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Blackstone / GSO Loan Financing Limited
Q2 2017 Report

Dear Investor,

We are pleased to provide you with the inaugural quarterly update letter for the Blackstone / GSO Loan Financing Limited ("**BGLF**" or the "**Fund**"), for the quarter ended 30 June 2017. We intend on providing similarly quarterly updates going forward.

Capitalised terms used herein and not otherwise defined have the meaning assigned to such term in the Offering Document of the Fund.

I. Market Review[1]

European Bank Loan Market

The European institutional senior loan market returned 1.01% over the past three months, posting the tenth consecutive quarter of positive returns and confirming that the chase for yield in European credit markets appears to show no sign of abating. Lower-rated loans continued to outperform as seen in the Lower Tier (CCC, Split CCC and Default) of the Credit Suisse Western European Institutional Leveraged Loan Index ("CS Institutional European Loan Index") which returned 1.15% as compared to the Middle Tier (Split BB, B, and Split B) and Upper Tier (Split BBB and BB) quarter-to-date gains of 1.08% and 0.81%, respectively. Year-to-date, senior loans have provided a 1.96% total return, just underperforming the 1H 2016's 2.09%.

The second quarter European institutional new-issue loan volume came in at €23.22 billion, well ahead of the same period in 2016 which had issuance of €15.66 billion. Similar to the first quarter of this year, the majority of 2Q17 new issue related directly to re-priced loans. The market narrative of quarter one continued with lack of new net paper hitting the market in quarter two, coupled with strong liquidity from rising repayment levels and healthy CLO issuance. This has continued to support secondary levels and compressed spreads in the primary market.

Quarterly loan repayments increased from €12.9 billion to €13.7 billion in the second quarter of 2017. The bid in the secondary market continues to be well supported by investors looking to deploy capital. As the quarter drew to a close, there were fresh signs of a pricing limit being reached by lenders with recent issues being offered on better terms. Most investors continue to rely on the new issue market while volumes continue to remain sporadic in the secondary market. The CS Institutional European Loan Index closed the quarter with an average price of €100.10. The 3-year discount margin tightened 36bp from 411bp to 376bp, and down from 512bp at the same period last year.

[1] Source: S&P/LCD.

Upper Tier loan prices closed the second quarter above par at €100.29, a marginal increase over March's €100.11. As spreads continue to tighten, investors have been reaching for yield further down the rating curve in both the high yield and loan markets. The 3-year discount margin on the Lower Tier index closed at 786bp, its lowest rate in 12 months and the high yield equivalent (spread to worst) sat at a 12-month low of 1186bp.

The number of defaults over the last 12 months ending June 2017 rose to seven from five as of 31 March 2017, with the lagging 12-month default rate of the S&P European Leveraged Loan Index increased for the first month since October 2016. The rolling 12 month total of European defaults based on principal amount rose to €2.19 billion from €1.72 billion in March 2017.

US Bank Loan Market

Returns for US leveraged loans were volatile during the second quarter as President Trump's political struggles, heightened geopolitical tensions, and stagnated corporate profitability started to drive investors into safe haven assets. In June, loans experienced some softness as investors began to focus on their disproportionate benefit to fixed income peers due to a steady decline in long-end US Treasury yields. While lower quality bonds and loans outperformed during the first quarter, in 2Q17 we saw a reversal in performance across quality and industry. The Middle Tier (Split BB, B, and Split B) of the Credit Suisse Leveraged Loan Index returned 0.98% versus Upper Tier (Split BBB and BB) and Lower Tier (CCC, Split CCC and Default) loans which returned 0.62% and -0.57%, respectively. This brings year-to-date US loan returns to 1.22%, 2.11% and 4.32% for the Upper Tier, Middle Tier and Lower Tier US loans, respectively.

US loan issuance was again heavy in 2Q17, with institutional new issue volume of $246 billion in the quarter, bringing the year-to-date total gross issuance to $577 billion. By comparison, total gross issuance in the first half of 2016 was $161 billion and $485 billion for full year 2016. Primary market conditions continued to be favourable for issuers in 2Q17, however, as repricing and refinancings accounted for over 85% of gross loan issuance, net supply was relatively scarce in the face of sustained demand (year-to-date net supply of just $138.0 billion).

