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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

Dear Investor,

We are pleased to provide you with the quarterly update letter for the Blackstone / GSO Loan Financing Limited (the "**Fund**"), for the quarter ended 30 June 2018.

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]

We are pleased to incorporate as a regular feature the following macro-economic market commentary from Blackstone investment strategist Joe Zidle.

European Macro-Economic Update

The European growth story came under pressure in the second quarter of 2018 and GDP growth is projected to slow from the 0.4% rate of 1Q 2018. What had been a globally coordinated growth story is now showing signs of fray. Consumer confidence fell in response to the contentious elections in Germany and Spain, a new government in Italy and the outlook has darkened similarly within the manufacturing, construction, and trade sectors: the widely followed Ifo Pan German Business Climate index continued its decline in the second quarter. Eurozone PMI is still below the rate of expansion experienced earlier in the year.

Two bright spots in Europe remain the accommodative Central Bank and labour markets. Central bank head Mario Draghi is viewed as having a "whatever it takes" attitude toward supporting Europe's recovery. In June, the ECB further underscored their confidence that the weakness was temporary by announcing plans to exit QE by the end of the year. Secondly, labour markets appear very healthy. Record low unemployment rates were seen in Germany, while the rest of the Eurozone is witnessing near-cycle low joblessness.

The risk that Central Bankers may not be able to control for is trade. Rising tensions have already caused the Chinese to inject liquidity into their system, and as the 2nd and 3rd round of retaliations appear on the horizon, the ECB may be forced to delay its plans to shift from QE to quantitative tightening (QT). Asset prices were pulled in two different directions in the quarter. Bond yields reflected caution over trade and slowing growth; the German 10-year bond yield was cut by nearly 2/3rds from 75bp in February to a low of 30bp in June. But equities rallied in sympathy with other developed markets. Cyclical equities most exposed to growth such as energy and materials stocks were among top performers.

[1] Source: S&P/LCD.

GSO CAPITAL PARTNERS

Blackstone / GSO Loan Financing Limited
2Q 2018 Report

U.S. Macro-Economic Update

The second quarter of 2018 witnessed a collision between two strong but opposing forces: accelerating economic growth and rising protectionist policies. GDP in the U.S. increased at an annual rate of 2.0% in Q1 2018, according to the third estimate released by the Bureau of Economic Analysis. Continued expansion through June would create the second longest expansion in the post-World War II era, just 12 months shy of the record 1991-2001 cycle. Nearly all of the major leading indicators argue for continued growth as well. The Purchasing Manager’s Index, the NFIB Small Business Optimism Index, and the University of Michigan Consumer Confidence survey all hit new highs or accelerated. The business cycle showed strength as S&P 500® Earnings per share increased by approximately 23% year-over-year amid strong revenue growth and benefits from tax cuts. Unemployment in the U.S. hit 20 year lows, and rising wages were seen as Average Hourly Earnings increased to 2.8% year-over-year.

It was trade policies that provided a sharp contrast to the fundamental growth story reflected in the macro data. A century of falling global tariff rates was reversed in 2Q 2018 as countries turned inward. Modest so far, implemented and planned tariffs are estimated to cost the U.S. $120 billion per year but populist leaders and policies are not limited to the U.S. Protectionism is on the rise globally, the effects of which threaten to slow growth and increase inflation.

Asset prices in 2Q 2018 were pulled in different directions as a result of the conflicting trends of growth and trade. Cyclical industries in the U.S. such as energy, discretionary, and tech outperformed the S&P 500®, and small caps beat large caps, during the quarter. While this type of performance is very typical for a strong growth, late cycle environment, the 10 year Treasury bond and dollar rallied as well, both traditionally seen as safe havens. Yields came down from a peak of 3.11% to 2.85% at quarter end while the dollar index climbed to 95.

European Bank Loan Market

The Credit Suisse Western European Leveraged Loan Index (Hedged to Euro) posted a flat 0.00% return in the year’s second quarter, outperforming all other major European credit assets including investment grade (-0.31%) and high yield (-0.63%). A strong start to the quarter was eroded by performance in June when a decline in secondary loan prices occurred as a result of a shift in the market technical. Despite the flat return in 2Q 2018, European loans have continued to outperform all other euro denominated fixed income asset classes year-to-date.

Gross issuance of European loans in 2Q 2018 totalled €27.3 billion and led to growth in the overall loan market. As measured by the Credit Suisse Western European Leveraged Loan Index, the number of issues increased from 433 in March 2018 to 457 in June 2018, representing a 6% increase in 3 months and a total increase in size of €22 billion to €251 billion year-to-date. M&A related issuance was a strong driver of this growth comprising more than 80% of total loan activity in the second quarter. This elevated level of supply caused spreads to widen on new-issue loans and, as market participants rotated out of existing positions to make room for the new supply, their selling drove down prices in the secondary market. As banks tried to reduce risk off their balance sheets going in to quarter end they further added to secondary supply and exacerbated the technical dynamic.

Despite a decline in secondary loan market prices in 2Q 2018, demand for European floating rate debt remained robust with European CLO issuance reaching €7.1 billion for the quarter, driven by June's €2.9 billion total that more than doubled the €1.3 billion of issuance in May.

Pro forma leverage multiples for issuers in the S&P European Leveraged Loan Index increased in the second quarter of 2018 as average total leverage ticked up from 5.17x in March to 5.22x by the end of June. This was primarily driven by the increase in second lien and other debt which increased from 0.25x and 0.26x to 0.30x and 0.33x respectively. Offsetting this somewhat, first lien debt multiples decreased from 4.66x to 4.59x over the same period.

As reported by LCD, average deal sizes have been increasing since 2016. This may have contributed to the increase in leverage multiples in 2018, as the average Euro-denominated institutional tranche size reached €675 million at the end of June 2018, up from €368 million in 2016. Likewise, interest coverage ratios, measured as EBITDA/Cash interest, have declined to 4.4x but remain above the long term average of 3.5x.

