently be cancelled in exchange for the issue of Rollover Shares by the Company (the **"Rollover Opportunity"**). By electing to participate in the Rollover Opportunity, you will be agreeing with the Company, Carador, the Joint Financial Advisers, Link Market Services (Jersey) Limited (the **"Registrar"**) Computershare Investor Services (Ireland) Limited (the **"Carador Registrar"**), and State Street Fund Services (Ireland) Limited (the **"Carador Company Secretary"**) together with the Registrar and the Carador Registrar, the **"Rollover Intermediaries"** to the Rollover terms and conditions set out below. Potential investors holding their Carador Shares in certificated form should note the sections entitled *"How to complete this Form"* and *"Further notes regarding the completion and lodging of this Rollover Election Form"* in the Rollover Election Form. Potential investors holding their Carador Shares in uncertificated form should refer to the Rollover Election Instructions.

1.3 Investment in the Rollover Shares is only suitable for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in shares admitted to the SFS.

1.4 Carador Shareholders located in the United States or who are otherwise a U.S. Person should read the section entitled *"Notice for U.S. Shareholders"* at the front of this Prospectus and, if they wish to participate in the Rollover Opportunity, execute and deliver a U.S. investor letter in the form that accompanies the Carador Circular (and which is also available at <http://www.carador.co.uk/>) and return a copy by not later than 9.00 a.m. (Irish time) on 21 December 2018. Completed and signed U.S. investor letters should be sent so as to be received by the company secretary by fax (Fax No: 00353-1-416 1450) or post (The Company Secretary, Carador Income Fund plc, c/o State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland). If copies are sent by post, please also send a pdf by e-mail to SBattye@StateStreet.com.

2. OFFER TO SUBSCRIBE FOR ROLLOVER SHARES

2.1 By making a Rollover Application, you, as the applicant for Rollover Shares, and, if you either: (i) sign the Rollover Election Form on behalf of another person or a corporation; or (ii) submit a TTE Instruction pursuant to the Rollover Election Instructions on behalf of another person or a corporation, that person or corporation:

- 2.1.1 offer to exchange such number Carador Shares (of either class) as specified in your Rollover Application (this number being the number and class of Carador Shares in respect of which you wish to exercise the Rollover Opportunity) on the terms, and subject to the conditions, set out in the Carador Circular, this Prospectus, including these Rollover Terms and Conditions, and the Articles (as amended from time to time);
- 2.1.2 agree that, in consideration of the Company agreeing that it will not, prior to the Rollover Date, offer any Rollover Shares to any person other than by means of the procedures referred to in this Prospectus, your Rollover Application may not be revoked (subject to any legal right to withdraw your application which arises as a result of any supplementary prospectus being published by the Company subsequent to the date of this Prospectus and prior to the Rollover Date) and that this section shall constitute a collateral contract between you and the Company which will become binding upon either: (i) despatch by post to or, in the case of delivery by hand, on receipt by the Carador Company Secretary of your Rollover Election Form (if you hold your Carador Shares in certificated form); or (ii) receipt of your TTE Instruction, submitted in accordance with the Rollover Election Instructions, by the Carador Register (if you hold your Carador Shares in uncertificated form);
- 2.1.3 agree that where, on your Rollover Application, a request is made for Rollover Shares to be deposited into a CREST Account, the Registrar may in its absolute discretion decide to issue such Rollover Shares in certificated form registered in the name(s) of the applicant(s) specified in your Rollover Application (and recognise that the Registrar will issue the Rollover Shares in certificated form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account);
- 2.1.4 agree that where, on your Rollover Application, a request is made for Rollover Shares in certificated form (and applications in respect of which the Registrar exercises its discretion pursuant to paragraph 2.1.3 above to issue Rollover Shares in certificated form), that any share certificate to which you (or, in the case of joint applicants, any of the persons specified by you in your Rollover Application) may become entitled or which is issued pursuant to paragraph 2.1.3 above may be retained by the Registrar:
- (A) pending investigation of any suspected breach of the warranties contained in paragraph 4 below or any other suspected breach of these Rollover Terms and Conditions; or
 - (B) pending any verification of identity which is, or which the Company, Carador or either Rollover Intermediary considers may be, required for the purpose of applicable anti-money laundering requirements;
- 2.1.5 agree, on the request of the Registrar, to disclose promptly in writing to it such information as the Registrar may request in connection with your application and authorise the Registrar to disclose any information relating to your application which it may consider appropriate;
- 2.1.6 agree that, if evidence of identity satisfactory to the Registrar is not provided to the Registrar within a reasonable time (in the opinion of the Registrar) following a request therefor, the Company may reject your election to participation in the Rollover Opportunity;
- 2.1.7 agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
- 2.1.8 undertake to ensure that, in the case of a Rollover Election Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Rollover Election Form together with full identity documents for the person so signing;
- 2.1.9 undertake to ensure that, in the case of an election made by submitting a TTE Instruction on your behalf the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is provided to the Registrar, together with full identity documents for the person making the election;
- 2.1.10 confirm that you have read and complied with section 6 of this Part XII;
- 2.1.11 agree that your Rollover Application is addressed *inter alia* to the Company and the Registrar;
- 2.1.12 acknowledge that the Rollover will not proceed if the conditions set out in paragraph 3 below are not satisfied; and

2.1.13 acknowledge and agree that the Company may reject your Rollover Application in its sole and absolute discretion.

3. CONDITIONS

- 3.1 The contracts created by the receipt of a validly completed Rollover Application (and any accompanying documents) by the Carador Registrar or the Carador Company Secretary (in whole or in part) under the Rollover are subject to the terms set out in paragraph 2 above and will be conditional upon:
- 3.1.1 the Placing Agreement becoming wholly unconditional and not being terminated in accordance with its terms;
 - 3.1.2 the passing of the resolutions to be proposed at the Company's Extraordinary General Meeting to be held on 12 December 2018 (or any adjournment thereof); and
 - 3.1.3 the passing of resolutions at the Carador shareholder meetings to be held on 17 December 2018 (or any adjournment thereof).
- 3.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after making the Rollover Application. This does not affect any other right you may have.

4. REPRESENTATIONS AND WARRANTIES

By completing a Rollover Application you:

- 4.1 warrant that, if you sign the Rollover Election Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Rollover Terms and Conditions and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 4.2 warrant that, if you submit a TTE Instruction pursuant to the Rollover Election Instructions, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Rollover Terms and Conditions and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 4.3 warrant that, in making the Rollover Application, you are relying solely on the Carador Circular, this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to the Rollover Date and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Carador Rollover Shares, the Rollover Shares, the Rollover or Rollover Admission and no other information, and that in participating in the Rollover, you have had access to all information you believe necessary or appropriate in connection with your decision to subscribe for the Rollover Shares. You agree that having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained in this Prospectus. You agree that none of the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries nor any of their respective affiliates, officers, agents or employees, will have any liability for any other information or representation. To the fullest extent permissible under law, you irrevocably and unconditionally waive any rights you may have in respect of any other information or representation;
- 4.4 acknowledge that the content of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to the Rollover Date is exclusively the responsibility of the Company and the Directors (and other persons that accept liability for the whole or part of this Prospectus and any such supplementary prospectus) and, apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Financial Advisers by FSMA or the regulatory regime established thereunder, neither the Joint Financial Advisers nor any person acting on their behalf nor any of their affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to the Rollover Date or for any other statement made or purported to be made by the Company, or on its behalf, in connection with the Company, the Carador Rollover Shares, the Rollover Shares, the Rollover or Rollover Admission and nothing in this Prospectus or any such supplementary prospectus will be relied

upon as a promise or representation by the Joint Financial Advisers, whether or not it relates to the past or future. You acknowledge that Joint Financial Advisers nor any person acting on their behalf nor any of their affiliates is making any recommendations to you, advising you regarding the suitability of any transactions you may enter into in connection with the Rollover, or providing any advice in relation to the Rollover, and your participation in the Rollover is on the basis that you are not and will not be a client of the Joint Financial Advisers or any of their affiliates, and that the Joint Financial Advisers and their affiliates have no duties or responsibilities to you for providing the protections afforded to their respective clients or for providing advice in relation to the Rollover. The Joint Financial Advisers accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it or they might otherwise have in respect of this Prospectus or any such supplementary prospectus or any such statement;