Demand for the asset class continues to be robust as institutional and retail investors search for both yield and limited duration risk. In 2Q17 loan mutual fund inflows were up $4.0 billion and CLO issuance nearly doubled quarter over quarter, bringing the year-to-date loan mutual fund inflows to $20.0 billion and total CLO issuance to $50.8 billion, respectively. CLOs continue to represent over half of the primary market institutional investor base, but loan mutual funds, hedge / distressed / high yield funds, and insurance investors are each retaining their respective share.

While senior loan repricings continued to dominate US new issues, the relentless pace did slow slightly towards the end of the second quarter as many issuers had already taken advantage of the borrower-friendly environment leaving fewer refinancing candidates. Near term we expect this more modest repricing trend to continue; however, if the majority of the loan market continues to trade above par we anticipate the technicals of the secondary market to further strengthen and support the resurgence of repricings in the second half of 2017.

While 3-month LIBOR continues to hold a premium to floors at 130bp, this has done little to offset spread compression across both US loans and high yield. As of 30 June 2017, high yield spreads and yields are tight relative to loans and we believe strong market technicals will continue to drive further spread compression.

US loan and high yield default activity was again modest in the second quarter, however, US default activity overall increased for the fourth consecutive month in June, bringing 2Q17 defaulted debt to $9.2 billion, compared to $8.8 billion in the first quarter. According to JP Morgan, at the end of June, the LTM loan default rate (par-weighted) was 1.42% (0.93% ex-energy), down from 1.49% at the start of the year. High yield par-weighted defaults were down to 1.50% (0.92% ex-energy), from 3.57% at the beginning of the year. Unsurprisingly, energy has accounted for the largest number of defaults and second highest volume (20%) year-to-date with the technology, utility, and retail sectors representing 33%, 15%, and 12% of default volume, respectively.

Global CLO Market

Global CLO volume increased substantially quarter-over-quarter with €5.5 billion across 14 CLOs in Europe, versus €2.8 billion / seven CLOs last quarter, and $35.1 billion across 61 CLOs in the US, versus $17.4 billion / 32 CLOs last quarter. European CLO issuance was slightly ahead of last year with €8.4 billion compared to €7.2 billion for the first half of 2016. US CLO issuance during the first half of 2017 was essentially double that of 2016, totalling $52.5 billion versus last year's tally of $26.2 billion.

As with the loan market, the CLO market has seen a very active year of refinancings split reasonably evenly between both quarters. Second quarter CLO refinancing transaction volume totalled €7.9 billion in Europe and $49.8 billion in the US. Year-to-date, volumes totalled €14.2 billion and $98.6 billion in Europe and the US, respectively.

Continued spread compression and lack of yield have directed yield-hungry investors towards both new issue and refinanced CLOs, resulting in the tightening of CLO liability spreads. At the end of 2Q 2017, AAA CLO spreads in Europe hit a post crisis low of E+83bp, while the US reached a 3-year low of L+118bp. Average new issue CLO spreads for the second quarter were E+87bp in Europe and L+133bp in the US.

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II. Fund Performance and Commentary

Fund Returns

The total net return for Q2 2017 was 1.60%, including total net portfolio income of 2.83% and net portfolio movements of -1.23%. As of 30 June 2017, BGLF has returned 1.97% net year to date and 7.59% net annualised since inception.

	Cumulative		Annualised	
	1 Year	Since Inception	2 Year	Since Inception
BGLF	7.22%	23.99%	8.73%	7.59%
European Loans	6.29%	11.95%	4.05%	3.92%
US Loans	7.49%	10.87%	4.29%	3.57%