There were no new defaults in the second quarter and the European loan default rate remained at 0.9%, as measured by the Credit Suisse Western European Loans 12-month par default rate. The Credit Suisse Western European High Yield Default rate likewise remained steady at 0.8% through June 2018.

U.S. Bank Loan Market

Despite some softness in the U.S. loan market in June, below investment grade fixed income continued to outperform all other major fixed income asset classes in 2Q 2018. The Credit Suisse Leveraged Loan Index posted a second quarter return of 0.78%, bringing the YTD return to 2.38%. Market value returns, however, were negative in the second quarter (principal return of -0.37% offset by the interest component of +2.76%, as represented by the Credit Suisse Leveraged Loan Index). We believe this was due to elevated levels of technical selling toward the end of the quarter as many accounts rotated their portfolios to make room for the large primary calendar. U.S. loans outperformed other fixed income asset classes in 2Q 2018, which is consistent with historical periods of economic growth and rising interest rates. In June, the Federal Reserve lifted the federal funds rate by a quarter of a percentage point to 2.00%, the seventh increase since December 2015, and signalled it will raise rates two more times this year in a shift driven by positive assessments of the economy.

In tandem, 3-month LIBOR has increased 64bp since year-end 2017 to 2.34% on 30 June. As a result, the average LIBOR of all outstanding 1-month and 3-month contracts as tracked by Markit has increased 77bp, more than offsetting the YTD spread compression of 13bp. As a result, the average loan floating rate coupon (base rate plus spread) has increased 64bp YTD, which, coupled with strong fundamentals and low correlation to macro-driven swings, has helped support positive YTD performance. Additionally, many loan issuers are electing 1-month LIBOR over 3-month LIBOR as the base rate, a 25bp in cost savings as of 30 June 2018. As of 1 June 2018, 65% of loans were benchmarked to a LIBOR of less than 3 months, whereas this number was only 32% at the start of 2015. Although this switch lowers a loan investor's coupon, it also shortens duration to 1 month and increases the frequency of coupon payments.

In 2Q 2018, institutional gross loan issuance totalled $259 billion, with repayments and repricings accounting for 66.7% and leaving net issuance at $86 billion and ahead of 2017's record pace. Additionally, the percentage of loans trading above par has fallen to 20%, the lowest level since 2016, which implies loan repricings may slow in the coming quarters.

Similar to Europe, demand for U.S. floating rate debt also remained robust with U.S. CLO issuance totalling $36.2 billion and loan retail funds inflows now totalling $8.5 billion year-to-date. Note that high yield retail out flows are now greater than $18 billion for the year.

Loan issuers continue to show steady improvement in credit fundamentals. Following 1Q 2018 earnings reports, year-over-year revenue and EBITDA growth for issuers in the S&P LSTA Leveraged Loan Index were 12% and 9%, respectively, representing the strongest performing quarter since 4Q 2014. Despite the increase in loan coupons, interest coverage also continues to improve with the percentage of loan issuers with interest coverage of less than 1.5x at 3%, down from 11% in 2Q 2017. Additionally, leverage has been steadily decreasing, with only 17% of loan issuers having leverage multiples greater than 7x as of data reported for 1Q 2018. Additionally, we have seen similar healthy trends in credit fundamentals across our portfolio companies. Although interest rates are increasing, our dedicated credit research team developed an in depth analysis that shows that even with an additional 1.5% increase in LIBOR, our portfolio companies maintain an interest coverage ratio of greater than 3x on average.

In the second quarter of 2018, defaults totalled $143.5 million for loans, which is down quarter-over-quarter from the 1Q 2018 default volume of $10.9 billion. The par-weighted U.S. loan LTM default rate for the period ended 30 June 2018 was 1.99%, a 53bp decrease quarter-over-quarter.

Global CLO Market

As stated earlier, global new issue CLO volume was strong in 2Q 2018, with both Europe and the U.S. producing the highest quarterly issuance volume of the post crisis era. CLO issuance in Europe totalled €7.1 billion across 17 CLOs versus €6.2 billion across 15 CLOs in 1Q 2018. Issuance in the U.S. totalled $37.1

billion across 68 CLOs versus $32.1 billion across 57 CLOs in the first quarter of this year. Year to date issuance globally through the end of June now totals €70.5 billion ($85.3 billion), of which €13.3 billion was in Europe and $69.1 billion was in the U.S.

Total U.S. CLO issuance is expected to reach a record $150 billion by year-end 2018 according to Wells Fargo, which compares to U.S. CLO issuance of $118 billion for FY 2017 and would represent the highest annual issuance in the history of the CLO market.

As CLO managers and equity investors continue to try to offset asset spread compression, the pace of CLO refinancing and reset activity continued throughout the second quarter. €5.2 billion of European CLOs and $51.9 billion of U.S. CLOs were refinanced or reset during 2Q 2018, bringing the total European and U.S. CLOs to €9.9 billion and $83.4 billion, respectively, year to date.

Due to an increase in supply, primary CLO liability spreads have widened slightly year-to-date, particularly in 2Q 2018. As of 30 June 2018, primary AAA spreads averaged approximately 80bp for European CLOs and approximately 112bp for U.S. CLOs. Spreads on BBB debt tranches in both markets have widened the most since December year end, with European BBBs widening 30bp and U.S. BBBs widening 60bp.[2]

Credit fundamentals of CLO portfolios remain strong with asset spread tightening remaining the main focus. As of June 2018, Weighted Average Spread ("**WAS**") tests in both European and U.S. CLOs experienced some stabilisation and remained generally flat quarter-over-quarter. Exposure to CCC-rated and distressed assets remains low due to the continued low default environment in the loan market. Weighted Average Rating Factor ("**WARF**") test results remain generally flat, providing CLO investors additional comfort on collateral quality.