- 4.5 acknowledge that the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus, including those set out in the section entitled "*Purchase and Transfer Restrictions*" in Part V of this Prospectus;
- 4.6 acknowledge that the representations, warranties, undertakings, agreements and acknowledgements contained in this Prospectus are irrevocable, and that the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries and their respective affiliates will rely upon the truth and accuracy of such representations, warranties, undertakings, agreements and acknowledgements. You agree that if any of the representations, warranties, undertakings, agreements or acknowledgements made or deemed to have been made by you in connection your Rollover Application, are no longer accurate, you shall promptly notify the Company, Carador, the Joint Financial Advisers and the Rollover Intermediaries;
- 4.7 acknowledge that no person is authorised in connection with the Rollover to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to the Rollover Date and, if given or made, any information or representation must not be relied upon as having been authorised, verified or approved by the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries, or any of their respective affiliates;
- 4.8 warrant, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your Rollover Application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory;
- 4.9 warrant that you do not have a registered address in, and are not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Rollover Shares and you are not acting on a non-discretionary basis for any such person;
- 4.10 accept that none of the Rollover Shares have been or will be registered under the laws of any jurisdiction. Accordingly, the Rollover Shares may not be offered, sold, issued or delivered, directly or indirectly, within any jurisdiction outside the UK unless an exemption from any registration requirement is available;
- 4.11 acknowledge, if you are outside the United Kingdom, that neither this Prospectus nor any other offering, marketing or other material in connection with the Rollover constitutes an invitation, offer or promotion to, or arrangement with, you or any person whom you are procuring to make a Rollover Application, unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to you or such person and such documents or materials could lawfully be provided to you or such person and Rollover Shares could lawfully be distributed to and subscribed and held by you or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.12 warrant, if you are a professional investor (as such term is given meaning in the AIFM Directive) resident, domiciled in, or with a registered office in, the EEA, that the Rollover Shares have only been promoted, offered, placed or otherwise marketed to you, and the subscription will be made from: (a) a country outside the EEA; (b) the United Kingdom; or (c) an EEA state in respect of which the Company has confirmed that it has made the relevant marketing notifications and is lawfully able to market Rollover Shares to professional investors in that EEA state;
- 4.13 irrevocably appoint any Director and the Registrar or either of the Joint Financial Advisers to be your agent and on your behalf (without any obligation or duty to do so), to sign, execute and deliver any

documents and do all acts, matters and things as may be necessary for, or incidental to, your Rollover Application, in the event of your own failure to do so, and to enter your name on the Register;

- 4.14 accept that if the Rollover does not proceed for any reason whatsoever, then you shall continue to hold Carador Shares (which shall not, for the avoidance of doubt, be converted into Carador Rollover Shares) and none of the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries, nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them, nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to you or any other person;
- 4.15 warrant that you have not taken any action or omitted to take any action which will or may result in the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries or any of their respective affiliates, directors, officers, agents, employees or advisers being in breach, directly or indirectly, of the legal or regulatory requirements of any territory in connection with your Rollover Application;
- 4.16 warrant that in connection with Rollover Application, you have observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing;
- 4.17 acknowledge that due to anti-money laundering and the countering of terrorist financing requirements, the Company, Carador or either Rollover Intermediary may require proof of identity of you and your related parties and that, in the event of delay or failure by you to produce any information required for verification purposes, your Rollover Application may be rejected. You hold harmless and will indemnify the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries and their respective affiliates against any liability, loss or cost ensuing due to the failure to process the application, if such information as has been required was not provided by you or was not provided on a timely basis;
- 4.18 warrant that you, and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf you are making a Rollover Application, or to whom you allocate such Rollover Shares, have the capacity and authority to enter into and to perform their obligations under the Rollover and will honour those obligations;
- 4.19 confirm that, as far as you are aware, save as otherwise disclosed in this Prospectus, you are not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company;
- 4.20 confirm that you are not, and at the Rollover Date, will not be, an affiliate of the Company or a person acting on behalf of such affiliate, and you are not making your Rollover Application, for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.21 confirm that you will (or will procure that your nominee will), if applicable, make a notification to the Company of your interest in Rollover Shares in accordance with the Articles and Rule 5 of the Disclosure Guidance and Transparency Rules issued by the FCA and made under Part VI of FSMA as they apply to the Company;
- 4.22 warrant that you are not under the age of 18 years old on the date of your election;
- 4.23 agree that all documents sent by post to, by or on behalf of, the Company, Carador, the Joint Financial Advisers or the Rollover Intermediaries will be sent at your risk and, in the case of documents to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Rollover Application;
- 4.24 confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;
- 4.25 agree that, in respect of those Rollover Shares for which your Rollover Application has been received and processed and not rejected, acceptance of your Rollover Application shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 4.26 agree that all applications, acceptances of applications and contracts resulting therefrom under the Rollover and any non-contractual obligations arising in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Carador, the Joint Financial Advisers and/or the Rollover Intermediaries to bring any action, suit or proceedings arising

out of, or in connection with, any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

- 4.27 warrant that you: (a) are capable of evaluating the merits and risks of an investment in the Rollover Shares; (b) have understood the risks associated with such investment set out in this Prospectus; and (c) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- 4.28 agree to provide the Company, Carador, the Joint Financial Advisers and the Rollover Intermediaries with any information which any of them may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with applicable anti-money laundering provisions;
- 4.29 agree that the Joint Financial Advisers and the Registrar are acting for the Company in connection with the Rollover and for no one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Rollover Shares or concerning the suitability of the Rollover Shares for you or be responsible to you for providing the protections afforded to their respective customers;
- 4.30 agree that each of the Carador Registrar and the Carador Company Secretary is acting for Carador in connection with the Rollover and for no one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Carador Rollover Shares or concerning the suitability of the Rollover Opportunity for you or be responsible to you for providing the protections afforded to their respective customers.
- 4.31 warrant that the information contained in your Rollover Application is true and accurate;
- 4.32 agree that, if you request that Rollover Shares are issued to you on a date other than the Rollover Date and such Rollover Shares are not issued on such date, the Company and its agents and Directors will have no liability to you arising from the issue of such Rollover Shares on a different date;
- 4.33 acknowledge that Rollover Admission is not a condition to the completion of the Rollover and the issue of the Rollover Shares and that the Company may, at its discretion, proceed with the Rollover even if Rollover Admission cannot be achieved for any reason, which would result in the Rollover Shares not being admitted to trading on any market, thereby materially impacting the liquidity of the Rollover Shares; and
- 4.34 acknowledge that the key information document relating to Rollover Shares prepared by the Company pursuant to the PRIIPs Regulation can be provided to you by means of the website at www.blackstone.com/bglf or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you.

5. MONEY LAUNDERING

- 5.1 You agree that, in order to ensure compliance with the Money Laundering Regulations 2007 in force in the United Kingdom and the Jersey AML Requirements (where applicable), the Company, Carador, the Joint Financial Advisers and/or the Rollover Intermediaries may, in their absolute discretion, require verification of identity from any person lodging a Rollover Application.
- 5.2 The Registrar may undertake electronic searches for the purposes of verifying your identity (such searches may include, without limitation, enquires to credit reference agencies). To do so the Registrar may verify the details against your identity. You agree to provide any documents that the Registrar deems necessary to verify your identity and/or to ensure compliance with the Money Laundering Regulations 2007 in force in the United Kingdom and the Jersey AML Requirements generally. The Registrar reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 5.3 Where you appear to the Registrar to be acting on behalf of some other person, certifications of identity of any persons on whose behalf you appear to be acting may be required. Failure to provide the necessary evidence of identity may result in application(s) being rejected or in delays in the despatch of documents.
- 5.4 In all circumstances, verification of the identity of applicants will be required.