2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
BGLF	0.14%	0.76%	-0.53%	0.02%	0.95%	0.63%							**1.97%**
European Loans	1.00%	0.46%	-0.29%	0.29%	0.52%	0.03%							**2.04%**
US Loans	0.53%	0.59%	0.08%	0.44%	0.38%	-0.06%							**1.96%**
2016	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF	0.95%	0.67%	1.32%	1.28%	2.31%	0.98%	0.34%	0.13%	1.28%	0.37%	1.96%	0.97%	**13.28%**
European Loans	-0.32%	-0.93%	2.06%	1.35%	0.74%	-0.60%	1.16%	0.88%	0.74%	0.50%	0.18%	0.63%	**6.52%**
US Loans	-0.73%	-0.56%	2.64%	1.90%	0.91%	0.03%	1.41%	0.79%	0.87%	0.77%	0.32%	1.15%	**9.88%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF	1.36%	0.82%	0.76%	0.86%	1.05%	-0.07%	1.42%	0.09%	0.57%	0.83%	0.07%	0.07%	**8.11%**
European Loans	0.42%	1.06%	0.73%	0.88%	0.50%	-0.23%	0.50%	-0.17%	-0.33%	0.18%	-0.11%	-0.32%	**3.14%**
US Loans	0.26%	1.41%	0.39%	0.90%	0.20%	-0.31%	0.09%	-0.65%	-0.67%	-0.14%	-0.89%	-0.95%	**-0.38%**
2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF								0.78%	0.21%	0.26%	1.12%	-3.05%	**-0.73%**
European Loans								0.13%	-0.07%	0.03%	0.37%	-0.61%	**-0.16%**
US Loans								0.23%	-0.52%	0.29%	0.46%	-1.10%	**-0.65%**

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Performance Commentary

The Fund continues to generate strong, consistent cash flows from retained CLO Income Note investments ("CLO Income Notes") and from a core portfolio of directly held loans. Over the second quarter, the CLO Income Notes produced an average annualised distribution rate of 16.6%, which is slightly increased from the 1Q 2017 annualised average rate of 16.3%.[2]

Loan spread compression and elevated loan pricing levels have continued to put pressure on the returns of each component of the portfolio – directly owned loans, warehouse first loss and CLO equity. The Fund has refinanced the liabilities where non-call periods have expired, generally CLOs originated in 2014. The lower cost of liabilities has helped offset, to a degree, the effect of the spread compression. Additionally, the overall portfolio returns are supported by strong primary CLO issuance which comes at relatively tight liability costs.

Consistent with, and in support of, CLO issuance activity, BGCF's loan portfolio balance has ebbed and flowed throughout the second quarter. As at 30 June, the directly held loan portfolio balance was €72 million (average of €222 million held over the quarter) and BGCF had exposure to an additional $184 million of loans held in an external warehousing facility. The Fund's directly held loan portfolio has been able to maintain a generally consistent level of investment income as its weighted average all-in rate ended the quarter at 4.48% versus 4.45% at the end of March 2017. The average valuation of BGCF's loan portfolio increased over the quarter as well, similar to the broader market, contributing positively towards the Fund's performance.

During the quarter, the Fund held investments in two US CLO warehouses, one of which was converted into Catskill Park CLO, Ltd., realising an IRR of 15.7% over the 1.4 month investment period. At at 30 June, BGCF continued to hold a total first loss investment in the Dewolf Park CLO warehouse, which supported $184 million of traded loans.[3] The Dewolf Park CLO was closed after the second quarter, on 29 August 2017. External warehouse investments are held within the portfolio at their cost (investment amount) and any potential market value gains or losses are realised when the warehouse is converted into a CLO.

[2] Annualised quarterly cash distribution based on cost. Calculated using Intex data.
[3] Dewolf Park CLO had an additional third party first loss provider invested alongside of BGCF.

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Investment Activity

During the second quarter of 2017, BGCF invested €26.6 million in the CLO Income Notes of one European CLO and €45.5 million ($49.9 million) into Blackstone / GSO US Corporate Funding, Ltd., the US Majority Owned Affiliate ("US MOA"), in order to sponsor two US CLOs. The expected IRRs on these CLO Income Notes at the time of investment ranged from 14 to 16%.

	Size (€/$)	Investing Entity	Closing Date	Reinvestment Period End	Non-Call Period	AAA Spread	Invested Capital (€/$)	Position as a % of Tranche	Expected % Ramp at Closing
Clontarf Park	€413.6m	BGCF	Jul-17	Aug-21	Aug-19	83bp	€26.2m	66.9%	82.5%
Thayer Park	$514.6m	US MOA	May-17	Apr-22	Apr-19	118bp	$25.3m	54.6%	80.0%
Catskill Park	$1,028.5m	US MOA	May-17	Apr-22	Apr-19	119bp	$57.1m	60.0%	80.0%

BGCF also took advantage of the active CLO refinancing market to refinance two CLOs during the period. These CLOs had remaining reinvestment periods ranging from 1.5 to 2.0 years and achieved a reduction in the weighted average cost of debt by up to 0.50% each.