[2] Wells Fargo, The CLO Monthly Market Overview: 3 January 2018, 2 April 2018, and 3 July 2018.

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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

II. Fund Performance and Commentary

Fund Returns

The total net return for 2Q 2018 was 1.99%. As of 29 June 2018, BGLF has returned 1.04% net year-to-date and 5.73% net annualised since inception. BGLF's share price return for 2Q 2018 was -1.41%.

	Cumulative				Annualised		
	2Q 2018	YTD	1 Year	Since Inception	2 Year	3 Year	Since Inception
BGLF € NAV	1.99%	1.04%	0.45%	24.56%	3.76%	6.15%	5.73%
BGLF € Share Price	-1.41%	-4.74%	-4.54%	24.24%	6.43%	5.45%	5.66%
European Loans	0.00%	0.90%	2.12%	14.33%	3.75%	3.46%	3.46%
U.S. Loans	0.78%	2.38%	4.67%	16.05%	5.58%	4.33%	3.85%

BGCF NAV Return Components	BGCF 2Q 2018 Return Component			BGCF YTD Return Component		
	MTM	Income	Total	MTM	Income	Total
EUR CLOs	-1.57%	1.63%	0.06%	-4.05%	2.88%	-1.17%
US CLOs	0.11%	2.11%	2.22%	-0.41%	2.81%	2.40%
US CLO Warehouses	0.00%	0.14%	0.14%	0.00%	0.49%	0.49%
Directly Held Loans	-0.45%	0.44%	-0.01%	-0.82%	1.07%	0.26%
Leverage	0.00%	-0.24%	-0.24%	0.00%	-0.49%	-0.49%
Net Cash Including Expenses	0.00%	-0.06%	-0.06%	0.00%	-0.25%	-0.25%
BGCF Total / Net Return	**-1.91%**	**4.02%**	**2.11%**	**-5.28%**	**6.51%**	**1.24%**
BGLF Expenses			-0.12%			-0.20%
BGLF Net Return			**1.99%**			**1.04%**

Performance Commentary

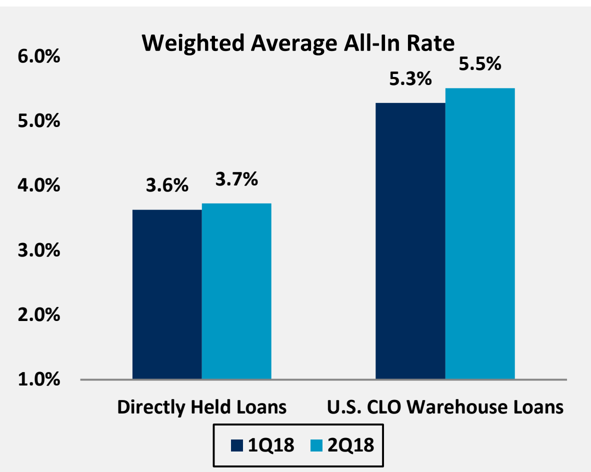
The Fund continues to generate strong cash flows from its retained CLO Income Note investments ("**CLO Income Notes**") and from its portfolio of directly held and warehoused loans. During the second quarter, CLO Income Notes produced an average annualised distribution rate of 14.1%, which represents distributions from 19 of BGCF's CLO positions and a higher rate compared to the 1Q 2018 annualised average distribution rate of 12.6%.[3] Six CLOs in the portfolio have recently priced and so are yet to make their first distribution.

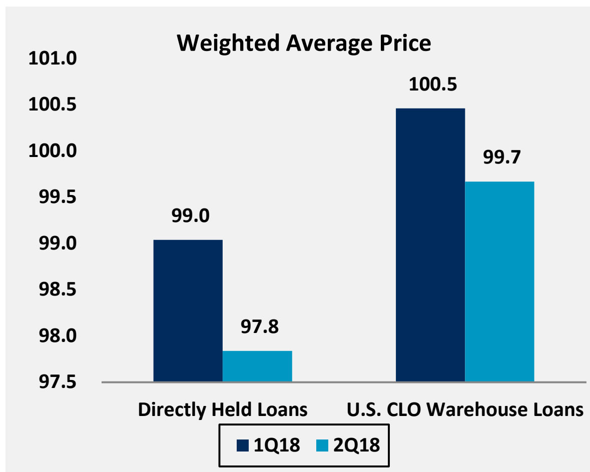
[3] Annualised quarterly cash distribution based on cost for those CLOs that have paid a distribution. Calculated using Intex data.

Blackstone / GSO Loan Financing Limited
2Q 2018 Report

Asset spread compression has abated and the portfolio WAS remained flat on average, quarter over quarter. CLO equity distributions made in July may reflect only a partial realization of this effect while a more immediate effect is seen in spread income received from directly owned loans, warehouse first loss positions.

Consistent with, and in support of CLO issuance activity, BGCF's loan portfolio balance grew throughout the second quarter. As at 29 June, BGCF's par exposure was €337 million of directly held loans and $226 million of loans held in one external warehousing facility. The weighted average all-in rate of the Fund's directly held loans increased over the quarter – from 3.63% in March 2018 to 3.73% in June 2018, generally in line with the spread widening in the overall European primary loan market. The weighted average all-in rate of USD loans held with external warehouses also increased from 5.28% to 5.51% over the quarter, due to the continued benefit of increasing LIBOR.





Over the course of the quarter, the Fund held investments in two U.S. CLO warehouses. As at 29 June, BGCF had one first loss investment in the Myers Park CLO warehouse, which supported $226 million of traded loans.[4] BGCF's investment in the Fillmore Park CLO warehouse was closed on a trade date basis on 29 June 2018, at which time BGCF invested 54.3% into Fillmore Park's Income Notes. The Fillmore Park CLO warehouse produced an IRR of 14.0%, which was fully recognised after the end of the second quarter coincident with the closing of the CLO on 31 July 2018. External warehouse investments are held at their cost (investment amount) and net income earned, as well as net settled gains/losses on the warehouse assets, are realised by BGCF when the warehouse is converted into a CLO.