6. OVERSEAS PERSONS

- 6.1 The attention of existing and potential investors who are not resident in, or who are not citizens of, the United Kingdom is drawn to this paragraph 6.
- 6.2 The offer of Rollover Shares to persons who are resident in, or citizens of, countries other than the United Kingdom ("**Overseas Persons**") may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to make their Rollover Application. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to make their Rollover Application, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities required to be observed and paying any issue, transfer or other taxes due in such territory.
- 6.3 No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 6.4 Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any U.S. Person or in or into the United States, or any jurisdiction where to do so would or might contravene local securities laws or regulations.
- 6.5 The Company reserves the right to treat as invalid any Rollover Application, if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.
- 6.6 If you are a Carador Shareholder, who is located in the United States or otherwise a U.S. Person, you must additionally execute and submit a U.S. investor letter in the form that accompanies the Carador Circular (and which is also available at <http://www.carador.co.uk/>) and return a copy by not later than 9.00 a.m. (Irish time) on 21 December 2018. Completed and signed U.S. investor letters should be sent so as to be received by the company secretary by fax (Fax No: 00353-1-416 1450) or post (The Company Secretary, Carador Income Fund plc, c/o State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland). If copies are sent by post, please also send a pdf by e-mail to SBattye@StateStreet.com.

7. DATA PROTECTION

- 7.1 Each applicant understands that any information the applicant provides in relation to any natural person (a "**relevant individual**") by whatever means in relation to an application for Rollover Shares or information which may be obtained in relation to any relevant individual from other sources (the "**personal information**") will be held, controlled and processed by the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries and/or the Administrator subject always to (as applicable) the provisions of (i) the General Data Protection Regulation (2016/679) and any national law issued under that regulation and (ii) the Data Protection (Jersey) Law 2018, each as amended from time to time (together, the "**DP Laws**").
- 7.2 In relation to the Company the applicant is advised to read in detail the Data Privacy Notice for Investors dated 25 May 2018 (the "**Data Privacy Notice**") and available at <https://www.blackstone.com/docs/default-source/fund-documents/gso-funds/bglf/investor-document-s/privacy-notice--bglf-final>, which sets out the purposes for which personal information belonging to relevant individuals will be held and processed by the Company, Carador, the Joint Financial Advisers, the Rollover Intermediaries and/or the Administrator and provides an outline of the data protection rights of relevant individuals under the DP Laws. Each applicant warrants and confirms that.
- 7.2.1 it has all necessary authority to provide the personal data on behalf of each relevant individual;
- 7.2.2 it has and shall continue to comply in all respects with the DP Laws in relation to the disclosure of personal data pursuant to this Prospectus, any supplementary prospectus and the Rollover Application; and
- 7.2.3 it will make the Privacy Notice available to each relevant individual and draw their attention to it.

8. MISCELLANEOUS

- 8.1 The rights and remedies of the Company, Carador, the Joint Financial Advisers and the Rollover Intermediaries under these Rollover Terms and Conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 Subject to satisfying all legal and regulatory requirements:
- 8.2.1 the Company reserves the right to extend or bring forward the Rollover Date from 4 January 2019 (provided that if the closing time is extended this Prospectus remains valid at the closing time as extended) by giving notice to the London Stock Exchange. The Company will notify investors via an RIS announcement and any other manner, according to the requirements of the London Stock Exchange;
 - 8.2.2 the Company may terminate the Rollover, in its absolute discretion, at any time after 9.00 a.m. on 21 December 2018 but prior to the Rollover Date;
 - 8.2.3 the dates and times referred to in these Rollover Terms and Conditions may be altered by the Company for any reason, including (but not limited to) so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms); and
 - 8.2.4 save where the context requires otherwise, terms used in these Rollover Terms and Conditions bear the same meaning as used elsewhere in this Prospectus.

PART XIII

PLACING TERMS AND CONDITIONS

1. INTRODUCTION

The terms and conditions which shall apply to any Placee which confirms its agreement to subscribe for Placing Shares under the Placing Programme are contained in this Part XIII of this Prospectus.

The Company, a Joint Placing Agent or a Distributor may, in addition, require any such Placee to execute a separate placing letter.

2. AGREEMENT TO SUBSCRIBE FOR PLACING SHARES

For the purposes of this Part XIII Fidante, N+1 Singer, the Company and any relevant Distributor will each be referred to as the "**Relevant Contracting Entity**".

Conditional on: (i) the Placing Agreement becoming unconditional in all respects in respect of the relevant Placing and not having been terminated in accordance with its terms; and (ii) the Relevant Contracting Entity confirming to the Placees their allocation of Placing Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by the Relevant Contracting Entity at the Placing Price in respect of the Placing Shares allocated to the Placee. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. PAYMENT FOR PLACING SHARES

Each Placee must pay the Placing Price for the Placing Shares issued to the Placee in the manner and by the time directed by the Relevant Contracting Entity. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Placing Shares shall be rejected.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Placing Shares, each Placee which enters into a commitment to subscribe for Placing Shares will (for itself and any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Relevant Contracting Entity, PSL and the Registrar that:

- 4.1 in agreeing to subscribe for Placing Shares under the Placing, it is relying solely on this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Relevant Contracting Entity, PSL or the Registrar, or any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Relevant Contracting Entity or PSL by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Relevant Contracting Entity nor any person acting on its behalf nor any of its affiliates (which, for the avoidance of doubt, in this document in respect of the Relevant Contracting Entity, includes PSL) accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Placing Shares or the Placing and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. The Relevant

Contracting Entity accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;

- 4.3 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placing Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its placing commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Relevant Contracting Entity, PSL, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 4.4 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 4.5 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Placing Shares solely on the basis of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Placing Shares;
- 4.6 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Relevant Contracting Entity;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.8 it accepts that none of the Placing Shares have been or will be registered under the laws of any Restricted Territory. Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Territory unless an exemption from any registration requirement is available;
- 4.9 if it is a resident of the European Economic Area ("**EEA**"), it is a person to whom the Placing Shares may be lawfully marketed under the AIFM Directive or under the applicable implementing legislation of the Relevant Member State;
- 4.10 if it is a resident in the EEA (other than the United Kingdom), it is a "Qualified Investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive;
- 4.11 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.12 it acknowledges that none of the Relevant Contracting Entity nor any of its respective affiliates nor any person acting on its behalf (which, for the avoidance of doubt, in this document in respect of Fidante, includes PSL) is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of the Relevant Contracting Entity or any of its affiliates and that none of the Relevant Contracting Entity or any of its affiliates have any duties or responsibilities to it for providing protection afforded to its or their respective clients or for providing advice in relation to the Placing nor in respect of any representations,

warranties, undertaking or indemnities contained in these terms and conditions or in any placing letter, where relevant;

- 4.13 it acknowledges and makes the representations, warranties and agreements set out in this Prospectus, including those set out under "*Subscriber and Shareholder Warranties*" in the section entitled "*Purchase and Transfer Restrictions*" in Part V of this Prospectus, and where it is subscribing for Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Placing Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus or in any placing letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Relevant Contracting Entity. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.14 it is acting as principal only in respect of the Placing, or, if it is acting for any other person: (i) it is and will remain liable to the Relevant Contracting Entity for the performance of all its obligations as a placee in respect of the Placing (regardless of the fact that it is acting for another person); (ii) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of Directive 2003/71/EC (known as Prospectus Directive) acting as agent for such person; and (iii) such person is either (1) a FSMA "qualified investor" or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- 4.15 it confirms that any of its clients, whether or not identified to the Relevant Contracting Entity or any of their affiliates or agents, will remain its sole responsibility and will not become clients of the Relevant Contracting Entity or any of their affiliates or agents for the purposes of the rules of the Financial Conduct Authority or the JFSC or for the purposes of any other statutory or regulatory provision;
- 4.16 where it or any person acting on its behalf is dealing with the Relevant Contracting Entity, any money held in an account with the Relevant Contracting Entity on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority or the JFSC which therefore will not require the Relevant Contracting Entity to segregate such money as that money will be held by the Relevant Contracting Entity under a banking relationship and not as trustee;
- 4.17 it has not and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA;
- 4.18 it is an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is subscribing for or purchasing the Shares for investment only and not for resale or distribution;
- 4.19 it irrevocably appoints any Director of the Company and any director of the Relevant Contracting Entity to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.20 it accepts that if the Placing does not proceed or the conditions to the Relevant Contracting Entity's obligations in respect of such Placing under the Placing Agreement are not satisfied, the Placing Agreement is terminated prior to the admission of the Placing Shares for which valid applications are received and accepted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market, for any reason whatsoever or such Placing Shares are not admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market for any reason whatsoever, the Relevant Contracting Entity nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.21 it has not taken any action or omitted to take any action which will or may result in the Relevant Contracting Entity or any of their respective directors, officers, agents, affiliates, employees or advisers

being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its subscription of Placing Shares pursuant to the Placing;