	Closing Date	Refinancing Date	Reinvestment Period End	Original AAA Spread	Refinanced AAA Spread	Position (€/$)
Sorrento Park	Sep-14	Apr-17	Nov-18	125bp	95bp	€29.5m
Dartry Park	Mar-15	Jun-17	Apr-19	130bp	83bp	€22.8m

During the quarter, BGCF originated approximately €420 million of senior secured loans and floating rate notes expanding the size of the directly held portfolio. On 2 June 2017, Clontarf Park CLO priced and BGCF sold approximately €312 million of assets from its directly held portfolio to Clontarf Park CLO via a forward purchase agreement. In addition, BGCF subsequently sold an additional €32 million of assets from its directly held portfolio to Clontarf Park before the end of the quarter.

BGCF also invested €83.6 million ($88.2 million) million in two US CLO warehouses during the second quarter. Of this total, €12.9 million ($13.2 million) was invested in Dewolf Park and €70.7 million ($75.0 million) in Catskill Park.

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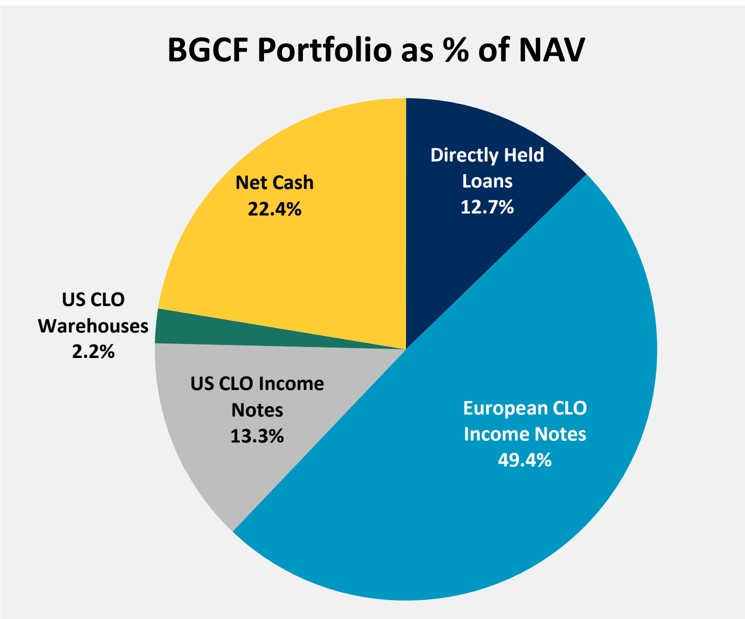
Portfolio Positioning

The Fund has steadily increased its total exposure to the US loan market through additional investments in US CLO warehouses and US CLO Income Notes. As at 30 June, BGCF's portfolio was composed of 49% European CLO Income Notes and 16% US CLO Income Notes, CLO warehouses and non-retention CLO equity. This compares to its portfolio at year end, which was 56% European CLO Income Notes and mezzanine notes and 9% US CLO Income Notes, CLO warehouses and non-retention CLO equity.



Portfolio vintage diversification is an important part of the Fund's strategy. The rapid pace of CLO issuance YTD has increased the portfolio's concentration in newer vintage CLOs with longer reinvestment periods which benefit from greater investment flexibility to participate in the primary loan market and opportunity to take advantage of secondary market dislocations.

The BGCF loan portfolio, held both directly on the balance sheet and indirectly through CLO warehouses, continues to be invested at a healthy pace in order to maintain flexibility in our CLO creation strategy. We continually monitor the global arbitrage opportunity, optimising the loan portfolio in order to both maximise the returns and be better positioned with a sufficiently ramped portfolio in order to swiftly capture the favourable liability execution. The portfolio ramp within each external warehouse has been focused on primary loans, in an effort to minimise any vintage effect of prepayment risk and higher secondary purchase prices that may burden future CLO take-out opportunities.

III. Fund Update

Capital Raising and Call Activity

During the quarter, Blackstone / GSO Corporate Funding EUR Fund ("BGCF EUR"), an investor in BGCF, received €367 million of capital commitments, bringing total BGCF EUR capital commitments to €483 million. BGCF EUR called €108 million, or approximately 29% of the commitments received, of total capital commitments over the same period, investing €50 million into BGCF on 5 May 2017 and the balance after the quarter end. As of 30 June 2017, BGCF EUR had €259 million of undrawn capital.