[4] U.S. CLO Warehouses may have an additional third party first loss provider invested alongside of BGCF.

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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

Investment Activity

During 2Q 2018, BGCF invested €22.9 million in the CLO Income Notes of one European CLO, €23.7 million ($27.5 million) in the CLO Income Notes of one U.S. CLO, and €44.5 million ($55.1 million) into Blackstone / GSO US Corporate Funding, Ltd., the U.S. Majority Owned Affiliate ("**U.S. MOA**"), in order to sponsor one U.S. CLO.

		Size (€/$)	Investing Entity	Closing Date	Reinvestment Period End	Non-Call Period	AAA Spread	Invested Capital (€/$)	Position as a % of Tranche	Expected % Ramp at Closing
1Q	**Stewart Park**	$881.3m	U.S. MOA	Jan-18	Jan-23	Jan-20	107bp	$38.4m	59.0%	100.0%
1Q	**Marlay Park**	€413.0m	BGCF	Mar-18	Apr-22	Apr-20	74bp	€20.7m	60.0%	83.0%
1Q	**Greenwood Park**	$1,074.7m	U.S. MOA	Mar-18	Apr-23	Apr-20	102bp	$56.4m	59.1%	85.0%
2Q	**Cook Park**	$1,025.0m	U.S. MOA	Apr-18	Apr-23	Apr-20	92bp	$55.1m	56.1%	92.0%
2Q	**Milltown Park**	€410.9m	BGCF	Jun-18	Jul-22	Jul-20	78bp	€22.9m	65.0%	70.0%
2Q	**Fillmore Park**	$560.8m	BGCF	Jul-18	Jul-23	Jul-20	104bp	$27.5m	54.3%	87.0%

BGCF continues to refinance / reset existing CLO investments soon after expiration of their respective non-call periods. During the quarter, BGCF reset and upsized the liabilities of Dorchester Park CLO, which had a remaining reinvestment period of 0.6 years, and achieved a reduction in its weighted average cost of debt of approximately L+67bp. BGCF increased its investment from $26.6 million to $48.5 million par ($28.0 million to $38.2 million based on cost) through Dorchester Park's reset. As of the end of June, there were no CLOs within the portfolio that had exited their non-call period and the refinancing option had not been executed.

		Closing Date	Refinancing Closing Date	Reinvestment Period End	Original AAA Spread	Refinanced AAA Spread	Position (€/$)
1Q	**Tymon Park**	Dec-15	Jan-18	Jan-20	145bp	59bp	€22.7m
2Q	**Elm Park**	May-16	Apr-18	Apr-18	150bp	62bp	€31.9m
2Q	**Dorchester Park**	Feb-15	Jun-18	Jan-19	140bp	90bp	$48.5m

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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

During 2Q 2018, BGCF originated approximately €476 million of senior secured loans and floating rate notes expanding the size of the directly held portfolio. BGCF also invested an additional €38.9 million ($46.1 million) million in two existing U.S. CLO warehouses, which owned $729 million of loans in aggregate at quarter end. BGCF converted its position in Fillmore Park's warehouse into Fillmore Park CLO, Ltd. on a trade date basis on 29th June when the CLO priced.

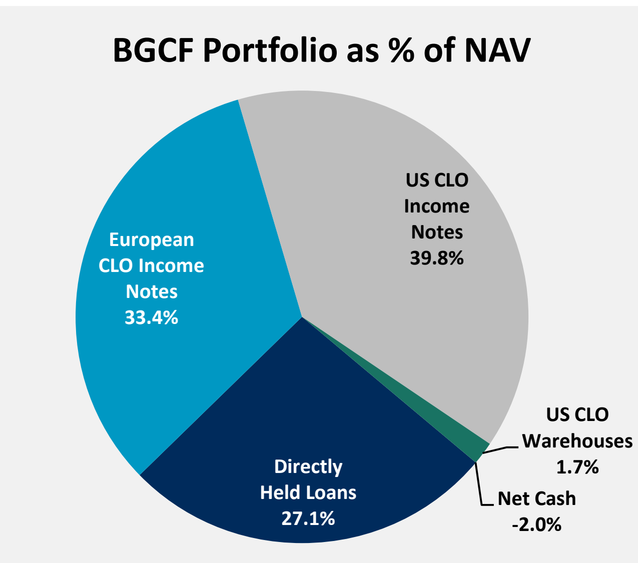
		Initial Investment Date	Closing Date / [Expected Closing Date]	Investment ($)	Jun-18 Loan Exposure ($)	Warehouse IRR
1Q	**Cook Park**	Nov-17	Apr-18	$80.0m	-	12.6%
	Myers Park	Feb-18	[Aug-18]	$14.1m	$225.8m[5]	n/a
	Fillmore Park	Mar-18	Jul-18	$60.0m	-	14.0%

[5] The Current Loan Exposure for the Myers Park Warehouse is reflected on a trade date basis while the Investment amount is reflected on a settlement date basis.

Blackstone / GSO Loan Financing Limited
2Q 2018 Report

Portfolio Positioning

The Fund's portfolio positioning between European and U.S. exposure remains largely unchanged versus the prior quarter. As at 29 June, 33% of BGCF's portfolio was comprised of European CLO Income Notes and 42% was comprised of U.S. CLO Income Notes and CLO warehouses. The Fund's investment in directly held loans less borrowings was stable at 27% versus last quarter, and its net cash balance was -2% as a percentage of net assets at the end of June. At the end of the quarter, BGCF's leverage as a percentage of total assets was approximately 15%, calculated as net cash divided by gross assets. On 21st June, BGCF refinanced its leverage facility, reducing the borrowing cost from E+160bp to E+145bp for EUR-denominated assets.