- 4.22 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its placing commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Jersey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.23 due to anti-money laundering and the countering of terrorist financing requirements the Relevant Contracting Entity may require proof of identity of the Placee and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, the Relevant Contracting Entity may refuse to accept the placing commitment and the subscription moneys relating thereto. It holds harmless and will indemnify the Relevant Contracting Entity against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided timeously;
- 4.24 any person in Jersey involved in the business of the Company who knows or suspects or has reasonable grounds for knowing or suspecting that any other person (including the Company or any person subscribing for Placing Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the relevant authorities pursuant to the Jersey AML Requirements. Similar disclosures may be required under other legislation;
- 4.25 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares pursuant to the Placing or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as a Placee of the Placing Shares and will honour those obligations;
- 4.26 as far as it is aware it is not acting in concert (within the meaning given in The City Code on Takeovers and Mergers) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;
- 4.27 The Relevant Contracting Entity is entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.28 the representations, undertakings and warranties contained in this Prospectus or in any placing letter, where relevant, are irrevocable. It acknowledges that the Relevant Contracting Entity and their respective affiliates will rely upon the truth and accuracy of such representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Placing Shares are no longer accurate, it shall promptly notify the Relevant Contracting Entity;
- 4.29 it confirms that it is not, and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate, and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.30 nothing has been done or will be done by it in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any ordinary shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- 4.31 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Shares in accordance with Rule 5 of the Disclosure Rules and Transparency Rules issued by the FCA and made under Part VI of the FSMA as they apply to the Company;

- 4.32 it accepts that the allocation of Placing Shares shall be determined by the Relevant Contracting Entity in their absolute discretion and that such persons may scale down any placing commitments for this purpose on such basis as they may determine; and
- 4.33 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If the Relevant Contracting Entity or the Registrar or any of their agents request any information in connection with a Placee's agreement to subscribe for Placing Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

6. DATA PROTECTION

- 6.2 Each Placee understands that any information the Placee provides in relation to any natural person (a "**relevant individual**") by whatever means in relation to an application for Placing Shares or information which may be obtained in relation to any relevant individual from other sources (the "**personal information**") will be held, controlled and processed by the Company, the Joint Financial Advisers, the Registrar and/or the Administrator subject always to (as applicable) the provisions of (i) the General Data Protection Regulation (2016/679) and any national law issued under that regulation and (ii) the Data Protection (Jersey) Law 2018, each as amended from time to time (together, the "**DP Laws**").
- 6.3 With regards to the Company the Placee is advised to read in detail the Data Privacy Notice for Investors dated 25 May 2018 (the "**Data Privacy Notice**") and available at <https://www.blackstone.com/docs/default-source/fund-documents/gso-funds/bglf/investor-documents/privacy-notice--bglf-final>, which sets out the purposes for which personal information belonging to relevant individuals will be held and processed by the Relevant Contracting Entity, PSL, the Registrar and/or the Administrator and provides an outline of the data protection rights of relevant individuals under the DP Laws. Each Placee warrants and confirms that:
- 6.3.1 it has all necessary authority to provide the personal data on behalf of each relevant individual;
- 6.3.2 it has and shall continue to comply in all respects with the DP Laws in relation to the disclosure of personal data pursuant to this Prospectus, any supplementary prospectus and Placing Agreement; and
- 6.3.3 it will make the Privacy Notice available to each relevant individual and draw their attention to it.

7. MISCELLANEOUS

- 7.1 PSL is acting as receiving agent for Fidante in connection with the Placing Programme and for no-one else and will not treat a Placee or any other person as its customer by virtue of such application being accepted or owe a Placee or any other person any duties or responsibilities concerning the price of Placing Shares or concerning the suitability of Placing Shares for a Placee or for any other person or be responsible to a Placee or to any other person for providing the protections afforded to its customers.
- 7.2 The rights and remedies of the Relevant Contracting Entity, PSL, the Registrar and the Administrator under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.3 On the acceptance of their placing commitment, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.4 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Placing Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the Relevant Contracting Entity, PSL, the Registrar and

the Administrator, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

- 7.5 In the case of a joint agreement to subscribe for Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 7.6 The Relevant Contracting Entity expressly reserves the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 7.7 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. For further details of the terms of the Placing Agreement please refer to the section entitled "*Material Contracts*" in Part VII of this Prospectus.

PART XIV

DEFINITIONS

The following definitions apply in this Prospectus unless the context otherwise requires:

"2007 Law"	the Goods and Services Tax (Jersey) Law 2007
"2010 PD Amending Directive"	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
"Acquisition"	the acquisition of a controlling interest in GSO and its Affiliates by The Blackstone Group
"Additional Currencies RTS"	the European Securities and Markets Authority's final version of regulatory technical standards implementing the clearing obligation for certain additional classes of interest rate OTC derivatives (denominated in Norwegian Krone, Polish Zloty and Swedish Krona)
"Administration Agreement"	the administration agreement between the Company and the Administrator, a summary of which is set out in Part VII of this Prospectus
"Administrator"	BNP Paribas Securities Services S.C.A., Jersey Branch, or such other person or persons from time to time appointed by the Company
"Admission Date"	each such date between 4 January 2019 and 22 November 2019 as the Company may determine, in its sole discretion, on which Admission becomes effective in any Issue Shares and dealings in such Issue Shares commences
"Admission"	either the Rollover Admission or any Placing Admission
"Adviser Breach"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Adviser"	DFME acting in its capacity as an adviser pursuant to the Advisory Agreement
"Advisory Agreement"	the advisory agreement dated 1 July 2014 entered into between the Company and DFME in its capacity as advisor to the Company (as amended, supplemented, modified or restated from time to time)
"AIC Code"	the AIC Code of Corporate Governance
"AIC Guide"	the AIC Corporate Governance Guide for Investment Companies
"AIC"	the Association of Investment Companies
"AIF"	an alternative investment fund, as defined in the AIFM Directive
"AIFM"	an alternative investment fund manager, as defined in the AIFM Directive

"AIFM Directive"	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directive 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
"Anti-Tax Avoidance Directive"	Council Directive (EU) 2016/1164
"Anti-Tax Avoidance Directive 2"	Council Directive (EU) 2017/952
"Appellate Court"	has the meaning given in the risk factor entitled " <i>Potential non-compliance with or changes to the U.S. Risk Retention Regulations</i> " in the Risk Factors section of this Prospectus
"Applicable Governmental Agencies"	United States Securities and Exchange Commission and the Board of Governors of the Federal Reserve System
"Appropriate Exchange"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Approved Pricing Source"	in relation to loans, Markit Partners or any other entity appointed from time to time, in relation to CLO Securities, Thomson Reuters or any other entity appointed from time to time and in relation to private debt assets, Valuation Research Corporation or any other entity appointed from time to time
"Articles"	the articles of association of the Company as may be in force from time to time
"ATA"	advance tax analysis paper
"Audit Committee"	the audit committee of the Company, as more fully described in the section entitled " <i>Audit Committee</i> " in Part IV of this Prospectus
"Auditor"	Deloitte LLP, or such other person or persons from time to time appointed by the Company
"BEPS"	where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates
"BGCF"	Blackstone / GSO Corporate Funding Designated Activity Company, a designated activity company incorporated under the laws of Ireland on 16 April 2014 with registration number 542626, which is, for the avoidance of doubt, an Underlying Company
"BGCF Account Bank Agreement"	a bank account agreement dated 2 July 2014, as amended, supplemented, modified or restated from time to time, entered into between BGCF and the BGCF Account Bank
"BGCF Account Bank"	Citibank, N.A., London Branch
"BGCF Administrator"	Virtus Partners Fund Services Ireland Limited
"BGCF Articles"	BGCF's articles of association as may be in force from time to time
"BGCF CLO"	a newly-issued CLO established by BGCF and/or a CLO in which BGCF holds certain CLO Securities
"BGCF Custodian"	Citibank, N.A., London Branch