Given the demand in both the global loan and CLO markets, the portfolio's pace of investment has been ahead of plan and we have been able to invest capital more efficiently than initially expected. The Fund had €259 million of undrawn capital commitments as of quarter-end, and we intend to call the remaining capital when we are confident we can invest it most effectively. Our outlook on the global CLO market remains positive, and we are optimistic about future CLO creation given investor demand for CLO liabilities in both Europe and the US.

As of 30 June 2017, BGCF's portfolio was allocated 70.7% to BGLF and 29.3% to BGCF EUR.

Distributions

BGLF declared a dividend of €0.025 per share in respect of the period from 1 April 2017 to 30 June 2017. This dividend is payable on 18 August 2017 to shareholders on the register as at the close of business on 28 July 2017, and the corresponding ex-dividend date is 27 July 2017.

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BGLF Portfolio Composition

Net Asset Value: € 401,636,006.5	% of BGLF NAV
Directly Held Loans	12.7%
European CLO Income Notes	49.3%
US CLO Income Notes	13.3%
US CLO Warehouses	2.2%
Net Cash	22.5%
Total	**100.0%**

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BGLF Retained CLO Income Note Investments

	Investing Entity	Closing Date	Remaining RI Period (Yrs)	Deal Size (mm)	Equity Tranche (mm)	Position (mm)	Cost (mm)	Position as % of Tranche	Valuation as % of BGLF NAV	Ann. Dist. [1]	Cum. Dist. [1]	Wt. Avg. Cost of Liabilities[2]	Wt. Avg. Spread[1]
EUR CLO Income Notes													
Phoenix Park	BGCF	Jul-14	1.1	€ 413.2	€ 45.3	€ 16.4	€ 15.6	51.4%	3.6%	18.2%	50.4%	1.53%	4.34%
Sorrento Park	BGCF	Oct-14	1.4	€ 517.0	€ 57.0	€ 20.9	€ 19.8	51.8%	4.5%	19.2%	49.7%	1.43%	4.37%
Castle Park	BGCF	Dec-14	1.5	€ 415.0	€ 46.0	€ 32.5	€ 29.7	100.0%	7.4%	18.8%	43.7%	1.87%	4.30%
Dartry Park	BGCF	Mar-15	1.8	€ 411.1	€ 44.6	€ 16.1	€ 15.2	51.1%	3.3%	18.1%	38.4%	2.13%	4.35%
Orwell Park	BGCF	Jun-15	2.0	€ 415.0	€ 47.5	€ 17.1	€ 15.8	51.0%	3.5%	18.9%	35.4%	1.91%	4.29%
Tymon Park	BGCF	Dec-15	2.6	€ 414.0	€ 44.5	€ 16.0	€ 14.6	51.0%	3.2%	18.5%	24.9%	2.25%	4.37%
Elm Park	BGCF	May-16	2.8	€ 558.2	€ 56.9	€ 33.2	€ 33.2	82.4%	7.4%	16.5%	14.7%	2.39%	4.33%
Griffith Park	BGCF	Sep-16	3.2	€ 453.6	€ 48.7	€ 20.5	€ 18.2	59.5%	4.1%	14.0%	8.4%	2.19%	4.40%
Clarinda Park	BGCF	Nov-16	3.4	€ 415.1	€ 45.1	€ 16.3	€ 13.8	51.2%	3.2%	14.5%	7.2%	2.03%	4.20%
Palmerston Park	BGCF	Apr-17	3.8	€ 414.5	€ 45.0	€ 19.8	€ 17.7	62.2%	4.4%	n/a	n/a	1.76%	n/a
Clontarf Park	BGCF	Jul-17	4.1	€ 413.6	€ 43.3	€ 20.5	€ 18.5	66.9%	4.6%	n/a	n/a	1.60%	n/a
EUR CLO Income Note Total						**€ 229.4**	**€ 212.2**		**49.3%**	**17.4%**	**30.1%**	**1.93%**	**4.33%**
US CLO Income Notes													
Dorchester Park	BGCF	Feb-15	1.6	$509.4	$45.9	$19.8	$18.8	60.9%	3.1%	20.1%	43.1%	3.24%	3.55%
Grippen Park	US MOA	Mar-17	4.8	$611.4	$59.4	$25.2	$22.3	60.0%	2.9%	n/a	n/a	1.78%	n/a
Thayer Park	US MOA	May-17	4.8	$514.6	$54.6	$21.1	$17.9	54.6%	2.2%	n/a	n/a	2.94%	n/a
Catskill Park	US MOA	May-17	4.8	$1,028.5	$108.5	$46.0	$40.3	60.0%	5.0%	n/a	n/a	2.89%	n/a
US CLO Income Note Total						**$112.1**	**$99.4**		**13.2%**	**20.1%**	**43.1%**	**2.71%**	**3.55%**

Footnotes

Data as of 30 June 2017.