BGCF Portfolio Assets[6]	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods
EUR CLOs	3.64%	1.59%	8.5x	2.0 Years
U.S. CLOs	5.20%	3.57%	8.9x	4.1 Years
U.S. CLO Warehouses	5.51%	3.49%	4.0x	n/a
Directly Held Loans	3.73%	1.45%	2.5x	n/a
Total Portfolio	**4.30%**	**2.35%**	**7.0x**	**3.1 Years**

[6] Data for EUR and US CLOs calculated based on data available on Intex as of 29 June 2018. Data for U.S. CLO Warehouses and Directly Held Loans calculated by GSO. Leverage is assumed to be 4:1 for US CLO Warehouses and 2:1 for Directly Held Loans. Stewart Park CLO and Dorchester Park CLO excluded from U.S. CLO leverage calculation.

Portfolio vintage diversification is an important part of the Fund's strategy. The continued pace of CLO issuance year-to-date 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 the ability to take advantage of secondary market dislocations.

BGCF's loan portfolios, held both directly on the Fund's balance sheet and indirectly through CLO warehouses, continue to ramp at a healthy pace as capital was deployed in order to maintain flexibility with respect to the CLO creation strategy. We continually monitor the global arbitrage opportunity in order to swiftly capture any favourable liability execution. The initial portfolio ramp within each external warehouse has generally consisted of primary loan transactions, which minimises any vintage effect of prepayment risk, higher secondary purchase prices, and/or credit events that may burden future CLO take-out opportunities.

III. Fund Update

Capital Raising and Call Activity

During 2Q 2018, Blackstone / GSO Corporate Funding EUR Fund ("**BGCF EUR**"), an investor in BGCF, called and invested €22 million of capital, and subsequently called the remaining €55 million during the third quarter of 2018 which was invested into BGCF in July. As of 29 June 2018, BGCF EUR had €55 million of undrawn capital remaining; however, pro forma for expected 3Q 2018 investments, capital is now fully drawn and invested.

Given the elevated level of demand for floating rate loans and CLOs globally, the portfolio's pace of investment has been ahead of plan and we have been able to invest capital more efficiently than initially expected. Our outlook on CLO issuance remains positive, and we are optimistic about future CLO creation given continued strong global investor demand for both European and U.S. CLO liabilities.

As of 29 June 2018, BGCF's ownership was split 44.2% to BGLF and 55.8% to BGCF EUR. BGCF's ownership of the U.S. MOA was 86.0%.

Distributions

BGLF declared a dividend of €0.025 per share in respect of the period from 1 April 2018 to 30 June 2018. This dividend was payable on 24 August 2018 to shareholders on the register as at the close of business on 27 July 2018, and the corresponding ex-dividend date was 26 July 2018.

Regulatory Update

Following the February U.S. Court of Appeals for the D.C. Circuit decision to repeal U.S. risk retention requirements for managers of open-market CLOs, on 5 April 2018, the District Court for the District of Columbia further vacated the risk retention rule for CLOs, allowing U.S. CLO managers to issue deals without holding retention interests. On 10 May 2018, the time period for U.S. regulators to appeal the ruling to the U.S. Supreme Court expired. As previously disclosed, Blackstone / Debt Funds Management Europe Limited and GSO / Blackstone Debt Funds Management LLC (together, the "Adviser") does not anticipate this ruling to materially impact the Fund's long-term investment strategy, investment performance, or capital deployment. It is expected that the Fund will continue to invest in U.S. CLOs, although it may do so directly through BGCF instead of through the U.S. MOA as seen with Fillmore Park CLO, and the Fund and the U.S. MOA may sell U.S. CLO positions, both as and when suitable opportunities arise.

GSO
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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

BGLF Portfolio Composition

Net Asset Value: € 363,019,189.2	% of BGLF NAV
Directly Held Loans Less Leverage	26.7%
European CLO Income Notes	32.8%
US CLO Income Notes	39.2%
US CLO Warehouses	1.6%
Net Cash and Expenses	-0.3%
Total	**100.0%**

Footnotes

Data as of 29 June 2018. Note that portfolio composition figures may not add to 100.0% due to rounding.

(1) Effective position and cost on a look-through basis.

(2) Source: Intex. Distributions presented based on cost. Wtd. Avg. Cost of Liabilities represents the all-in rate of each liability tranche. Gross Coupon not available for deals that are not yet included in Intex.