"BGCF Custody Agreement"	a custody agreement dated 2 July 2014, as amended, supplemented, modified or restated from time to time, entered into between BGCF and the BGCF Custodian
"BGCF Shares"	ordinary shares in the share capital of BGCF
"BGUCF"	Blackstone / GSO US Corporate Funding, Ltd.
"BGUCF Administration Agreement"	the administration agreement between the BGUCF Administrator and BGUCF
"BGUCF Administrator"	Intertrust SPV (Cayman) Limited
"BGUCF Articles"	BGUCF's articles of association as may be in force from time to time
"BGUCF CLO"	a CLO in which BGUCF invests
"BGUCF Management Agreement"	the management agreement to be entered into between BGUCF and DFM
"BGUCF Management Fees"	fees in an amount agreed to between BGUCF and the BGUCF Manager in writing from time to time
"BGUCF Manager"	DFM or any successor in interest as manager under BGUCF's management agreement
"BGUCF Manager Breach"	any acts or omissions constituting bad faith, fraud, wilful misconduct or gross negligence or reckless disregard of the duties and obligations of the BGUCF Manager
"BGUCF Ordinary Shares"	ordinary voting shares of U.S.\$1.00 par value in the capital of BGUCF
"Blackstone"	The Blackstone Group
"bps"	basis point
"BRRD"	the Bank Recovery and Resolution Directive (2014/59/EU) together with its secondary and implementing EU rules, and national implementing legislation
"Business Day"	a day on which the London Stock Exchange and banks in Jersey, the United Kingdom and Ireland are normally open for business
"C Share"	a share of no par value in the capital of the Company, designated as a "C share", denominated in Euro and having such rights and being subject to such restrictions as are contained in the Articles
"C Share Calculation Date"	has the meaning given in paragraph 4.28 of Part VII of this Prospectus
"C Share Conversion Date"	has the meaning given in paragraph 4.28 of Part VII of this Prospectus
"C Share Issue Date"	in relation to any class of C Shares, the date on which the admission of that class of C Shares to trading on the London Stock Exchange's main market for listed securities becomes effective
"C Share Ordinary Resolution"	a resolution of C Shareholders passed by a simple majority of C Shareholders entitled to vote in accordance with the Articles and the Companies Law

"C Share Special Resolution"	a resolution of C Shareholders passed by two thirds of C Shareholders entitled to vote in accordance with the Articles and the Companies Law
"C Shareholder"	a holder of C Shares
"Calculation Date"	any date determined by the Directors by reference to which calculations will be carried out for the purposes of conversions in accordance with the Articles, being the last Business Day of any month
"Carador"	Carador Income Fund plc
"Carador Circular"	the shareholder circular published by Carador on 23 November 2018
"Carador Company Secretary"	State Street Fund Services (Ireland) Limited
"Carador Registrar"	Computershare Investor Services (Ireland) Limited having its registered office at Herron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland registered in Ireland with company number 239353
"Carador Repurchase Shares"	the Shares in Carador designated as repurchase shares
"Carador Rollover Shares"	the non-transferable Shares in Carador designated as "rollover class shares" held by Carador Shareholders electing to participate in the Rollover
"Carador Shareholder"	a holder of Carador Shares
"Carador Shares"	the Carador U.S. Dollar Shares and the Carador Repurchase Shares
"Carador U.S. Dollar Shares"	the U.S. Dollar denominated Shares of no par value in the capital of Carador
"CCS"	Customised Credit Strategies
"CEA"	the United States Commodity Exchange Act of 1936, as amended
"certificated" or "certificated form"	not in uncertificated form
"CFC"	has the meaning given to it in the section entitled " <i>Conversion of Rollover Shares into Ordinary Shares</i> " in Part VI of this Prospectus.
"CFTC"	U.S. Commodity Futures Trading Commission
"CFTC Regulations"	a new range of regulations promulgated by the CFTC pursuant to the Dodd-Frank Act
"Chair"	the chair of the Board
"CIF Law"	the Collective Investment Funds (Jersey) Law 1988
"Citibank"	Citibank N.A., London Branch
"City Code"	the City Code on Takeovers and Mergers, as amended from time to time
"CIT"	corporate income tax

"clearing obligation"	the general obligation of financial counterparties to clear all "eligible" OTC derivative contracts entered into with other counterparties
"CLO Fee Rebate Letter"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VIII of this Prospectus
"CLO Income Notes"	the most subordinated tranche of debt issued by a CLO (which may be represented by a debt or equity security)
"CLO Intrinsic Calculation Methodology"	the valuation of CLO risk retention securities by discounting future cash flows back to present
"CLO Management Agreement"	a collateral management and administration agreement entered into in respect of an Underlying Company CLO on which DFME, DFM or an affiliate act as manager
"CLO Management Fees"	the fees received by DFME or DFM (as applicable) in its capacity as CLO Manager
"CLO Manager"	DFME, DFM or an affiliate acting as manager to Underlying Company CLOs from time to time, pursuant to the relevant CLO Management Agreement
"CLO Mark to Market Methodology"	has the meaning given in the section entitled " <i>Net Asset Value</i> " in Part I of this Prospectus
"CLO Retention Income Notes"	the CLO Income Notes required to be retained specifically for the purpose of compliance with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations (as applicable in the context of such term's usage)
"CLO Retention Securities"	the CLO Securities required to be retained specifically for the purpose of compliance with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations (as applicable in the context of such term's usage)
"CLO Securities"	all tranches of debt issued by a CLO, including, for the avoidance of doubt, CLO Income Notes
"CLO"	an entity which issues notes backed by a pool of collateral consisting primarily of loans
"Common Reporting Standard"	the OECD developed new global standard for the automatic exchange of financial information between tax authorities
"Common Reporting Standard Self-Certification Form"	a self-certification form collected by financial institutions for the purpose of reporting an account holder's tax residency under the Common Reporting Standard
"Companies Law"	the Companies (Jersey) Law 1991, as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder
"Company"	Blackstone / GSO Loan Financing Limited, a closed-ended investment company incorporated in Jersey under the Companies Law on 30 April 2014 with registration number 115628
"Company Financial Statements"	has the meaning given in the section entitled " <i>Introduction</i> " in Part X of this Prospectus

"Compromise Proposal"	amendments to the Proposals by the Council of the European Union, published on 15 November 2017. The Compromise Proposal is now subject to a plenary vote in the European Parliament
"Conversion Date"	any date specified by the Directors on which Ordinary Shares of one class may be converted into Ordinary Shares of another class in accordance with the Articles, being a date not later than 30 calendar days following the Calculation Date
"Conversion Ratio"	has the meaning given in the section entitled " <i>Memorandum and Articles</i> " in Part VII of the Prospectus
"Corporate Services Agreement"	the corporate services agreement entered into on 15 May 2014 (as amended and restated on 22 December 2014), between BGCF and the Corporate Services Provider
"Corporate Services Provider"	Intertrust Management Ireland Limited
"CPO"	commodity pool operator
"CREST"	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
"CREST Jersey Regulations"	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended from time to time, including any provisions of or under the Companies Law which alter or replace such regulations
"CREST Regulations"	the Uncertificated Securities Regulations 2001 of the United Kingdom (SI No. 2001/3755) and the CREST Jersey Regulations
"CRR"	Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms
"CSWs"	cash settlement warrants
"CTA"	commodity trading advisor
"Custodian"	BNP Paribas Securities Services S.C.A.
"Custody Agreement"	the agreement dated 9 July 2014 between the Company and the Custodian (as amended, supplemented, modified or restated from time to time), further details of which are set out in Part VII of this Prospectus
"Data Privacy Notice"	has the meaning given in the section entitled " <i>Data Protection</i> " in Part XII of this Prospectus
"D.C. Circuit Ruling"	has the meaning given in the risk factor entitled " <i>Potential non-compliance with or changes to the U.S. Risk Retention Regulations</i> " in Risk Factors of this Prospectus
"Default Notice"	has the meaning given in the section entitled " <i>Incorporation and Administration</i> " in Part VII of this Prospectus
"Default Shares"	has the meaning given in the section entitled " <i>Memorandum and Articles</i> " in Part VII of this Prospectus
"Defaulting Holder"	has the meaning given in the section entitled " <i>Memorandum and Articles</i> " in Part VII of this Prospectus