(1) Source: Intex. Distributions presented based on cost. Wt. Avg. Spread not available for deals that are not yet included in Intex.

(2) Sources: For CLOs that have paid an equity distribution: Intex; For CLOs that have not yet paid an equity distribution: S&P/LCD. Represents the all-in rate of each liability tranche.

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Important Disclosure Information

This quarterly update letter ("Letter") is being furnished to you to provide preliminary summary information regarding an investment in the Fund, is for informational purposes only and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone / GSO Debt Funds Management Europe Limited or Blackstone / GSO Debt Funds Management Europe II Limited (together, the "Manager") or its affiliates in the credit-focused business unit of The Blackstone Group L.P. ("Blackstone"), including without limitation, GSO Capital Partners LP (together with the Manager and their affiliates in the credit-focused business unit of Blackstone, "GSO"). The offering is made only to qualifying investors through a separate subscription agreement for the Fund and the governing and operating documents for the Fund (together as may be amended or supplemented from time to time, the "Operative Documents"). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document, and supersede and qualify in its entirety the information set forth herein. Any decision to invest in, or withdraw from, the Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in the Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument and risk of loss of principal.

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Any comparisons herein of investment performance to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of the performance of the Fund; (ii) such benchmark or index will employ different investment guidelines and criteria than the Fund and, therefore, the holdings in the Fund may differ significantly from the securities that comprise the index; and (iii) the performance of such benchmark or index has not necessarily been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance (or the performance of assets held by the Fund) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve results comparable to its earlier results or those of any of GSO's prior funds, special purpose investment vehicles, co-investment vehicles or non-fund relevant transactions, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Information contained herein which relates to the net asset value performance of the Fund may not be indicative of how the Fund's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for such Fund take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned herein may go down as well as up and investors may not get back the amount invested. No assurance can be given that the investment objective will be achieved. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Investments mentioned herein may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from an appropriately authorised advisor.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund described herein may differ materially from those reflected or contemplated in such forward-looking statements.

Any targets, forecasts, estimates or similar returns set forth herein are based on GSO's belief about the returns that may be achievable on investments that the Fund intends to pursue. Targets, forecasts and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the targets, forecasts, and estimates will not materialize or will vary significantly from actual results. Such returns are based on GSO's current view in relation to future events and financial performance of potential investments and various models, estimations and "base case" assumptions made by GSO, including estimations and assumptions about events that have not occurred. Among the assumptions to be made by GSO in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities GSO is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. While such "base case" assumptions are based on assumptions that GSO believes are reasonable under the circumstances, they are subject to uncertainties, and changes. Any such modification could be adverse to the actual overall returns. The inclusion of targets, forecasts and estimates herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of the assumptions or information contained herein and neither GSO nor Blackstone is under any obligation to update or otherwise revise the target returns to reflect circumstances existing after the date when made to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the target returns are later shown to be incorrect. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the Fund's investments. None of GSO, Blackstone, its affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions.

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There may be occasions when the management company of the Fund, the principals, GSO, Blackstone and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with GSO's and/or Blackstone's other activities, and the diverse interests of the Fund's limited partner group. In addition, GSO, Blackstone and their affiliates engage in a broad spectrum of activities, which may include activities where the interests of certain divisions of GSO, Blackstone and their affiliates or the interests of their clients may conflict with the interest of the partners in the Fund. Because GSO, Blackstone and their affiliates have many different asset management, advisory and other businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across various businesses, GSO, Blackstone and their affiliates have implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that the Fund expects to utilise for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Fund, might become restricted to those other businesses and otherwise be unavailable to the Fund, and could also restrict the Fund's activities. There can be no assurance that any conflict of interest will be resolved in the manner most favourable to the Fund or any investor therein.

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