GSO CAPITAL PARTNERS

Blackstone / GSO Loan Financing Limited
2Q 2018 Report

BGLF Retained CLO Income Note Investments

	Investing Entity	Closing Date	Refinancing / Reset Date (Closing)	Refinancing Eligible Date	Remaining RI Period (Yrs)	Deal Size (mm)	Equity Tranche (mm)	BGLF Position (mm)(1)	BGLF Cost (mm)(1)	Risk Reten. Position as % of Tranche	Valuation as % of BGLF NAV	Ann. Dist. (2)	Cum. Dist. (2)	Wt. Avg. Cost of Liabilities(2)	Gross Coupon(2)	Net Interest Margin	NIM 3 Months Prior	Interest Diversion Cushion(2)
EUR CLO Income Notes																		
Phoenix Park	BGCF	Jul-14	Jan-17	Jul-16	0.1	€ 413.3	€ 45.3	€ 10.3	€ 9.8	51.4%	1.7%	17.5%	65.8%	1.53%	3.60%	2.07%	2.10%	2.85%
Sorrento Park	BGCF	Oct-14	May-17	Nov-16	0.4	€ 517.0	€ 57.0	€ 13.0	€ 12.4	51.8%	2.2%	18.2%	65.1%	1.43%	3.68%	2.25%	2.30%	1.18%
Castle Park	BGCF	Dec-14	Mar-17	Jan-17	0.5	€ 415.0	€ 46.0	€ 16.4	€ 15.0	80.4%	3.0%	17.8%	59.0%	1.51%	3.73%	2.22%	2.20%	3.22%
Dartry Park	BGCF	Mar-15	Jul-17	Apr-17	0.8	€ 411.1	€ 44.6	€ 10.1	€ 9.5	51.1%	1.8%	15.7%	49.0%	1.63%	3.54%	1.91%	1.93%	1.55%
Orwell Park	BGCF	Jun-15	Aug-17	Jul-17	1.0	€ 415.0	€ 47.5	€ 10.7	€ 9.9	51.0%	2.1%	16.8%	48.3%	1.44%	3.70%	2.27%	2.29%	3.18%
Tymon Park	BGCF	Dec-15	Jan-18	Jan-18	1.6	€ 414.0	€ 44.5	€ 10.0	€ 9.1	51.0%	2.3%	14.8%	34.6%	1.31%	3.66%	2.35%	2.43%	4.01%
Elm Park	BGCF	May-16	Apr-18	Apr-18	1.8	€ 558.2	€ 56.9	€ 14.1	€ 14.1	56.1%	3.6%	11.5%	21.6%	1.37%	3.65%	2.28%	1.36%	2.66%
Griffith Park	BGCF	Sep-16	n/a	Oct-18	2.2	€ 453.6	€ 48.7	€ 12.8	€ 11.4	59.5%	2.1%	11.7%	18.7%	2.19%	3.70%	1.51%	1.56%	2.54%
Clarinda Park	BGCF	Nov-16	n/a	Nov-18	2.4	€ 415.1	€ 45.1	€ 10.2	€ 8.6	51.2%	1.7%	11.6%	17.4%	2.03%	3.65%	1.62%	1.65%	2.80%
Palmerston Park	BGCF	Apr-17	n/a	Apr-19	2.8	€ 414.5	€ 45.0	€ 12.4	€ 11.1	62.2%	2.4%	15.6%	15.9%	1.73%	3.55%	1.81%	1.86%	3.93%
Clontarf Park	BGCF	Jul-17	n/a	Aug-19	3.1	€ 413.6	€ 43.3	€ 12.8	€ 11.6	66.9%	2.6%	14.4%	11.7%	1.58%	3.55%	1.97%	2.04%	3.82%
Willow Park	BGCF	Nov-17	n/a	Jan-20	4.0	€ 412.4	€ 38.4	€ 10.3	€ 9.3	60.9%	2.3%	19.5%	7.3%	1.58%	3.51%	1.93%	1.96%	4.22%
Marlay Park	BGCF	Mar-18	n/a	Apr-20	3.8	€ 413.0	€ 41.0	€ 10.9	€ 9.2	60.0%	2.6%	n/a	n/a	1.40%	3.66%	2.26%	2.26%	4.00%
Milltown Park	BGCF	Jun-18	n/a	Jul-20	4.0	€ 410.9	€ 37.1	€ 10.7	€ 10.1	65.0%	2.6%	n/a	n/a	1.49%	3.65%	2.16%	n/a	4.00%
EUR CLO Income Note Total								**€ 164.8**	**€ 151.0**		**32.8%**	**15.4%**	**34.9%**	**1.59%**	**3.64%**	**2.05%**	**1.99%**	**3.14%**
US CLO Income Notes																		
Dorchester Park	BGCF	Feb-15	Jun-18	Jan-17	0.6	$533.4	$66.4	$ 21.5	$ 16.9	73.0%	2.9%	15.2%	47.8%	3.74%	5.44%	1.70%	1.25%	2.70%
Grippen Park	US MOA	Mar-17	n/a	Apr-19	3.8	$611.4	$59.4	$ 15.8	$ 14.0	60.0%	2.5%	12.6%	13.8%	4.09%	5.47%	1.38%	1.64%	3.99%
Thayer Park	US MOA	May-17	n/a	Apr-19	3.8	$514.6	$54.6	$ 13.2	$ 11.2	54.6%	2.0%	21.4%	19.8%	4.12%	5.51%	1.39%	1.64%	3.55%
Catskill Park	US MOA	May-17	n/a	Apr-19	3.8	$1,028.5	$108.5	$ 28.8	$ 25.2	60.0%	4.4%	19.5%	18.0%	4.08%	5.48%	1.39%	1.64%	3.51%
Dewolf Park	US MOA	Aug-17	n/a	Oct-19	4.3	$613.5	$61.5	$ 16.3	$ 14.5	60.0%	2.7%	19.1%	12.0%	3.04%	5.59%	2.54%	2.17%	4.03%
Gilbert Park	US MOA	Oct-17	n/a	Oct-19	4.3	$1,022.0	$102.0	$ 26.6	$ 24.1	59.0%	4.7%	19.2%	9.1%	4.03%	5.57%	1.54%	1.96%	4.02%
Long Point Park	US MOA	Dec-17	n/a	Jan-20	4.6	$610.8	$58.8	$ 14.8	$ 13.4	56.9%	3.0%	n/a	n/a	3.14%	5.64%	2.50%	2.06%	4.44%
Stewart Park	US MOA	Jan-18	n/a	Jan-20	4.5	$881.3	$183.9	$ 56.1	$ 17.0	69.0%	3.6%	19.4%	4.7%	3.80%	5.44%	1.64%	1.83%	3.66%
Greenwood Park	US MOA	Mar-18	n/a	Apr-20	4.8	$1,074.7	$107.6	$ 28.1	$ 25.0	59.1%	5.3%	n/a	n/a	3.54%	5.51%	1.97%	1.83%	4.58%
Cook Park	US MOA	Apr-18	n/a	Apr-20	4.8	$1,025.0	$107.0	$ 26.5	$ 24.4	56.1%	5.1%	n/a	n/a	3.68%	5.36%	1.68%	n/a	4.03%
Fillmore Park	US MOA	Jul-18	n/a	Jul-20	5.0	$560.8	$55.6	$ 13.4	$ 12.2	54.3%	3.0%	n/a	n/a	3.86%	n/a	n/a	n/a	n/a
US CLO Income Note Total								**$ 261.1**	**$ 197.8**		**39.3%**	**18.4%**	**15.3%**	**3.76%**	**5.20%**	**1.64%**	**1.78%**	**3.85%**
Global CLO Income Note Total								**€ 388.3**	**€ 320.4**		**72.1%**	**17.0%**	**24.8%**	**2.84%**	**4.68%**	**1.87%**	**1.87%**	**3.52%**