"DFM"	GSO / Blackstone Debt Funds Management LLC
"DFME"	Blackstone / GSO Debt Funds Management Europe Limited
"Directors" or "Board"	the directors of the Company
"Disclosure and Transparency Rules" or "DTRs"	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
"Distributor"	a distributor appointed by the Company for the purposes of the Placing Programme
"DP Laws"	General Data Protection Regulation (2016/679) and any national law issued under that regulation and the Data Protection (Jersey) Law 2018, each as amended from time to time
"DTR5"	Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules
"DTCC"	The Depository Trust & Clearing Corporation and its affiliates
"EEA"	the European Economic Area being the countries included as such in the Agreement on European Economic Area, dated 1 January 1994, among Iceland, Liechtenstein, Norway, the European Community and the EU Member States, as may be modified, supplemented or replaced
"Eligibility Criteria"	has the meaning given in the section entitled " <i>Investment Objective and Criteria</i> " in Part I of this Prospectus
"EMIR"	European Market Infrastructure Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
"ERISA"	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
"ESMA"	European Securities and Markets Authority
"EU"	the European Union
"EU Member State"	a member state of the EU
"EU Savings Tax Directive"	has the meaning given in the section entitled " <i>European Union Savings Tax Directive</i> " in Part VI of this Prospectus
"EUR Fund"	Blackstone / GSO Corporate Funding EUR Fund
"EURIBOR"	Euro interbank offered rate, a benchmark interest rate
"Euro Ordinary Share"	an Ordinary Share denominated in Euro
"Euro" or "€" or "EUR"	the lawful currency of the EU
"Euroclear"	Euroclear UK & Ireland Limited
"European CLO"	a collateralised loan obligation transaction which is collateralised primarily by loans to European obligors

"European Risk Retention Requirements"	has the meaning given in the section entitled " <i>Risk Factors</i> " of this Prospectus
"Excess Distribution"	the amount by which the U.S. Dollar value of distributions during a taxable year in respect of a Share exceeds 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Shares)
"Existing Ordinary Shares"	the Ordinary Shares in issue at the time of the Rollover Admission
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held on 12 December 2018 (or any adjournment thereof)
"FATCA Withholding"	has the meaning given in the section entitled " <i>Risk Factors</i> " of this Prospectus
"FATCA"	the U.S. Foreign Account Tax Compliance Act 2010
"Fidante Capital" or "Fidante"	Fidante Partners Europe Limited, the Company's Joint Sponsor, Financial Adviser and Placing Agent
"Final Closing Date"	22 November 2019 (or any earlier date the Company may determine, in its sole discretion, and announce by an RIS announcement)
"Financial Conduct Authority" or "FCA"	the UK Financial Conduct Authority and any successor regulatory authority
"Fitch"	has the meaning given in the section entitled " <i>The Loan Market Structure</i> " in Part II of this Prospectus
"Force Majeure Circumstance"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Forward Purchase Agreement"	agreements which may be entered into from time to time between BGCF and an Underlying Company CLO pursuant to which BGCF may, from time to time, enter into sale and purchase contracts with a CLO with respect to certain assets of BGCF
"Forward Sales"	sale and purchase contracts that BGCF may, from time to time enter into with a CLO or a Loan Warehouse with respect to the assets of BGCF pursuant to a Forward Purchase Agreement
"FRB"	the Board of Governors of the Federal Reserve System
"FSMA"	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
"FTT"	the European Commission's proposal for a Directive for a common financial transaction tax in certain EU Member States
"Fund Administration Agreement"	the agreement BGCF entered into with the BGCF Administrator on 10 February 2016
"GEM"	the Global Exchange Market of the Irish Stock Exchange
"GFSC"	Guernsey Financial Services Commission
"Global Custody Agreement"	a global custody agreement dated 2 December 2015 (as amended, supplemented, modified or restated from time to time) entered into

	between the Company and the Custodian whereby the Custodian was appointed to act as custodian of the Company's cash and securities
"GRFP"	General Re Financial Products
"gross asset value"	gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility
"Gross Placing Programme Proceeds"	the gross proceeds of the issue of the Placing Shares at the Placing Price pursuant to the Placing Programme
"Group"	the Company and LuxCo, its wholly owned subsidiary
"GSO"	GSO Capital Partners LP (together with its affiliates within the credit-focused business unit of The Blackstone Group L.P.)
"GSO Affiliates"	DFME, DFM, and The Blackstone Group collectively
"GSO Contribution"	has the meaning given to it in the section entitled " <i>The Placing Price</i> " in Part V of this Prospectus
"GSO Managed Accounts"	has the meaning given in the section entitled " <i>Risk Factors</i> " of this Prospectus
"GSO-Related Loan"	loans or other securities in respect of which The Blackstone Group, GSO Affiliates or Other Accounts either participated in the original lending group or structured or originated the asset
"Harbourmaster"	Harbourmaster Capital Limited and Harbourmaster Capital Management Limited
"HMRC"	Her Majesty's Revenue and Customs
"horizontal strip"	has the meaning given in the section entitled " <i>Investment Objective and Policy</i> " in Part I of this Prospectus
"IBA"	ICE Benchmark Administration Limited
"ICM"	Incisive Capital Management
"IFRS"	the International Financial Reporting Standards as adopted by the EU
"Independent Shareholders"	has the meaning given in the section entitled " <i>City Code</i> " in Part VII of this Prospectus
"Initial Period"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Interim Closing Date"	each of the multiple closing dates under the Placing Programme
"Investment Advisers Act"	the U.S. Investment Advisers Act of 1940, as amended
"Investment Company Act"	United States Investment Company Act of 1940, as amended
"Investment Objective"	has the meaning given in the section entitled " <i>Investment Objective</i> " in Part I of this Prospectus

"Investment Objective and Policy"	has the meaning given in the section entitled " <i>Investment Objective and Policy</i> " in Part I of this Prospectus
"Investment Policy"	has the meaning given in the section entitled " <i>Investment Policy</i> " in Part I of this Prospectus
"IRR Threshold"	has the meaning given in the section entitled " <i>DFME and DFM</i> " in Part IV of this Prospectus
"IRR"	internal rate of return
"IRS"	U.S. Internal Revenue Service
"ISA"	an individual savings account
"ISDA"	International Swaps and Derivatives Association
"ISIN"	International Securities Identification Number
"Issue"	together, the Rollover and the Placing Programme
"Issue Expenses"	the total costs of the Issue
"Issue Shares"	the Rollover Shares and Placing Shares
"Jersey AML Requirements"	the Proceeds of Crime (Jersey) Law 1999, the Drug Trafficking Offences (Jersey) Law 1988, the Terrorism (Jersey) Law 2002 and any applicable regulations from time to time relating to prevention of use of the financial system for the purpose of money laundering and made pursuant thereto including the Money Laundering (Jersey) Order 2008
"Jersey CRS Regulation"	Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015, which came into force on 1 January 2016
"Jersey IGA Legislation"	Jersey legislation implementing the U.S. IGA
"JFSC" or "Commission"	Jersey Financial Services Commission
"Joint Financial Advisers"	Fidante and N+1 Singer
"Jersey RFI"	"reporting financial institutions" in Jersey
"Latest Practicable Date"	21 November 2018, the latest practicable date prior to the publication of this Prospectus
"LIBOR"	London interbank offered rate, a benchmark interest rate
"Listing Rules"	the listing rules made by the FCA under Part VI of FSMA
"Loan Warehouse"	a special purpose vehicle incorporated for the purposes of warehousing US and/or European floating rate senior secured loans and bonds
"London Stock Exchange" or "LSE"	London Stock Exchange plc
"LSTA"	Loan Syndications and Trading Association

"LSTA decision"	has the meaning given in the section entitled " <i>Investment Opportunity</i> " in Part I of this Prospectus
"LuxCo"	Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., a private limited liability company ("société à responsabilité limitée") which was incorporated under the laws of the Grand-Duchy of Luxembourg on 23 July 2015, having its registered office at L-2453 Luxembourg, 2-4, rue Eugène Ruppert, and registered with the Luxembourg register of commerce and companies under number B 199.065
"Luxembourg Presidency"	the Luxembourg Presidency of the Council of the European Union
"margin requirement"	non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged
"maximum exposures"	has the meaning given in the section entitled " <i>Investment Objective and Policy</i> " in Part I of this Prospectus
"MBT"	municipal business tax
"MIFID"	Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments
"Money Laundering Directive"	2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
"Moody's"	has the meaning given in the section entitled " <i>The Loan Market Structure</i> " in Part II of this Prospectus
"N+1 Singer"	Nplus1 Singer Advisory LLP, the Company's Joint Sponsor, Financial Adviser and Placing Agent
"NAV Calculation Date"	the relevant date for the calculation of NAV
"Net Asset Value per Share" or " NAV per Share "	for any class, the Net Asset Value of the relevant class divided by the number of Shares of such class in issue at the relevant time (excluding any Shares of such class held in treasury)
"Net Asset Value" or " NAV "	gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled " <i>Net Asset Value</i> " in Part I of this Prospectus
"Net Placing Programme Proceeds"	the Gross Placing Programme Proceeds, less the costs of the Placing Programme and any amounts retained for working capital purposes
"New Ordinary Share"	has the meaning given in the section entitled " <i>Memorandum and Articles</i> " in Part VII of this Prospectus
"Non-Qualified Holder"	any person whose ownership of Shares: (i) may result in the U.S. Plan Threshold being exceeded causing the Company's assets to be deemed "plan assets" for the purpose of ERISA, the U.S. Tax Code or any applicable Similar Laws; (ii) may cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the U.S. Investment Company Act) or to lose an exemption or a status thereunder to which it might be entitled; (iii) may cause the Company to have to register under the U.S. Exchange Act or any similar

legislation; (iv) may cause the Company not to be considered a "Foreign Private Issuer" as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) may result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; and (vi) may cause the Company to be a "controlled foreign corporation" for the purposes of the U.S. Tax Code

"North America"	Canada and the United States of America
"NPA"	a Note Purchasing Agreement entered into between <i>inter alia</i> the Company, BGCF and LuxCo on 1 July 2014 (as has been amended from time to time and as may be amended from time to time)
"NWT"	net worth tax
"OECD"	the Organisation for Economic Co-operation and Development
"Official List"	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA
"OID"	original issue discount
"Ordinary Resolution"	a resolution of Ordinary Shareholders passed by a simple majority of Ordinary Shareholders entitled to vote
"Ordinary Share"	an ordinary share of no par value in the capital of the Company issued as an "Ordinary Share" and denominated in Euros and any other ordinary shares denominated in such currency as the Directors may determine in accordance with the Articles, and having such rights and being subject to such restrictions as are contained in the Articles
"Ordinary Share Expenses Cap"	has the meaning given in the section entitled " <i>Fees and Expenses</i> " in Part IV of this Prospectus
"Original Issue Discount"	has the meaning given in the section entitled " <i>Loan Market Credit Spreads</i> " in Part I of this Prospectus
"Other Accounts"	Other Blackstone Accounts and the Other GSO Accounts
"Other Blackstone Accounts"	has the meaning given in the section entitled " <i>Risk Factors</i> " in this Prospectus
"Other Blackstone Funds"	has the meaning given in the section entitled " <i>Risk Factors</i> " in this Prospectus
"Other GSO Accounts"	has the meaning given in the section entitled " <i>Risk Factors</i> " in this Prospectus
"Other GSO Funds"	has the meaning given in the section entitled " <i>Risk Factors</i> " in this Prospectus
"Other Notes"	other classes of notes of the Underlying Company CLOs
"Other Plan"	a governmental, church, non-U.S. or other plan, account or arrangement
"Panel"	the Takeover Panel

"Participating Member States"	Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal Spain, Slovakia and Slovenia
"Payment/Redemption Conditions"	has the meaning given in the section entitled " <i>Structure</i> " in Part I of this Prospectus
"PCL"	Proceeds of Crime (Jersey) Law 1999, as amended
"personal information"	has the meaning given in the section entitled " <i>Data Protection</i> " in Part XII of this Prospectus
"PFIC"	a passive foreign investment company
"Placee"	a person subscribing for Shares under the Placing Programme
"Placing"	any placing of Placing Shares under the Placing Programme
"Placing Agreement"	the agreement dated 23 November 2018 entered into between <i>inter alia</i> the Company, DFME, BGCF, BGUCF, Fidante and N+1 Singer, a summary of which is set out in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Placing Price"	the price at which Placing Shares will be issued pursuant to the Placing Programme to Placees, as set out in the section entitled " <i>The Placing Price</i> " in Part V of this Prospectus
"Placing Programme"	the proposed programme of Placings of up to 400 million Placing Shares, as described in this Prospectus
"Placing Shares"	Ordinary Shares to be issued by the Company pursuant to the Placing Programme
"POI Law"	the Protection of Investors (Bailiwick of Guernsey) Law, 1987
"Portfolio Service Support Agreement"	the agreement dated 3 June 2014 between BGCF and the Service Support Provider (as amended, supplemented, modified or restated from time to time) pursuant to which the Service Support Provider will provide certain service support and human resources to BGCF
"Profit Participating Notes" or "PPNs"	profit participating notes to be issued by BGCF pursuant to the NPA
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading
"Prospectus Rules"	the prospectus rules made by the UK Listing Authority under section 73A of FSMA
"Prospectus"	this document
"PRSI"	has the meaning given in the section entitled " <i>Ireland</i> " in Part VI of this Prospectus
"PSL"	Pershing Securities Limited
"QEF"	a qualified electing fund
"Qualified Institutional Buyers"	has the meaning given in Rule 144A under the U.S. Securities Act
"Qualified Purchasers"	has the meaning given in the U.S. Investment Company Act

"Qualifying Shareholders"	holders of Carador Rollover Shares who validly elect to participate in the Rollover
"RCC"	Rathgar Capital Corporation
"Register"	the register of Shareholders
"Registrar Agreement"	the registrar agreement between the Company and the Registrar, a summary of which is set out in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Registrar"	Link Market Services (Jersey) Limited, or such other person or persons from time to time appointed by the Company
"Regulation S"	Regulation S promulgated under the U.S. Securities Act
"Related Accounts"	Other Accounts that The Blackstone Group or GSO Affiliates manage or otherwise provide advice in respect of
"Relevant Clients"	clients whose investment mandates are consistent with the investment opportunity
"relevant individual"	has the meaning given in the section entitled " <i>Data Protection</i> " in Part XII of this Prospectus
"relevant institutions"	credit institutions and significant investment firms in the context of the BRRD
"Relevant Member State"	each member state of the European Economic Area which has implemented the Prospectus Directive
"reporting obligation"	the obligation of financial counterparties to report details of all derivatives contracts to a trade repository
"Resolution Authorities"	national authorities in EU member states
"Restricted Territory"	Australia, Canada, Japan, South Africa, the United States and any other jurisdiction where the extension or availability of the Placing Programme would breach any applicable law
"RIS"	a regulatory information service, being any of the regulatory information services set out in Appendix 2 of the Listing Rules
"risk mitigation obligations"	the obligation of financial counterparties to undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty
"Risk-Mitigation Techniques RTS"	the EU Commission's regulatory technical standards on risk-mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty to the European Commission
"Rollover"	the transfer of the Rollover Assets from Carador to the Company in consideration for the issue of the Rollover Shares to Qualifying Shareholders
"Rollover Admission"	the admission of the Rollover Shares to trading on the Specialist Fund Segment of the London Stock Exchange
"Rollover Admission Date"	the date of the Rollover Admission