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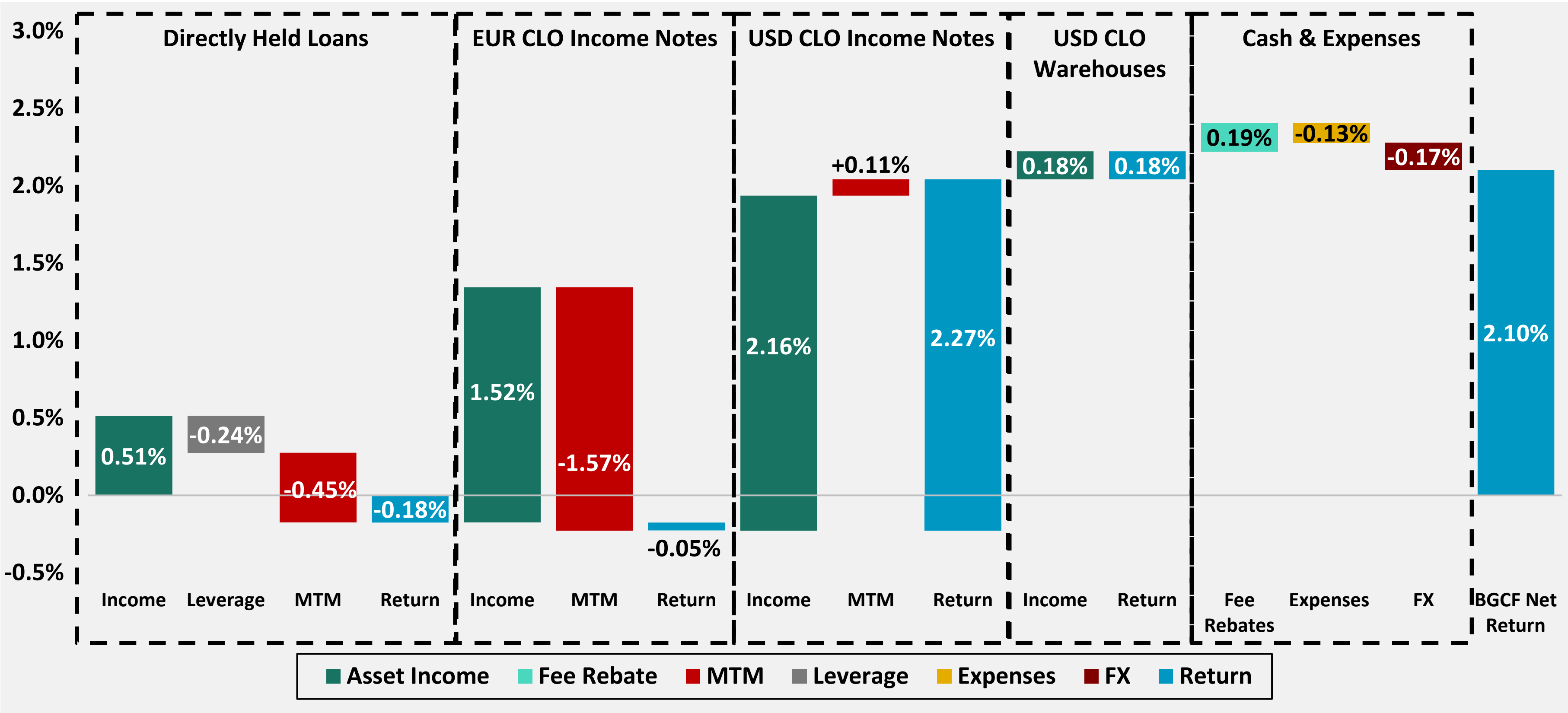
2Q 2018 Report

BGCF 2Q 2018 Return Contributors



Footnotes

Source: GSO. Represents Blackstone / GSO Corporate Funding DAC ("**BGCF**") cumulative returns from 1 April 2018 to 30 June 2018.

Note: The illustration is not indicative of future results, and there can be no assurance that BGCF will achieve these results. There is no guarantee that the future investments made by the BGCF will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by BGCF may differ substantially from the investments included in the current portfolio of BGCF. Additionally, there is no guarantee that BGCF will be able to implement its investment strategy or achieve its investment objectives.