"Rollover Application"	has the meaning given in the section entitled " <i>Representations and Warranties</i> " in Part XIII of this Prospectus
"Rollover Assets"	the assets attributable to the Carador Rollover Shares
"Rollover CLOs"	the CLOs in which the Company will hold interests in the form of Rollover Assets
"Rollover Date"	the date on which the relevant Carador Shares are converted into Carador Rollover Shares, which are then repurchased by Carador in consideration for the issue of Rollover Shares by the Company to the holders of Carador Rollover Shares, as set out in Part I of this Prospectus
"Rollover Election Form"	the election form relating to the Rollover sent to Carador Shareholders and to be used by Carador Shareholders wishing to participate in the Rollover Opportunity who hold their Carador Shares in certificated form
"Rollover Election Instructions"	the instructions relating to the Rollover sent to Carador Shareholders and available on Carador's website and to be used by Carador Shareholders wishing to participate in the Rollover Opportunity who hold their Carador Shares in uncertificated form
"Rollover Expenses Cap"	the cap relating to the Issue Expenses borne by the Rollover Shares as set out in the section entitled " <i>The Placing Price</i> " in Part V of this Prospectus
"Rollover Intermediaries"	means, together, the Carador Company Secretary, the Registrar and the Carador Registrar
"Rollover Opportunity"	means the opportunity being provided to Carador Shareholders to elect to convert their Carador Shares into Carador Rollover Shares, which will be cancelled in exchange for the issue of Rollover Shares
"Rollover Portfolio Manager"	DFM, in its capacity as the portfolio manager of the Rollover Assets
"Rollover Portfolio Manager Agreement"	the agreement between the Rollover Portfolio Manager and the Company
"Rollover Shares"	the C Shares to be issued pursuant to the Rollover
"Rule 9"	Rule 9 of the City Code
"Rule 37"	Rule 37 of the City Code
"S&P"	has the meaning given in the section entitled " <i>The Loan Market Structure</i> " in Part II of this Prospectus
"SDRT"	has the meaning given in the section entitled " <i>United Kingdom</i> " in Part VI of this Prospectus
"SEC"	the U.S. Securities and Exchange Commission
"SEDOL"	the Stock Exchange Daily Official List
"Senior Financing Facility"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VIII of this Prospectus

"Service Support Provider Breach"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VIII of this Prospectus
"Service Support Provider"	DFME acting as Service Support Provider to BGCF pursuant to the Portfolio Service Support Agreement
"Share Trust Deed"	has the meaning given in the section entitled " <i>Share Capital</i> " in Part VIII of this Prospectus
"Share Trustee"	has the meaning given in the section entitled " <i>Share Capital</i> " in Part VIII of this Prospectus
"Share"	an Ordinary Share and/or C Share, as the context may determine
"Shareholder"	a holder of Shares
"Shareholding"	a holding of Shares
"Similar Laws"	any federal, state, local or non-U.S. law or regulation that would have the same or similar effect as the U.S. Plan Assets Regulations so as to subject the Company (or other persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility and/or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code
"Special Resolution"	in relation to: (i) the disapplication of pre-emption rights attaching to the Ordinary Shares under the Articles, a resolution of Ordinary Shareholders passed by 75 per cent. of the Ordinary Shareholders entitled to vote; and (ii) all other matters on which the Articles or the Companies Law requires a "special resolution", a resolution of Ordinary Shareholders passed by two thirds of Ordinary Shareholders entitled to vote
"Specialist Fund Segment" or "SFS"	the specialist fund segment of the London Stock Exchange
"Standard of Care"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part VII of this Prospectus
"Sterling" or "£"	pounds sterling, the lawful currency of the UK
"Subsequent Admission"	the admission of Placing Shares admitted to listing on the Premium Segment of the Official List and to trading on the Premium Segment of the Main Market
"Subsequent Admission Date"	the date of any Subsequent Admission
"Substantial Underlying Company"	an Underlying Company to which the Company has an exposure (directly or indirectly) equal to or greater than 20 per cent. of the Company's gross assets
"Target Dividend"	has the meaning given in Part I of this Prospectus
"Target Total Return"	has the meaning given in Part I of this Prospectus
"Tax Law"	the Income Tax (Jersey) Law 1961 (as amended)
"TCA"	has the meaning given in the section entitled " <i>Risks relating to regulation and taxation with respect to the Company, LuxCo, BGCF and BGUCF</i> " in the Risk Factors section of this Prospectus

"The Blackstone Group"	The Blackstone Group L.P. together with its affiliates as the context requires
"TISE"	The International Stock Exchange
"Transaction Documents"	has the meaning given in the section entitled " <i>Material Contracts</i> " in Part IX of this Prospectus
"TRS"	has the meaning given in the section entitled " <i>Valuation of the Portfolio</i> " in Part I of this Prospectus
"TTE Instruction"	a transfer to escrow instruction applicable to shareholders holding Carador Shares in uncertificated form as described in the Rollover Election Instructions
"U.S. CLO"	a collateralised loan obligation transaction which is collateralised primarily by loans to U.S. obligors
"U.S. Dollar" or "U.S.\$" or "\$"	the lawful currency of the United States
"U.S. Exchange Act"	the U.S. Securities Exchange Act of 1934, as amended
"U.S. Holder"	has the meaning given in the section entitled " <i>U.S. Holders of Shares</i> " in Part VI of this Prospectus
"U.S. horizontal strip"	has the meaning given in the section entitled " <i>Investment Objective and Policy</i> " in Part I of this Prospectus
"U.S. IGA"	the Intergovernmental Agreement entered into between the governments of Jersey and the United States to implement FATCA
"U.S. Investment Company Act"	the U.S. Investment Company Act of 1940, as amended
"U.S. Persons"	has the meaning given in Regulation S under the U.S. Securities Act
"U.S. Plan Assets Regulations"	the regulations promulgated by the U.S. Department of Labour at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
"U.S. Plan Investor"	(i) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the U.S. Tax Code that is subject to Section 4975 of the U.S. Tax Code (including an individual retirement account); or (iii) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or "plan" described in the preceding clause (i) or (ii) in such entity pursuant to the U.S. Plan Assets Regulations
"U.S. Plan Threshold"	ownership by benefit plan investors, as defined under section 3(42) of ERISA, in the aggregate of 25 per cent. or more of the total value of any class of equity in the Company (calculated by excluding the value of any equity interest held by any person (other than a benefit plan investor, as defined under section 3(42) of ERISA) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person); the term shall be amended to reflect such new ownership threshold that may be established by a change in the U.S. Plan Asset Regulations or other applicable law
"U.S. Risk Retention Regulations Effective Date"	24 December 2016

"U.S. Risk Retention Regulations"	the joint final regulations implementing the credit risk retention requirements of section 15G of the U.S. Exchange Act as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act
"U.S. Risk Retention Securities"	has the meaning given in the section entitled " <i>Risks Related to Investment Strategy</i> " of the Risk Factors section of this Prospectus
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"U.S. Shareholders"	Shareholders who are located in the U.S. or are a U.S. Person
"U.S. Tax Code"	the U.S. Internal Revenue Code of 1986, as amended
"U.S." or "U.S.A" or "United States"	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia
"UK Corporate Governance Code"	the UK Corporate Governance Code as published by the Financial Reporting Council
"UK IGA"	the Intergovernmental Agreement entered into between the governments of Jersey and the United Kingdom for the implementation of information exchange arrangements, based on FATCA
"UK Listing Authority" or "UKLA"	the Financial Conduct Authority as the competent authority for listing in the United Kingdom
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "uncertificated form"	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
"Underlying Company"	a company or entity to which the Company has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase of CLO Securities
"Underlying Company CLO"	a CLO established by an Underlying Company
"Upfront Fee"	has the meaning given in Part I of this Prospectus
"USC"	has the meaning given in the section entitled " <i>Ireland</i> " in Part VI of this Prospectus
"VAT"	value added tax or a similar consumption tax
"vertical strip"	has the meaning given in the section entitled " <i>Investment Objective and Policy</i> " in Part I of the Prospectus
"Western Europe"	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom
"Whitewash Resolution"	has the meaning given in the section entitled " <i>City Code</i> " in Part VII of this Prospectus
"WHT"	has the meaning given in the section entitled " <i>United Kingdom</i> " in Part VI of this Prospectus
"zero tax status"	has the meaning given in the section entitled " <i>Jersey</i> " in Part VI of this Prospectus