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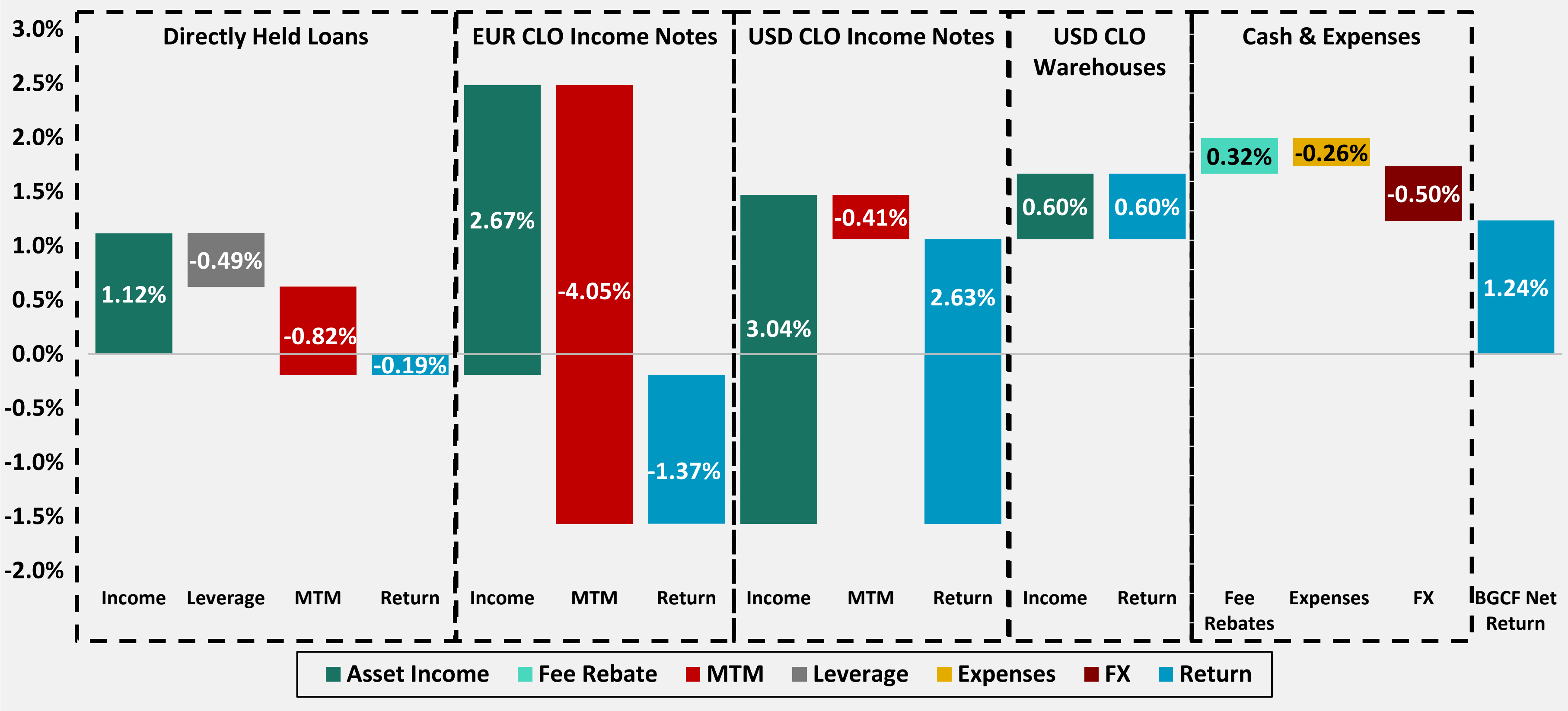
2Q 2018 Report

BGCF 2018 Year-to-Date Return Contributors



Footnotes

Source: GSO. Represents Blackstone / GSO Corporate Funding DAC ("**BGCF**") cumulative returns from 1 January 2018 to 30 June 2018.

Note: The illustration is not indicative of future results, and there can be no assurance that BGCF will achieve these results. There is no guarantee that the future investments made by the BGCF will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by BGCF may differ substantially from the investments included in the current portfolio of BGCF. Additionally, there is no guarantee that BGCF will be able to implement its investment strategy or achieve its investment objectives.

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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

BGLF Historical Monthly Returns

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
BGLF € NAV	0.52%	-0.21%	-1.23%	0.40%	0.08%	1.50%							**1.04%**
European Loans	0.66%	0.13%	0.10%	0.47%	0.03%	-0.49%							**0.90%**
U.S. Loans	1.08%	0.18%	0.32%	0.49%	0.19%	0.10%							**2.38%**
2017	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.14%	0.76%	-0.53%	0.01%	0.95%	0.63%	0.44%	-1.01%	-0.02%	0.65%	-0.46%	-0.18%	**1.38%**
European Loans	1.00%	0.46%	-0.29%	0.29%	0.52%	0.03%	0.48%	-0.02%	0.34%	0.33%	0.07%	0.00%	**3.30%**
U.S. Loans	0.53%	0.59%	0.08%	0.44%	0.38%	-0.06%	0.78%	-0.14%	0.41%	0.66%	0.12%	0.39%	**4.25%**
2016	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	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%**
U.S. 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 € NAV	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%**
U.S. 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 € NAV								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%**
U.S. Loans								0.23%	-0.52%	0.29%	0.46%	-1.10%	**-0.65%**

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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

Important Disclosure Information

This quarterly update letter ("**Letter**") is being furnished to you on a confidential basis 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.

Certain information contained herein has been obtained from published and non-published sources prepared by other parties, which in certain cases has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, GSO does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by GSO. In particular, you should note that, since many of the investments described are unquoted, net asset value figures in relation to the Fund are based wholly or partly on estimates of the values of the Fund's investments provided by the originating banks of those underlying investments or other market counterparties, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the date of the relevant net asset valuation for the Fund, or which have otherwise been estimated by GSO. In addition, certain performance related information contained in this Letter, including information sourced from third parties, may be based on data that was prepared and/or provided to the applicable sources by certain CLO market participants, and there can be no assurance that such data is inclusive or representative of comparable data for the entire CLO market. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses costs by negligence) in connection with any use of their content, including ratings.

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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Blackstone / GSO Loan Financing Limited
2Q 2018 Report

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Although the current portfolio reflected in this Letter (the "**Current Portfolio**") is consistent with the investment strategy of the Fund, there is no guarantee that the portfolio acquired will continue to be identical to the make-up of the Current Portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the Current Portfolio. Therefore, the Current Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Current Portfolio could all be materially different than those of the future portfolio acquired by the Fund.

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